



**ANNUAL REPORT**  
T-MOBILE CZECH REPUBLIC A.S.  
**2013**



**T-Mobile**

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# **REPORT ON THE BUSINESS ACTIVITIES OF THE COMPANY**

**AND THE STATE OF ITS PROPERTY**

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# REPORT ON THE BUSINESS ACTIVITIES OF THE COMPANY AND THE STATE OF ITS PROPERTY

## INTRODUCTION

When I was thinking about 2013, I came to the conclusion that it can be summarized very briefly as follows: this year has changed the Czech telecommunications market. Dozens of virtual operators started to compete for customers, mobile tariffs decreased significantly and the LTE frequency auction took place, which has set the technological conditions for market development for the next 15 years. The future character of the market will certainly be affected by the acquisitions that have occurred in 2013.

Despite all the changes affecting the market, T-Mobile has achieved very good results. We were not only able to adapt to the new environment and maintain our position, but we have also managed to strengthen it, especially in the segment of corporate customers. In May we announced the acquisition of 100% of the shares of our sister company, T-Systems CZ, and most of the year we worked on merging our companies. This was successfully completed as of the last day of 2013. We have started 2014 as a united, strong company, ready to become a key player on the ICT market. We have become a strong integrated operator covering all areas of mobile and fixed telecommunications, information technologies and system integration.

I have had a good feeling since 2013: we have continued building a great data network, significantly increased the number of mobile data users, the Customer satisfaction has also increased, and as I have already mentioned, we have strengthened our position in the B2B segment. We can see that we are able to respond to any challenges and we have established a foundation on which we can build during the incoming years. Deutsche Telecom has also expressed its confidence in the potential of T-Mobile CZ by increasing its share in our company to 100% as of February 2014. I believe that T-Mobile will have a successful future; I wish the same to you.



**Milan Vašina**  
CEO of T-Mobile Czech Republic



Extending services by full **IT solutions**  
and system integration



Growth on the **B2B** market



Operating **effectively** together





## STRENGTHENING THE STATUS OF AN INTEGRATED OPERATOR

The contract on the acquisition of the sister company T-Systems Czech Republic a.s., the leading provider of ICT services on the Czech market, was signed on March 27th, 2013.

The aim of the acquisition was to extend the range of services offered by full IT solutions, to integrate the system and furthermore to extend the fixed infrastructure by the metropolitan optical network in Prague (PragoNet). This step resulted in strengthening the T-Mobile's position as an integrated ICT operator.

The next step towards the merging of these two companies is integration, both in the terms of their organizational and legal structure. The merger and the new integrated organizational structure were effective as of January 1st, 2014.

The main reason for the integration is full connection of the IT and telecommunications portfolios, ensuring a harmonized approach to existing and new customers, along with strengthening further growth on the ICT market.

The T-Systems brand will continue to be a synonym for a wide range of professional and reliable ICT solutions and services designed for corporate clients and public administration.



Increasing of the **3G** network coverage



Commercial operation of the **LTE** network



**Best** speed measurement results

We have fulfilled our strategy to be the best at the Internet by increasing of the **3G network population coverage**, which was 85.7 % at the end of 2013. This was through progressive coverage of selected cities in the Czech Republic using HSPA+ technology, which allows theoretical speeds of up to 42 Mbit/s, and especially by the commercial launch of LTE.

The customers who signed up for this service had already the opportunity to use the commercial pilot operation of the LTE network, which was launched in a part of Prague 4 and in Mladá Boleslav on July 1st. At this stage the data traffic did not count in the data limit. In addition, T-Mobile has been the first operator to allow the use of the fastest network for smart phones as well.

From October 1st, the commercial **operation of the LTE network** fully started, while coverage of Prague has significantly improved to include half of the population by the end of the year. **The maximum download speeds of 100 Mb/s** and upload speeds of 37.5 Mb/s are provided with the higher tariffs and mobile Internet packages as well as the higher versions of unlimited With Us tariffs.

Furthermore, we have achieved **the best results in speed measurement** thanks to these enhancements according to independent tests (the measurement was made by DSL.CZ server) throughout 2013.

We launched **the new generation of tariffs and packages for mobile Internet** at the end of January, clearly graded by use in different types of devices (for smart phones, tablets, laptops or PCs). The existing customers who use mobile calling were given an advantage in the form of a discount from the price of the data SIM card flat-rate.

In the summer we offered our customers **tablets on hire-purchase with no interest, with the initial investment as low as CZK 1**. In addition, with the mobile Internet tariff the customers received ten best-seller e-books for free.



STAYING THE  
BEST AT THE  
INTERNET





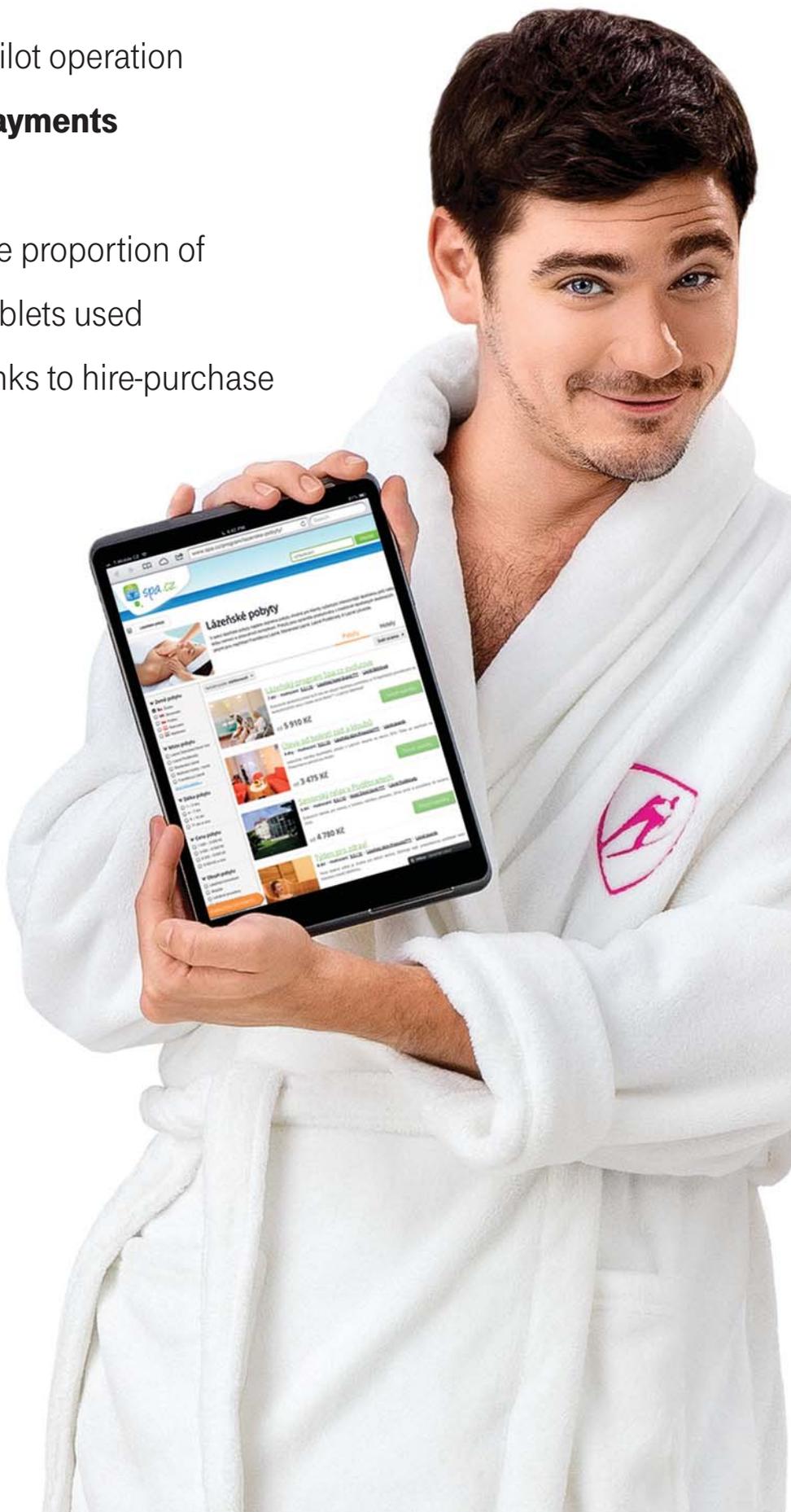
We are enthusiastic about **applications** and give them to our customers as a reward



We have started the pilot operation of contactless **NFC payments**



We have increased the proportion of **smartphones** and tablets used by our customers thanks to hire-purchase



# BRINGING NEWS AND INNOVATION

We were the first to deliver interesting and useful cool things to our customers during the year. We exclusively provide the **Czech version of the Deezer music service with access to thirty million songs** and music streaming free of charge or for a reduced price to our customers.

We were among the first operators who added **QR codes to our bills**, allowing easy “one-click” payments for our services.

We are the only operator that allows **purchasing paid applications** by customers with Android, Windows phone and BlackBerry, **as well as the ability to purchase credit for on-line** games on Facebook directly **through billing or credit**, using the m-payment service.

We launched **the pilot operation of NFC contactless payments** using smartphones in October, in cooperation with ČSOB and MasterCard. 500 people participated in the pilot project where payments are made by holding a phone on a contactless terminal, representing over one third of the total number of payment terminals in the Czech Republic.

We have managed to significantly increase the representation of smart phones within our customer base also thanks to the possibility of getting these devices on hire-purchase with no interest. Since May the share of smartphones in the newly sold devices was above 75%. By the end of the year, the sale of tablets had increased fifteen times from the beginning of the year.

We included the new iPhone in our range of smart phones in the fall, being the first operator in the Czech Republic to support the fastest LTE Internet in these devices. During the Christmas period we exclusively added the iPad Air to our offer.

Applications are fun! All smart phones and tablets are perfect for applications since they make really smart devices out of them. Therefore, we select the best applications from the countless number of applications available and we support the development of the most successful Czech applications. We have offered lots of great applications to our customers free of charge or at a better price to help them simplify and enrich their lives. We offer a unique magazine about applications in our stores and we have supported the development of the “applications” program on Prima Cool TV station. We are simply number one in applications.

**Within the scope of our Christmas campaign**, we enabled our customers to download **many exclusive applications free of charge, including special gifts** in the form of an electronic subscription to selected magazines, comics, audio books or games worth up to CZK 2,500.



We have introduced a new generation of **With Us** tariffs and simplified the roaming structure



We have launched a program of benefits – **“Našim pro radost”** (for the joy of our customers)



We have planted the **the Cactus**

Being an ordinary operator is boring; we like to spoil our customers and make them happy. Therefore, we have prepared a program full of wonderful discounts and benefits for them. We introduced a **program of benefits called “Našim pro radost”** (for the joy of our customers) in November with attractive discounts on goods and services from partner companies as well as benefits provided directly by our company. This program was designed for all customers using mobile voice services. It replaced the previous Magic Tuesdays program and was designed on the basis of feedback provided by our customers through our spring campaign focused on customer care.

Within the program, our customers have the opportunity to buy goods or services at great prices both in shops and on the Internet. The portfolio of our partner companies is broad, so everyone will be able to find a reward. In addition, our services or phones are available at discounted prices for our loyal customers.

In late April, we launched the **new generation of unlimited With Us tariffs**, which brought revolutionary changes in the offer in the form of significant price reductions and simplification. Customers could move to the new tariffs almost immediately, even without having to prolong the contract.

In the summer, also known as the “roaming season”, we improved our offer by adding two tariffs for demanding customers with a double data limit, free minutes of international calls, text messages and data in roaming.

Over 40% of all residential customers were using the With Us tariffs by the end of the year due to overwhelming demand.

At the same time we have **significantly simplified the overall structure of roaming** by unifying individual regions in only three price zones.

**FOR THE JOY  
OF OUR  
CUSTOMERS**



We launched the **Cactus brand** in early October, **which is tailored to the young generation with a focus on prepaid services.**

It gives customers flexibility when selecting services they want to use. It is attractive mainly due to the free connection to Facebook, where we provide perfect on-line customer care, as well as simple services through applications where customers can arrange everything they need. The Cactus brand is associated with zero commitments and has overall a more than fair approach with clear communication.



We have **upgraded** the network for further development and acceleration



We have signed an agreement on **sharing the network** with Telefónica



There was an **integration** of virtual operators

**IMPROVING  
THE FASTEST  
NETWORK**





2013 was a year of big changes in the area of mobile networks. We launched the commercial operation of the LTE network for our customers in Prague and Mladá Boleslav. To be able to launch the network, we had to activate new transmitters with the capacity of up to 100 Mbit/s, implement a new data switching exchange, upgrade the voice exchanges to support LTE and introduce the voice support for LTE terminals (CS Fallback).

As a result of this, the majority of T-Mobile central network components have been completely upgraded and made ready for further development and rapid transmission of data. As the only LTE network supporting the combination of 100 Mbit/s speed on the market in 2013, smart phone and voice services usage had the widest support of terminals, for example for the iPhone.

Two auctions of frequencies for LTE took place in 2013 and were successfully completed by the end of the year. We were allocated the frequencies at the end of February 2014. T-Mobile managed to secure all of the frequencies needed for the further development of the network for our customers in the auction and therefore we are poised to keep developing the fast data network across the country.

In addition, the capacity of the 3G network was enhanced throughout the year. Deployment of the highest speed of HSPA42+ was extended; construction of the fibre optic backbone lines continued and the high-speed microwave technology in the E-Band was introduced to the network.

We decided to share 2G and 3G networks with Telefónica and signed the agreement in the fall of 2013. Sharing networks will enable us to improve the coverage and quality of the existing networks and also to reduce the number of transmitters in the country. Gradual consolidation will take several years. This sharing will be applied across the country, with the exception of Prague and Brno. However, the central components of the network will not be shared, allowing operators to continue to offer different services to their customers.

In the field of information technology, 2013 brought integration of virtual operators. We have successfully integrated GTS, Mobil.cz, Kaktus and RWE into our systems. In the first half of the year we introduced new unlimited With Us tariffs in the IT systems, including the implementation of the hire-purchase terminals. We worked hard on integrating T-Mobile and T-Systems into a single company in IT at the end of the year, which was successfully completed on January 1st, 2014.



**WE CARE  
FOR OUR  
EMPLOYEES**



We support the **talents** among us



We care about the **health** of our employees



Nearly 1,300 students studied at the T-Mobile  
**University** in 2013



We won the "Family Friendly Company" award last year for providing the equal opportunities and implementing measures for balancing the professional and family lives of our employees, of whom 57% were men and 42%, were women as of December 31st, 2013.

We successfully continued implementing the Tones Talent programme in 2013, which is not only full of developmental activities, but also the talents were involved in projects that are critical to the company. For example, the T-Sport platform was established within this programme, in which employees may register for sport activities and do sports together and thus do something for their good health.

We have implemented many activities within the Healthy Company programme. All employees were offered a vaccination against influenza, while those in direct contact with customers also received vitamin packs to strengthen their immunity. Health Days were implemented both in Prague as well as the regions focused on workshops on the topics of health and related health activities. In addition, we organized the "Day Against Back Pain" together with our colleagues from Roztyly, Prague.

Among the activities available to all employees during the year were educational activities under the auspices of T-Mobile University, which opened its virtual doors in 2013. We provided 3,746 hours of training within individual departments of the university and 1,278 employees were involved in the personal development activities. Of these, 45 were really hard-working and gained the symbolic TMDr. degree.

In May, we also implemented the development week titled the "The Standing Session for Development" designed for all employees. It started with a conference with interesting presenters and consequently over 60 workshops were offered free of charge within this event week.

In 2013, within the scope of development activities for the company's managers, we implemented activities focused on sharing experiences with other companies, inspirational workshops focused on change management, personal responsibility and cooperation.

➔ We have supported aspiring entrepreneurs through the project **“Rozjezdy roku”** (Starts of the Year) for the third time

➔ We have distributed more than 70 million CZK for good causes with the **T-Mobile Fund**

➔ We have presented the new **“Pomáhejme si”** (Let's Help Each Other) project to our employees and have continued our cooperation with the **“DOBŘÍ ANDĚL”** Foundation (Good Angel)





As in years past, we were very active in the area of social responsibility in 2013. Immediately in January, we initiated another **conference on the strategic approach to social responsibility**, designed for CSR managers, owners, executives and directors of companies, the professional community and representatives of the non-profit sector.

**The third annual competition “Rozjezdy roku” (Starts of the Year) has already taken place.** We support regional aspiring entrepreneurs through this project, especially small ones from groups of the population that are at risk of unemployment: parents with young children, recent graduates, the long-term unemployed, the disabled and older people. Our goal is to support the entrepreneurial projects that will not only generate revenue, but also create benefits for the community around them. Our support for the “Starts of the Year” competition is based not only on the prizes in the competition, but also on the biannual assistance provided by experts involved in the project. Within the scope of the project we have implemented up to 10 professional regional seminars. Summarizing the figures for all three years of the “Starts of the Year” competition, we had **1,111 registered entrepreneurs, 28 workshops with 1,500 participants, and 149 winners**, to whom we distributed prizes worth **CZK 20 million in total.**

We started to implement a number of new projects under the T-Mobile Fund. This Fund, from which we have already distributed more than 70 million CZK, was established by us to support non-profit organizations in 2005. In 2013, we classified projects under the T-Mobile Fund into four main areas and distributed a total amount of 4,950,000 CZK.

The first area consists of the open nationwide grant program titled **“MLUVME SPOLU” (Let’s Talk Together)**. This year we have supported 34 projects of non-profit organizations, municipalities, schools, charities and diaconia, as well as informal groups of the population or individuals, to the tune of almost 3 million CZK.

**FOR THE WORLD  
AROUND US**



Within the second area named “VYMYSLEME TO” (Let’s Think it Up) we support the development of mobile applications and other on-line solutions that are socially beneficial, since they help for example the people with certain handicaps, improve our environment or change the world for the better in some other way.

The third area of “POMÁHEJME SI” (Let’s Help Each Other) is designed for employees of the company. We support their activities, responsibility and charities. This area also covers the program “**Den pro dobrý skutek**” (**The Day for a Good Turn**) allowing employees to spend one working day volunteering in a non-profit organization. More than 600 employees used this opportunity in 2013. In searching for such activities we have supported our employees with a new volunteer website designed for them. The news include the selection of a **Volunteer of the Year** or a special charity collection called “**Pomáhejme příběhům**” (**Helping Stories**) through which the employees together with T-Mobile may help people who find themselves in difficult situations. Through this activity we managed to collect the incredible amount of one million CZK in December.

The fourth area is called “**ROZVÍJEJME SE**” (**Let’s Develop**). We have prepared professional seminars for foundations and civic organizations on the topics of PR, human resources and social networks. We have organized 16 such seminars attended by more than 500 representatives of non-profit organizations in the past three years.

All year we continued to support the “**DOBRÝ ANDĚL**” (**Good Angel**) foundation. Our cooperation culminated in the development of mobile applications at the end of the year that allow donors to contribute to the fund easily, as well as by a communication campaign aimed at raising awareness of the foundation and recruiting more people who would contribute regularly.

Together with other mobile operators we have given up on the donor SMS fees. As a result of this step the specific non-profit projects receive the amount of CZK 28.50 from each CZK 30, which is the cost of a donor SMS, instead of the original amount of CZK 27.

In Prague, 20 March 2014

**Mark Klein**  
Chairman of the Board of Directors

**Ing. Milan Vašina**  
Member of the Board of Directors

# INDEPENDENT AUDITOR'S REPORT



## *Independent auditor's report*

### **to the shareholder of T-Mobile Czech Republic a.s.**

We have audited the standalone financial statements of T-Mobile Czech Republic a.s., identification number 64949681, with registered office at Tomíčková 2144/1, Praha 4 ("the Company") for the year ended 31 December 2013 disclosed in the annual report in chapter Financial Statements 2013 and issued the opinion dated 20 March 2014 and disclosed therein. We have also audited the consolidated financial statements of the Company and its subsidiary (together "the Group") for the year ended 31 December 2013 disclosed in the annual report in chapter Consolidated Financial Statements 2013 and issued the opinion dated 20 March 2014 and disclosed therein ("the Financial Statements").

### **Report on the Annual Report**

We have verified that the other information included in the annual report of the Company for the year ended 31 December 2013 is consistent with the above mentioned Financial Statements. The Board of Directors is responsible for the accuracy of the annual report. Our responsibility is to express an opinion on the consistency of the annual report with the Financial Statements based on our verification procedures.

#### *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 2013 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 2013 (the "Report"). The completeness and accuracy of the Report is the responsibility of the Board of Directors of the Company. Our responsibility is to express our conclusion 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 82 of the Corporations Act.

20 March 2014

  
represented by partner

  
Tomáš Bašta  
Statutory Auditor, Licence No. 1966

#### *Note*

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

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## INDEPENDENT AUDITOR'S REPORT AND FINANCIAL STATEMENT

31 DECEMBER 2013

Note

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



## ***Independent auditor's report***

### **to the shareholder of T-Mobile Czech Republic a.s.**

We have audited the accompanying financial statements of T-Mobile Czech Republic a.s., identification number 64949681, with registered office at Tomičkova 2144/1, Praha 4 ("the Company"), which comprise the balance sheet as at 31 December 2013, 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 2013, its financial performance and its cash flows for the year then ended in accordance with Czech accounting legislation.

20 March 2014

  
represented by partner



Tomáš Bašta  
Statutory Auditor, Licence No. 1966

#### Note

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

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# BALANCE SHEET

Financial statements year ended 31 December 2013

	31. 12. 2013		31. 12. 2012	
	Gross amount CZK million	Provision CZK million	Net amount CZK million	Net amount CZK million
<b>ASSETS</b>				
<b>B. Fixed assets</b>	<b>44,749</b>	<b>(26,111)</b>	<b>18,638</b>	<b>15,897</b>
<b>B. I. Intangible fixed assets</b>	<b>12,834</b>	<b>(7,916)</b>	<b>4,918</b>	<b>4,749</b>
B. I. 1. Research and development	47	(47)	-	-
2. Software	5,843	(5,122)	721	690
3. Valuable rights	5,305	(2,589)	2,716	2,992
4. Goodwill	164	(134)	30	63
5. Intangible fixed assets in the course of construction	1,424	-	1,424	1,004
6. Other intangible fixed assets	51	(24)	27	-
<b>B. II. Tangible fixed assets</b>	<b>28,518</b>	<b>(18,195)</b>	<b>10,323</b>	<b>11,121</b>
B. II. 1. Land	17	-	17	17
2. Constructions	11,223	(6,152)	5,071	5,204
3. Equipment	16,631	(12,041)	4,590	4,988
4. Other tangible fixed assets	1	-	1	1
5. Tangible fixed assets in the course of construction	646	(2)	644	911
<b>B. III. Long term investments</b>	<b>3,397</b>	<b>-</b>	<b>3,397</b>	<b>27</b>
B. III. 1. Shares in subsidiaries	3,397	-	3,397	-
2. Other long-term investments in securities	-	-	-	27
<b>C. Current assets</b>	<b>17,983</b>	<b>(5,112)</b>	<b>12,871</b>	<b>16,848</b>
<b>C. I. Inventories</b>	<b>558</b>	<b>(41)</b>	<b>517</b>	<b>524</b>
C. I. 1. Raw materials	210	(25)	185	177
2. Goods for resale	348	(16)	332	347
<b>C. II. Long-term receivables</b>	<b>17</b>	<b>-</b>	<b>17</b>	<b>19</b>
C. II. 1. Trade receivables	10	-	10	12
2. Long-term advances paid	7	-	7	7
<b>C. III. Short-term receivables</b>	<b>9,537</b>	<b>(5,071)</b>	<b>4,466</b>	<b>4,050</b>
C. III. 1. Trade receivables	7,185	(5,071)	2,114	1,666
2. Receivables - subsidiaries	49	-	49	-
3. Receivables from members of associations	-	-	-	28
4. Taxes receivable from the state	29	-	29	59
5. Short-term advances paid	359	-	359	283
6. Estimated receivables	1,794	-	1,794	1,953
7. Other receivables	121	-	121	61
<b>C. IV. Financial assets</b>	<b>7,871</b>	<b>-</b>	<b>7,871</b>	<b>12,255</b>
C. IV. 1. Cash in hand	20	-	20	20
2. Cash at bank	7,851	-	7,851	12,235
<b>D. I. Prepayments and accrued income</b>	<b>842</b>	<b>-</b>	<b>842</b>	<b>195</b>
D. I. 1. Prepaid expenses	842	-	842	194
2. Accrued income	-	-	-	1
<b>TOTAL ASSETS</b>	<b>63,574</b>	<b>(31,223)</b>	<b>32,351</b>	<b>32,940</b>

	31. 12. 2013 CZK million	31. 12. 2012 CZK million
<b>LIABILITIES AND EQUITY</b>		
<b>A. Equity</b>	<b>26,772</b>	<b>26,896</b>
<b>A. I. Share capital</b>	<b>520</b>	<b>520</b>
A. I. 1. Share capital	520	520
<b>A. II. Capital contributions</b>	<b>5,352</b>	<b>5,352</b>
A. II. 1. Share premium	5,344	5,344
2. Other capital contributions	8	8
<b>A. III. Reserve fund and other reserves</b>	<b>104</b>	<b>104</b>
A. III. 1. Statutory reserve fund	104	104
<b>A. IV. Retained earnings</b>	<b>15,010</b>	<b>13,968</b>
A. IV. 1. Retained earnings	15,010	13,968
<b>A. V. Profit for the current period</b>	<b>5,786</b>	<b>6,952</b>
<b>B. Liabilities</b>	<b>4,822</b>	<b>5,122</b>
<b>B. I. Provisions</b>	<b>485</b>	<b>552</b>
B. I. 1. Other provisions	485	552
<b>B. II. Long-term liabilities</b>	<b>57</b>	<b>68</b>
B. II. 1. Trade payables	7	3
2. Long-term advances received	6	6
3. Deferred tax liability	44	59
<b>B. III. Short-term liabilities</b>	<b>4,280</b>	<b>4,502</b>
B. III. 1. Trade payables	2,032	1,856
2. Liabilities to members of associations	-	16
3. Liabilities to employees	89	173
4. Liabilities for social security and health insurance	50	83
5. Taxes and state subsidies payable	104	99
6. Short-term advances received	58	66
7. Estimated payables	1,937	2,185
8. Other payables	10	24
<b>B. IV. Bank loans and overdrafts</b>	<b>-</b>	<b>-</b>
B. IV. 1. Short-term bank loans and overdrafts	-	-
<b>C. Accruals and deferred income</b>	<b>757</b>	<b>922</b>
C. I. 1. Deferred income	757	922
<b>TOTAL LIABILITIES AND EQUITY</b>	<b>32,351</b>	<b>32,940</b>

# INCOME STATEMENT

Financial statements year ended 31 December 2013

	2013 CZK million	2012 CZK million
I. Sales of goods	1,915	840
A. Cost of goods sold	2,642	1,996
<b>+ Gross loss</b>	<b>(727)</b>	<b>(1,156)</b>
II. Sales of production	21,037	24,693
II. 1. Sales of own products and services	20,817	24,430
2. Own work capitalised	220	263
B. Cost of sales	8,794	10,103
B. 1. Raw materials and consumables	463	531
2. Services	8,331	9,572
<b>+ Added value</b>	<b>11,516</b>	<b>13,434</b>
C. Staff costs	2,319	2,590
C. 1. Wages and salaries	1,664	1,884
2. Emoluments of board members	1	1
3. Social security and health insurance costs	580	626
4. Other social costs	74	79
D. Taxes and charges	301	341
E. Depreciation and amortisation of fixed assets	3,169	3,320
III. Sale of fixed assets and raw materials	169	99
III. 1. Sale of fixed assets	168	99
III. 2. Sale of raw materials	1	-
F. Net book value of fixed assets and raw materials sold	170	97
F. 1. Net book value of fixed assets sold	152	92
2. Net book value of raw materials sold	18	5
G. (Decrease) / increase in operating provisions	(101)	(25)
IV. Other operating income	2,033	2,184
H. Other operating charges	740	802
<b>* Operating result</b>	<b>7,120</b>	<b>8,592</b>
J. Sold securities and shares	31	-
VIII. Income from short-term investments	-	5
IX. Gain on revaluation of securities and derivatives	133	19
L. Loss on revaluation of securities and derivatives	16	55
X. Interest income	6	75
N. Interest expense	1	1
XI. Other financial income	121	138
O. Other financial expense	171	110
<b>* Financial result</b>	<b>41</b>	<b>71</b>
Q. Tax on profit on ordinary profit activities	1,375	1,711
Q. 1. - current	1,391	1,668
2. - deferred	(16)	43
<b>** Profit on ordinary activities after taxation</b>	<b>5,786</b>	<b>6,952</b>
<b>*** Net profit for the financial period</b>	<b>5,786</b>	<b>6,952</b>
<b>**** Net profit before taxation</b>	<b>7,161</b>	<b>8,663</b>

# CASH FLOW STATEMENT

Financial statements year ended 31 December 2013

	2013 CZK million	2012 CZK million
<b>Cash flows from operating activities</b>		
<b>Net profit before tax</b>	<b>7,161</b>	<b>8,663</b>
<b>A.1. Adjustments for non-cash movements:</b>		
A.1.1. Depreciation and amortisation of fixed assets	3,169	3,320
A.1.2. Change in provisions	(101)	(25)
A.1.3. Profit from disposal of fixed assets	(16)	(7)
A.1.4. Net interest income	(5)	(74)
A.1.5. Other non-cash movements	622	758
<b>A* Net cash flow from operating activities before tax and changes in working capital</b>	<b>10,830</b>	<b>12,635</b>
A.2. Working capital changes:		
A.2.1. Change in receivables and prepayments and accrued income	(1,645)	(858)
A.2.2. Change in short-term payables and accruals and deferred income	(284)	(356)
A.2.3. Change in inventories	25	53
A.2.4. Change in short-term investments	-	1,000
<b>A** Net cash flow from operating activities before tax</b>	<b>8,926</b>	<b>12,474</b>
A.3. Interest paid	(3)	(1)
A.4. Interest received	7	80
A.5. Income tax on ordinary activities paid	(1,360)	(1,803)
<b>A*** Net cash flow from operating activities</b>	<b>7,570</b>	<b>10,750</b>
<b>Cash flows from investing activities</b>		
B.1. Acquisition of fixed assets	(6,209)	(3,175)
B.2. Proceeds from the sale of fixed assets	165	63
<b>B*** Net cash flow from investing activities</b>	<b>(6,044)</b>	<b>(3,112)</b>
<b>Cash flows from financing activities</b>		
C.1. Dividends paid	(5,910)	(6,521)
<b>C*** Net cash flow from financing activities</b>	<b>(5,910)</b>	<b>(6,521)</b>
<b>Net increase in cash and cash equivalents</b>	<b>(4,384)</b>	<b>1,116</b>
<b>Cash and cash equivalents as at the beginning of the year</b>	<b>12,255</b>	<b>11,139</b>
<b>Cash and cash equivalents as at the end of the year</b>	<b>7,871</b>	<b>12,255</b>

# NOTES TO FINANCIAL STATEMENTS 2013

Financial statements year ended 31 December 2013

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: Municipal Court in Prague,  
Commercial Register: 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 operating 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 2013, the Company was organised into the following six divisions – Managing Director division, Residential Segment division, Finance division, Business Segment division, Technology division and Human Resources division.

### 1.2 Structure of the Company's Ownership

As at 31 December 2013 and 31 December 2012, the ownership structure of the Company was as follows:

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

The ownership 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 2013 and 31 December 2012 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 2013, the Company had the right to use the following frequency bands:

- Allocation of frequency bands for provision of public mobile network 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 2013 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 Company obtained right to purchase allocations of frequency bands, as stated below, at the auction. Total price of the allocations acquired is CZK 2,614 mio (see Note 3.12). The distribution of the allocations of frequency bands acquired at the auction is expected at the beginning of the year 2014.

Frequency	Frequency band
800 MHz	791.0–801.0 / 832.0–842.0 MHz
1800 MHz	1822.3–1824.3 / 1727.3–1729.3 MHz
2600 MHz	2640.0–2660.0 / 2520.0–2540.0 MHz

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 Merger Project

The Company participated in a Merger project with T-Systems Czech Republic a.s., with registered office in Prague 4, Na Pankráci 1685/17, 19, postal code 140 21, ID no.: 610 59 382, registered in Commercial Register administrated by the Municipal Court in Prague, file No. B 3938 as the successor company. T-Systems Czech Republic a.s. („the dissolving company“) cease to exist as at effective date of the merger without liquidation.

On 17 November 2013 the merger with transition of assets of dissolving company including rights and obligations arising from labour-law provision to the Company was approved, with effective date on 1 January 2014. The merger was recorded in the Commercial Register on 1 January 2014. All information included in the financial statements are presented as at 31 December 2013, i.e. as at a day preceding the effective date of the merger.

## 1.5 Statutory and Supervisory Bodies

The members of the Board of Directors as at 31 December 2013 were as follows:

Mark Klein	Chairman
Terrence Edward Valeski	Vice-Chairman
Martin Schlieker	Member
Milan Vašina	Member
Ralph Roland Rentschler	Member
Nikolaus Bethlen	Member
Robert Chmelař	Member

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 Supervisory Board as at 31 December 2013 were as follows:

Cornelia Elisabeth Sonntag	Chairwoman
Ratko Jovic	Vice-Chairman
Josef Rejzek	Member
Eduard Filek	Member
Antonius Joseph Zijlstra	Member
Susanne Maria Krogmann	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

## 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 2013. The accounting period is represented by the calendar year from 1 January to 31 December 2013.

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 useful life, 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 use 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 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 Shares in Subsidiaries

Shares in Subsidiaries represent shares in companies which are controlled by the Company (hereafter "subsidiary"). Shares in Subsidiaries are valued by provision method.

## 2.5 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.

## 2.6 Method of Determining Provisions for Assets and Liabilities

### 2.6.1 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.

### 2.6.2 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.

## 2.7 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.

Revenues from instalment sale are recognized at the full amount at the time of the sale when the risk and rewards of the ownership of the goods are passed to the customer.

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

## 2.8 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.

## 2.9 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.

## 2.10 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 flexible availability of funding by 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 411 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 2013 and 2012 did not apply hedge accounting.

## **2.11 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 as at balance sheet date are disclosed in the notes but not recognised in the balance sheet.

## 2.12 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.

## 2.13 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.

## 2.14 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.

## 2.15 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 (CZK million)	Goodwill	Software	Valuable rights – GSM, UMTS and other licences	Other intangible fixed assets	Intangible fixed assets in the course of construct- ion and advances paid	Total
<b>1. 1. 2012</b>	<b>164</b>	<b>5,287</b>	<b>5,209</b>	<b>173</b>	<b>537</b>	<b>11,370</b>
Transfers	–	723	116	–	(839)	–
Additions	–	–	–	–	1,306	1,306
Disposals	–	(806)	(52)	(99)	–	(957)
<b>31. 12. 2012</b>	<b>164</b>	<b>5,204</b>	<b>5,273</b>	<b>74</b>	<b>1,004</b>	<b>11,719</b>
Transfers	–	877	32	29	(930)	8
Additions	–	–	–	–	1,352	1,352
Disposals	–	(238)	–	(5)	(2)	(245)
<b>31. 12. 2013</b>	<b>164</b>	<b>5,843</b>	<b>5,305</b>	<b>98</b>	<b>1,424</b>	<b>12,834</b>

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 construct- ion and advances paid	Total
<b>1. 1. 2012</b>	<b>68</b>	<b>4,542</b>	<b>2,020</b>	<b>167</b>	<b>–</b>	<b>6,797</b>
Amortisation	33	778	313	6	–	1,130
Disposals	–	(806)	(52)	(99)	–	(957)
<b>31. 12. 2012</b>	<b>101</b>	<b>4,514</b>	<b>2,281</b>	<b>74</b>	<b>–</b>	<b>6,970</b>
Amortisation	33	846	308	2	–	1,189
Disposals	–	(238)	–	(5)	–	(243)
<b>31. 12. 2013</b>	<b>134</b>	<b>5,122</b>	<b>2,589</b>	<b>71</b>	<b>–</b>	<b>7,916</b>

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 construct- ion and advances paid	Total
<b>31. 12. 2012</b>	<b>63</b>	<b>690</b>	<b>2,992</b>	<b>–</b>	<b>1,004</b>	<b>4,749</b>
<b>31. 12. 2013</b>	<b>30</b>	<b>721</b>	<b>2,716</b>	<b>27</b>	<b>1,424</b>	<b>4,918</b>

### 3.1.2 Tangible Fixed Assets

Cost (CZK million)	Buildings, constructions and land	Equipment and other tangible fixed assets	Tangible fixed assets in the course of construction and advances paid	Total
<b>1. 1. 2012</b>	<b>10,215</b>	<b>17,944</b>	<b>1,043</b>	<b>29,202</b>
Transfers	607	1,122	(1,729)	-
Additions	-	4	1,633	1,637
Disposals	(59)	(2,153)	(34)	(2,246)
<b>31. 12. 2012</b>	<b>10,763</b>	<b>16,917</b>	<b>913</b>	<b>28,593</b>
Transfers	512	956	(1,476)	(8)
Additions	-	1	1,260	1,261
Disposals	(35)	(1,242)	(51)	(1,328)
<b>31. 12. 2013</b>	<b>11,240</b>	<b>16,632</b>	<b>646</b>	<b>28,518</b>

Accumulated depreciation/ provisions (CZK million)	Buildings, constructions and land	Equipment and other tangible fixed assets	Tangible fixed assets in the course of construction and advances paid	Total
<b>1. 1. 2012</b>	<b>4,939</b>	<b>12,460</b>	<b>11</b>	<b>17,410</b>
Depreciation	663	1,527	-	2,190
Disposals	(59)	(2,060)	-	(2,119)
Transfers	(1)	1	-	-
Provisions	-	-	(9)	(9)
<b>31. 12. 2012</b>	<b>5,542</b>	<b>11,928</b>	<b>2</b>	<b>17,472</b>
Depreciation	646	1,334	-	1,980
Disposals	(35)	(1,222)	-	(1,257)
Transfers	(1)	1	-	-
Provisions	-	-	-	-
<b>31. 12. 2013</b>	<b>6,152</b>	<b>12,041</b>	<b>2</b>	<b>18,195</b>

Net book value (CZK million)	Buildings, constructions and land	Equipment and other tangible fixed assets	Tangible fixed assets in the course of construction and advances paid	Total
<b>31. 12. 2012</b>	<b>5,221</b>	<b>4,989</b>	<b>911</b>	<b>11,121</b>
<b>31. 12. 2013</b>	<b>5,088</b>	<b>4,591</b>	<b>644</b>	<b>10,323</b>

### 3.1.3 Shares in subsidiaries

On 27 March 2013 the Company signed a contract for purchase of 100% share in the sister company T-Systems Czech Republic a.s. for CZK 3,397 million. As at 1 January 2014 a merger of the Company and T-Systems Czech Republic a.s. became legally effective and T-Systems Czech Republic a.s. ceased to exist as individual entity.

31. 12. 2013	No of shares	Nominal value (CZK)	Purchase price (CZK million)	Book value (CZK million)	Share of Share capital (%)	Profit for 2013 period (CZK million)	Equity (CZK million)	Dividend income in 2013
<b>Domestic</b>								
T-Systems Czech Republic a.s.	2,513	100,000	3,397	3,397	100%	262	1,881	-
<b>Total</b>				<b>3,397</b>				<b>-</b>

### 3.2 Inventories

(CZK million)	31.12.2013	31.12.2012
Handsets and accessories	345	363
Technology inventories	205	210
Satellite TV devices and accessories	3	6
Other inventories	5	4
<b>Total inventories – gross</b>	<b>558</b>	<b>583</b>
Provision for inventories	(41)	(59)
<b>Total inventories – net</b>	<b>517</b>	<b>524</b>

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

(CZK million)	2013	2012
<b>Opening balance as at 1 January</b>	<b>59</b>	<b>58</b>
Creation of the provision	3	11
Release / utilisation of the provision	(21)	(10)
<b>Closing balance as at 31 December</b>	<b>41</b>	<b>59</b>

### 3.3 Receivables

#### 3.3.1 Short-term Receivables

(CZK million)	31.12.2013	31.12.2012
Trade receivables		
– current and overdue less than 180 days	2,122	1,854
– overdue more than 180 days	5,063	4,901
<b>Total trade receivables – gross</b>	<b>7,185</b>	<b>6,755</b>
Provision for receivables	(5,071)	(5,089)
<b>Total trade receivables – net</b>	<b>2,114</b>	<b>1,666</b>

As at 31 December 2013 the overdue receivables amounted to CZK 5,719 million (as at 31 December 2012: CZK 5,824 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)	2013	2012
<b>Opening balance as at 1 January</b>	<b>5,089</b>	<b>5,147</b>
Creation of the provision	1,246	1,305
Release/utilisation of the provision	(1,264)	(1,363)
<b>Closing balance as at 31 December</b>	<b>5,071</b>	<b>5,089</b>

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.

### 3.4 Short-term Financial Assets

Short-term financial assets can be analysed as follows:

(CZK million)	31. 12. 2013	31. 12. 2012
Cash in hand, cash in transit and cash at bank	7,871	12,255
Short-term investments	-	-
<b>Total short-term financial assets</b>	<b>7,871</b>	<b>12,255</b>
<b>Total cash and cash equivalents</b>	<b>7,871</b>	<b>12,255</b>

### 3.5 Prepayments and Accrued Income

#### 3.5.1 Prepaid Expenses

As at 31 December 2013 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 2013 was CZK 842 million (as at 31 December 2012: CZK 194 million). Increase between years 2013 and 2012 particularly comprise of prepayment to Telefónica O2 Czech Republic a.s. for lease of optical fibres in amount CZK 643 million.

## 3.6 Equity

### Movements in the Company's equity:

(CZK milion)	Registered capital	Share premium	Other capital contributions	Statutory reserve fund	Retained earnings	Profit for the period	Total
<b>1. 1. 2012</b>	<b>520</b>	<b>5,344</b>	<b>8</b>	<b>104</b>	<b>13,178</b>	<b>7,311</b>	<b>26,465</b>
Dividends paid	–	–	–	–	–	(6,521)	(6,521)
Transfer	–	–	–	–	790	(790)	–
Net profit for the period	–	–	–	–	–	6,952	6,952
<b>31. 12. 2012</b>	<b>520</b>	<b>5,344</b>	<b>8</b>	<b>104</b>	<b>13,968</b>	<b>6,952</b>	<b>26,896</b>
Dividends paid	–	–	–	–	–	(5,910)	(5,910)
Transfer	–	–	–	–	1,042	(1,042)	–
Net profit for the period	–	–	–	–	–	5,786	5,786
<b>31. 12. 2013</b>	<b>520</b>	<b>5,344</b>	<b>8</b>	<b>104</b>	<b>15,010</b>	<b>5,786</b>	<b>26,772</b>

#### 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. Rights and obligations of shareholders are determined by the relevant legislation, mainly Act. No.90/2012 Coll. and by the Company Statutes.

As at 31 December 2013 and 31 December 2012, 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 14 June 2013, the Company distributed part of its retained earnings to the shareholders in a form of dividend in the aggregate amount of CZK 5,910 million (CMobil B.V.: CZK 3,591 million, TMCZ Holdco II (Lux) S.à.r.l.: CZK 2,319 million).

During 2012, the Company distributed to the shareholders a 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).

\* Dnes TMCZ Holdco II (Lux) S.à.r.l. (předtím CESKE RADIOKOMUNIKACE S.à.r.l.).

### 3.7 Provisions

(CZK million)	Provision for income tax payable	Other provisions	Total
<b>1. 1. 2012</b>	<b>76</b>	<b>511</b>	<b>587</b>
Charge for the year	-	312	312
Released/used in the year	(76)	(271)	(347)
<b>31. 12. 2012</b>	<b>-</b>	<b>552</b>	<b>552</b>
Charge for the year	-	178	178
Released/used in the year	-	(245)	(245)
<b>31. 12. 2013</b>	<b>-</b>	<b>485</b>	<b>485</b>

As at 31 December 2013, the Company recorded a provision of CZK 88 million for estimated future costs related to the T-Mobile bonus program for allocated loyalty points unused as at year-end (31 December 2012: CZK 170 million).

The provision for Asset Retirement Obligation based on lease contract conditions amounted to CZK 326 million as at 31 December 2013 (31 December 2012: CZK 329 million).

### 3.8 Short-term Liabilities

#### Trade payables

(CZK million)	31. 12. 2013	31. 12. 2012
Trade payables		
- domestic payables	1,917	1,835
- foreign payables	115	21
<b>Total trade payables</b>	<b>2,032</b>	<b>1,856</b>

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 2013, overdue payables amounted to CZK 16 million (31 December 2012: CZK 76 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 2013 amounted to CZK nil million (31 December 2012: CZK 16 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 2013 and 31 December 2012:

(CZK million)	31. 12. 2013	31. 12. 2012
Estimated liability for interconnection costs of the other network operators	265	304
Estimated liability for operational expenditure	1,209	1,334
Estimated liability for capital expenditure	139	285
Estimated liability for staff costs	324	262
<b>Total estimated payables</b>	<b>1,937</b>	<b>2,185</b>

## 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 27 million) and CZK 575 million, respectively.

As at 31 December 2012 and 31 December 2013, the Company did not draw any overdrafts.

## 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 2.10 Financial Risk Management).

### Forward contracts

As at the end of 2013, the Company had open currency forward contracts with a total nominal value of CZK 1,340 million (as at 31 December 2012: CZK 1,954 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 2013 were initiated during 2013 with maturity by the end of 2014. During 2013, currency forward contracts in a total nominal value of CZK 6,431 million were settled (in 2012: CZK 3,040 million). Higher amount of settled currency forwards in year 2013 correspond to payment for acquisition of T-Systems Czech Republic a.s. in EUR (refer to Note 3.13).

Open currency forward contracts (CZK million)	31. 12. 2013	31. 12. 2012
Open currency forward contracts hedging other foreign currency liabilities:		
Positive fair value	71	10
Negative fair value	(1)	(13)
<b>Total fair value of forward contracts</b>	<b>70</b>	<b>(3)</b>

## 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 Contingent Liabilities and Assets

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 2013 and 31 December 2012 the Company entered into agreements with major suppliers of technology and services in the following values:

(CZK million)	31. 12. 2013	31. 12. 2012
Up to 1 year	5,840	1,909
1–3 years	1,672	48
3–5 years	94	14
Over 5 years	36	–
<b>Total</b>	<b>7,282</b>	<b>1,971</b>

Increase of commitments is caused mainly by the committed liability arising from the auction of new frequencies amounting to CZK 2,614 million and further by signing a fixed contract for purchase of handsets amounting to CZK 1,265 million.

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. 2013	31. 12. 2012
Up to 1 year	633	678
1–3 years	717	688
3–5 years	692	676
Over 5 years	2,190	2,376
<b>Total</b>	<b>4,232</b>	<b>4,418</b>

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 1,432 million as at 31 December 2013 (as at 31 December 2012: CZK 1,380 million).

### 3.13 Guarantees

As at 31 December 2013, bank guarantees totalling CZK 88 million were issued to lessors of commercial space, real estate and issuers of public tenders at the Company's request (as at 31 December 2012: CZK 77 million).

### 3.14 Revenues and Expenses from Operating Activities

#### 3.14.1 Operating Revenues according to Main Activities

(CZK million)	2013	2012
Sales of handsets and accessories	1,915	840
Communication network services	20,817	24,430
<b>Total</b>	<b>22,732</b>	<b>25,270</b>

#### 3.14.2 Operating Revenues and Expenses

(CZK million)	2013	2012
Operating revenues	22,732	25,270
Other revenues	2,422	2,546
<b>Total revenues</b>	<b>25,154</b>	<b>27,816</b>
Cost of goods sold	2,642	1,996
Consumption of material and energy	463	531
Services	8,331	9,572
Staff costs	2,319	2,590
Amortisation/depreciation of intangible and tangible fixed assets	3,169	3,320
Other operating charges	1,110	1,215
<b>Total operating expenses</b>	<b>18,034</b>	<b>19,224</b>
<b>Operating result</b>	<b>7,120</b>	<b>8,592</b>

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)	2013	2012
Income from financial operations and interest income	6	75
Other financial income	254	162
Cost of financial operations and interest expense	(32)	(1)
Other financial expenses	(187)	(165)
<b>Financial result</b>	<b>41</b>	<b>71</b>

### 3.16 Related Party Transactions and Balances

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

(CZK million)	2013	2012
<b>DTAG group:</b>		
Roaming, interconnect and related purchased services	551	612
Other purchased goods and services	568	461
Expenses from cross charges of services	478	528
IT services	729	745
Purchased foreign currency at market value	4,625	1,590
<b>Total purchases</b>	<b>6,951</b>	<b>3,936</b>
<b>DTAG group:</b>		
Roaming, interconnection and related sold services	145	221
Income from cross charges of services and using common platforms	423	331
Interest income from loan provided	-	7
Income from sale of Intangible assets	125	-
<b>Total sales</b>	<b>693</b>	<b>559</b>

Related party receivables:

(CZK million)	31. 12. 2013	31. 12. 2012
<b>DTAG group:</b>		
Receivables from roaming, interconnection and related sold services	296	211
Receivables and prepayments from other services and discounts	161	197
Receivables from derivatives (fair value)	58	5
<b>Total related party receivables</b>	<b>515</b>	<b>413</b>

Related party payables:

(CZK million)	31. 12. 2013	31. 12. 2012
<b>DTAG group:</b>		
Payables from roaming, interconnection and related purchased services	252	161
Payables from other services and discounts	563	890
Payables from derivatives (fair value)	1	3
<b>Total related party payables</b>	<b>816</b>	<b>1,054</b>

## 3.17 Income Tax

### 3.17.1 Current Corporate Income Tax

The Company estimates the following current income tax results:

(CZK million)	2013	2012
Accounting profit before tax	7,161	8,663
Tax non-deductible costs	911	759
Non-taxable revenues	(605)	(665)
Difference between accounting and tax depreciation/amortisation	149	60
<b>Tax base before deductions</b>	<b>7,616</b>	<b>8,817</b>
Gifts allowed as tax deductible	(10)	(13)
<b>Adjusted tax base</b>	<b>7,606</b>	<b>8,804</b>
<b>Income tax expense</b>	<b>1,445</b>	<b>1,673</b>
Supplementary(decrease)/increase in tax expense related to prior periods	(54)	(5)
<b>Current period income tax expense</b>	<b>1,391</b>	<b>1,668</b>
Advances paid	(1,474)	(1,732)
<b>Income (receivable)/payable</b>	<b>29</b>	<b>59</b>

### 3.17.2 Deferred Tax

(CZK million)	31.12.2013	31.12.2012
Difference between tax and net book value of fixed assets	(1,228)	(1,389)
Difference between tax and net book value of inventories	41	59
Difference between tax and net book value of receivables	209	272
Other provisions	747	744
<b>Total temporary differences</b>	<b>(231)</b>	<b>(314)</b>
<b>Net deferred tax liability</b>	<b>(44)</b>	<b>(59)</b>

The net deferred tax liability as at 31 December 2013 and as at 31 December 2012 was calculated using the corporate income tax rate 19%.

## 3.18 Network sharing

On 29 October 2013 the Company entered into a 2G and 3G network sharing agreement with Telefónica O2 Czech Republic, a.s. The contractual arrangement involves sharing of both, passive and active mobile network elements on a territorial basis. This agreement had no effect on financial statements for year 2013.

## 4 EMPLOYEES AND MANAGEMENT

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

	Total		Management only	
	2013	2012	2013	2012
Members of Statutory bodies who are employees	1	1	1	1
Members of the Supervisory Board who are employees	2	2	-	-
<b>Average number of other employees</b>	<b>2,695</b>	<b>2,847</b>	<b>31</b>	<b>34</b>
Wages and salaries	1,664	1,884	103	141
Remuneration to members of statutory bodies	1	1	-	-
Social security and health insurance costs	580	626	23	21
Other social costs	74	79	1	1
<b>Total staff costs</b>	<b>2,319</b>	<b>2,590</b>	<b>127</b>	<b>163</b>

The emoluments for the members of Statutory Bodies and the Supervisory Board for 2013 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 2012 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 2013, the total contribution provided was CZK 28 million (in 2012: CZK 41 million).

In 2013 and 2012, 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 2013 is CZK 16 million (as at 31 December 2012: CZK 14 million). Since 2004, the Company has provided top management with compensation for fuel used for private purposes. In 2013, the compensation totalled CZK 2 million (in 2012: 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

On 28 January 2014 Czech telecommunication office appealed the Company to pay the amount resulting from the bidding phase of the auction for granting the rights to use the frequency bands for the provision of public communication network in 800 MHz, 1800 MHz and 2600 MHz.

The Company paid the respective amount on 5 February 2014. The payment is necessary condition for provision of the right to use the allocation of frequency bands. The allocation of frequency bands become effective on 24 February 2014 and consequently it was applied for granting the individual rights based on which the relevant frequency bands can be utilized.

On 7 February 2014 a contract between CMobil B.V., the majority shareholder of the Company, and TMCZ Holdco II (Lux) S.à.r.l., the minority shareholder of the Company, about purchase of minority share for the price of EUR 828 million was signed. After the contract becomes legally effective CMobil B.V. will become the sole shareholder of the Company.

### Approval of the statutory financial statements

These financial statements have been approved by the Board of Directors of the Company for issuance on 20 March 2014.



Mark Klein  
Chairman of the Board of Directors



Milan Vašina  
Member of the Board of Directors

# CONSOLIDATED FINANCIAL STATEMENTS 2013

**INDEPENDENT AUDITOR'S REPORT  
AND CONSOLIDATED FINANCIAL  
STATEMENTS IN ACCORDANCE  
WITH INTERNATIONAL FINANCIAL  
REPORTING STANDARDS**

**31 DECEMBER 2013**

Note

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



## ***Independent auditor's report***

### **to the shareholder of T-Mobile Czech Republic a.s.**

We have audited the accompanying consolidated financial statements of T-Mobile Czech Republic a.s., identification number 64949681, with registered office at Tomičkova 2144/1, Praha 4 ("the Company") and its subsidiary (together "the Group"), which comprise the consolidated statement of financial position as at 31 December 2013, the consolidated statements of comprehensive income, changes in equity and cash flows for the year then ended and notes, including a summary of significant accounting policies and other explanatory information ("the consolidated financial statements").

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

The Board of Directors is responsible for the preparation of the consolidated financial statements that give a true and fair view in accordance with International Financial Reporting Standards, and for such internal control as the Board of Directors determines is necessary to enable the preparation of consolidated 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 consolidated 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 consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Group'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 Group'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 consolidated financial statements.

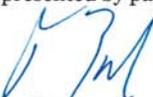
We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

#### *Opinion*

In our opinion, the consolidated financial statements give a true and fair view of the financial position of the Group as at 31 December 2013, its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards.

20 March 2014

  
represented by partner



Tomáš Bašta  
Statutory Auditor, Licence No. 1966

#### Note

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

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PricewaterhouseCoopers Audit, s.r.o., registered seat Hvězdova 1734/2c, 140 00 Prague 4, Czech Republic, Identification Number: 40765521, registered with the Commercial Register kept by the Municipal Court in Prague, Section C, Insert 3637, and in the Register of Audit Companies with the Chamber of Auditors of the Czech Republic under Licence No 021.

# CONSOLIDATED STATEMENT OF FINANCIAL POSITION

Year ended 31 December 2013

CZK million	Notes	31. 12. 2013	31. 12. 2012
<b>ASSETS</b>			
<b>CURRENT ASSETS</b>			
Cash and cash equivalents	4	8,294	12,255
Trade and other receivables	5	5,306	4,388
Other financial assets	6	91	10
Inventories	7	537	524
Prepaid expenses and other current assets		155	128
Advanced payment of income tax		38	59
<b>Total current assets</b>		<b>14,421</b>	<b>17,364</b>
<b>NON-CURRENT ASSETS</b>			
Intangible fixed assets	8	5,240	4,889
Property and equipment	9	13,005	11,557
Financial investments		-	27
Other non-current assets		27	7
Other financial assets	6	7	-
<b>Total non-current assets</b>		<b>18,279</b>	<b>16,480</b>
<b>TOTAL ASSETS</b>		<b>32,700</b>	<b>33,844</b>
<b>LIABILITIES AND EQUITY</b>			
<b>CURRENT LIABILITIES</b>			
Trade and other payables	10	4,464	4,228
Other financial liabilities	11	68	64
Provisions	12	522	254
Deferred income	13	881	1,108
<b>Total current liabilities</b>		<b>5,935</b>	<b>5,654</b>
<b>NON-CURRENT LIABILITIES</b>			
Other financial liabilities	11	775	704
Provisions	12	654	697
Deferred income		4	3
Deferred tax liability	14	92	46
<b>Total non-current liabilities</b>		<b>1,525</b>	<b>1,450</b>
<b>TOTAL LIABILITIES</b>		<b>7,460</b>	<b>7,104</b>
<b>EQUITY</b>			
Share capital	16	520	520
Share premium	16	5,344	5,344
Statutory reserve fund	16	104	104
Retained earnings		19,272	20,772
<b>Total equity</b>		<b>25,240</b>	<b>26,740</b>
<b>TOTAL LIABILITIES AND EQUITY</b>		<b>32,700</b>	<b>33,844</b>

The notes on pages 56 to 89 form an integral part of these consolidated financial statements.

# CONSOLIDATED STATEMENT OF **COMPREHENSIVE INCOME**

Year ended 31 December 2013

<b>CZK million</b>	<b>Notes</b>	<b>2013</b>	<b>2012</b>
Revenue	18	25,140	26,254
Other operating income	19	752	795
Cost of goods, raw materials and telecommunication services	20	(7,857)	(7,959)
Staff costs	21	(2,759)	(2,525)
Depreciation and amortisation	22	(3,346)	(3,240)
Other operating expenses	23	(4,398)	(4,413)
<b>Profit from operations</b>		<b>7,532</b>	<b>8,912</b>
Finance income	24	285	253
Finance expense	24	(292)	(244)
Profit before tax		7,525	8,921
Income tax expense	25	(1,466)	(1,760)
<b>Net profit for the current period</b>		<b>6,059</b>	<b>7,161</b>
Other comprehensive income		-	-
<b>Total comprehensive income for the period</b>		<b>6,059</b>	<b>7,161</b>

The notes on pages 56 to 89 form an integral part of these consolidated financial statements.

# CONSOLIDATED STATEMENT OF **CHANGES IN EQUITY**

Year ended 31 December 2013

CZK million	Notes	Share Capital	Share Premium	Statutory Reserve Fund	Retained Earnings	Total
<b>Balance as at 1. 1. 2012</b>		520	5,344	104	20,132	26,100
<b>Total comprehensive income</b>		-	-	-	7,161	7,161
Profit for the period		-	-	-	7,161	7,161
<b>Transactions with shareholders</b>		-	-	-	(6,521)	(6,521)
Dividends paid	26	-	-	-	(6,521)	(6,521)
<b>Balance as at 31. 12. 2012</b>		520	5,344	104	20,772	26,740
<b>Total comprehensive income</b>		-	-	-	6,059	6,059
Profit for the period		-	-	-	6,059	6,059
<b>Consolidation difference*</b>		-	-	-	(1,649)	(1,649)
<b>Transactions with shareholders</b>		-	-	-	(5,910)	(5,910)
Dividends paid	26	-	-	-	(5,910)	(5,910)
<b>Balance as at 31. 12. 2013</b>		520	5,344	104	19,272	25,240

\*Difference between purchase price and net book value of T-Systems Czech Republic a.s. net assets

The notes on pages 56 to 89 form an integral part of these consolidated financial statements.

# CONSOLIDATED STATEMENT OF CASH FLOWS

Year ended 31 December 2013

CZK million	Notes	2013	2012
<b>Cash flows from operating activities</b>			
Net profit for the current period		6,059	7,161
Adjustments for non-cash movements:			
Depreciation and amortisation	22	3,346	3,240
Income tax expense	25	1,466	1,760
Interest expense/(income) net	24	62	(24)
(Gain)/Loss on sale of fixed assets		(6)	5
Other non-cash (income)/expense net		(119)	57
Cash flow from operating activities before changes in working capital		10,808	12,199
Changes in trade and other receivables, inventories		(415)	4
Changes in provisions		190	(132)
Changes in trade and other payables		(155)	(244)
Cash flow generated from operating activities		10,428	11,827
Income tax paid		(1,425)	(1,803)
Interest paid		(69)	(56)
Interest received		8	85
<b>Net cash flow from operating activities</b>		<b>8,942</b>	<b>10,053</b>
<b>Cash flows from investing activities</b>			
Purchases of fixed assets	8, 9	(3,115)	(3,240)
Purchases of subsidiary *		(3,232)	-
Purchase of non-current financial assets		-	(14)
Proceeds from the sale of fixed assets		176	63
Proceeds from the sale of securities		(36)	807
<b>Net cash flow from investing activities</b>		<b>(6,207)</b>	<b>(2,384)</b>
<b>Cash flows from financing activities</b>			
Proceeds from bank overdraft		-	43
Repayments of bank overdraft		(100)	(95)
Dividends paid	26	(5,910)	(6,521)
Repayments of finance lease liabilities		(686)	(30)
<b>Net cash flow from financing activities</b>		<b>(6,696)</b>	<b>(6,603)</b>
<b>Net increase/(decrease) in cash and cash equivalents</b>		<b>(3,961)</b>	<b>1,066</b>
<b>Cash and cash equivalents as at the beginning of the period</b>	<b>4</b>	<b>12,255</b>	<b>11,189</b>
<b>Cash and cash equivalents as at the end of the period</b>	<b>4</b>	<b>8,294</b>	<b>12,255</b>

\* Expenditures for the purchases of subsidiary have been reduced by cash and cash equivalents acquired.

The notes on pages 56 to 89 form an integral part of these consolidated financial statements.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Year ended 31 December 2013

## 1 GENERAL INFORMATION

### Information about the group and the company

The group T-Mobile Czech Republic a.s. (“the Group”) consists of T-Mobile Czech Republic a.s. (“the Company”) with registered office in Prague 4, Tomíčková 2144/1, and subsidiary T-Systems Czech Republic a.s. with registered office in Prague-Nusle, Na Pankráci 1685/19 („the Subsidiary“).

The Group operates public mobile communications network, public fixed telecommunications network and provides mobile communications services, fixed communication services and television broadcasting under conditions of Czech Telecommunication Office (“CTO”) certificate, No. 310/3, issued on 4 March 2011, authorizing to operate in electronic communication sector, respectively to carry out communication activities comprising provision of the public mobile networks, provision of public fixed networks and provision of electronic communications services. Further it provides system integration services, computer and desktop services including rental, servicing and consulting.

### The Group’s ownership structure

As at 31 December 2013 and 31 December 2012, the ownership structure of the Group was as follows:

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

The ownership rights 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 Group during the accounting periods ended 31 December 2013 and 31 December 2012 was Deutsche Telekom AG (“DTAG”) which controls CMobil B.V. via T-Mobile Global Holding Nr. 2 GmbH.

### Licences and trademarks

As at 31 December 2013, the Group had the right to use the following frequency bands:

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

During the fourth quarter of 2013 the Company entered into an electronic auction organized by Czech telecommunication office for the purchase of “the fourth generation network” frequency bands (LTE). The Company obtained right to purchase allocations of frequency bands, as stated below, at the auction. Total price of the allocations acquired is CZK 2,614 mio (see Note 29). The distribution of the allocations of frequency bands acquired at the auction is expected at the beginning of the year 2014.

Frequency	Frequency band
800 MHz	791,0–801,0 / 832,0–842,0 MHz
1800 MHz	1822,3–1824,3 / 1727,3–1729,3 MHz
2600 MHz	2640,0–2660,0 / 2520,0–2540,0 MHz

The allocations of the frequency bands are referred to as “licences” in these financial statements. Licences do not fall within the scope of IFRIC 12, Service Concession Arrangements and therefore the Group does not use concession accounting.

The Group owns 75 registered 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 Group is also entitled to use relevant trademarks registered by DTAG in the Czech Republic.

On 29 October 2013 the Company entered into a 2G and 3G network sharing agreement with Telefónica O2 Czech Republic, a.s. The contractual arrangement involves sharing of both, active and passive mobile network elements on a territorial basis. As at 31 December 2013 final form of cooperation has not been agreed. This agreement had no effect on consolidated financial statements of the Group for year 2013.

On 27 March 2013 a contract for purchase of 100% share in sister company T-Systems Czech Republic a.s. amounting to CZK 3,397 million was signed.

31. 12. 2013	No. of shares	Nominal value (CZK)	Purchase price (CZK million)	Share of Share capital (%)	Profit for 2013 period (CZK million)	Equity (CZK million)	Dividend income in 2013 (CZK million)
T-Systems Czech Republic a.s.	2,513	100,000	3,397	100%	262	1,881	–

The Company participated in a Merger project with T-Systems Czech Republic a.s., with registered office in Prague 4, Na Pankráci 1685/17, 19, zip code 140 21, ID no.: 610 59 382, registered in Commercial Register administrated by the Municipal Court in Prague, file No. B 3938 as the successor company. T-Systems Czech Republic a.s. (“the dissolving company”) cease to exist as at effective date of the merger without liquidation.

On 17 November 2013 the merger with transition of assets of dissolving company including rights and obligations arising from labour-law provision to the Company was approved, with effective date on 1 January 2014. The merger was recorded in the Commercial Register on 1 January 2014. All information included in the financial statements are presented as at 31 December 2013, i.e. as at a day preceding the effective date of the merger.

## 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

### Basis of preparation

The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") under the historical cost convention, with exception of derivative instruments, which are stated at fair values.

The principal accounting policies applied in the preparation of these consolidated financial statements are set out below. These policies have been consistently applied to all periods presented unless otherwise stated.

### Adoption of new/revised standards

In 2013, the Group adopted the following standards and amendments to the standards.

#### a) Adopted during the year:

- IFRS 10, Consolidated financial statements (issued in May 2011 and effective for annual periods beginning on or after 1 January 2013)
- IFRS 12, Disclosures of interests in other entities (issued in May 2011 and effective for annual periods beginning on or after 1 January 2013) applies to entities that have an interest in a subsidiary, a joint arrangement, an associate or an unconsolidated structured entity and replaces the requirements previously included in IAS 28, Investments in associates.
- IFRS 13, Fair value measurement (issued in May 2011 and effective for annual periods beginning on or after 1 January 2013).
- IAS 27, Separate financial statements (revised in May 2011 and effective for annual periods beginning on or after 1 January 2013).
- IAS 28, Investments in Associates and Joint Ventures (revised in May 2011 and effective for annual periods beginning on or after 1 January 2013).
- Amendment to IAS 1, Financial statement presentation (issued in June 2011 and effective for annual periods beginning on or after 1 July 2012) governing the presentation of items included in the total comprehensive income.
- Amendment to IAS 19, Employee benefits (issued in June 2011 and effective for annual periods beginning on or after 1 January 2013).
- Amendment to IFRS 7: Financial instruments: Disclosures on offsetting financial assets and financial liabilities (issued in December 2011 and effective for annual periods beginning on or after 1 January 2013).
- Improvements to International Financial Reporting Standards 2009 – 2011 issued in May 2012 and effective after 1 January 2013. These changes do not have significant impact on the Group's consolidated financial statements. The improvements consist of a mixture of substantive changes and clarifications in the following standards and interpretations:
  - IAS 1, Presentation of Financial Statements – specify requirements for comparatives;
  - IAS 16, Property, Plant and Equipment – classification of devices for maintenance;
  - IAS 32, Financial Instruments: Presentation – tax effect of equity distributions;
  - IAS 34, Interim Financial Reporting – information about operating segments including assets and liabilities.

#### b) Other standards, amendments to the standards and interpretations effective for annual periods beginning on or after 1 January 2013 which are not relevant for the Group:

- IFRIC 20, Stripping costs in the production phase of a surface mine (issued in October 2011 and effective for annual periods beginning on or after 1 January 2013)
- Amendments to IFRS 10, 11 and 12 – parts amending transition to IFRS (issued in July 2012 and effective for annual periods beginning on or after 1 January 2013).
- Amendments to IFRS 1, First-time adoption of International Financial Reporting Standards – Government loans.

– IFRS 11, Joint arrangements (issued in May 2011 and effective for annual periods beginning on or after 1 January 2013).  
On 29 October 2013 the Company entered into a 2G and 3G network sharing agreement with Telefónica O2 Czech Republic, a.s (see note 1). This agreement had no effect on financial statements for year 2013. The Company will reassess the impact of IFRS 11 on the financial statements in subsequent year when the decision on the cooperation with Telefónica O2 Czech Republic a.s. will be adopted.

**c) New standards, amendments to the standards and interpretations which are not effective yet and have not been adopted:**

- Amendments to IAS 32: Financial instruments: Presentation on offsetting financial assets and financial liabilities (issued in December 2011 and effective for annual periods beginning on or after 1 January 2014).
- IFRS 9, Financial Instruments (issued in November 2009 and in October 2010 and effective for annual periods beginning on or after 1 January 2015). New standard IFRS 9 should replace parts of IAS 39 which relate to classification and measurement of financial assets and also changes some disclosure requirements according to IFRS 7. IFRS 9 classifies all financial assets which are currently in the scope of IAS 39 into two categories – assets measured subsequently at net book value and assets measured subsequently at fair value cost.
- IFRS 14, Regulatory Deferral Accounts rate-categorised presentation (issued in January 2014 and effective for annual periods beginning on or after 1 January 2016). IFRS 14 provides an exemption for first-time adopters of IFRS to continue to apply the accounting policies used for regulatory deferral account balances under the basis of accounting used immediately before adopting IFRS. For better comparability with entities already applying IFRS, the impact of regulatory deferral account balances are separately presented in an entity's financial statements. If the entity already applies IFRS, it is not permitted to use this standard.
- Amendments to IFRS 10, 12 and 27 – give an exemption to entities that meet an 'investment entity' definition (issued in October 2012 and effective for annual periods beginning or after 1 January 2014).
- IFRIC 21 – Levies (issued in May 2013 and effective for annual periods beginning 1 January 2014). The interpretation clarifies the accounting for an obligation to pay a levy that is not income tax. The interpretation defines obligating event that gives rise to a liability. The Company's management analyses Levies and expects that this interpretation will have impact on the presentation of the consolidated financial statements
- Amendments to IAS 36 - governing recoverable amount disclosures for non-financial assets (issued on 29 May 2013 and effective for annual periods beginning 1 January 2014; earlier application is not permitted if IFRS 13 is applied for the same accounting and comparative period).
- Amendments to IAS 39 - Derivatives and Continuation of Hedge Accounting (issued in June 2013 and effective for annual periods beginning 1 January 2014).
- Amendments to IAS 19 – Defined benefit plans: Employee contributions (issued in November 2013 and effective for annual periods beginning 1 July 2014).
- Amendments to IFRS 9 – Financial instruments (issued in October 2010 and effective for annual period beginning 1 January 2015).
- Improvements to 2012 International Financial Reporting Standards issued in December 2013 and effective on or after 1 July 2014:
  - IFRS 2, Share-based payments
  - IFRS 3, Business combinations
  - IFRS 8, Operating segments
  - IFRS 13, Fair Value Measurement
  - IAS 16, Property, Plant and Equipment
  - IAS 38, Intangible Assets: Revaluation method
  - IFRS 9, Financial Instruments, and resulting impact on IAS 37, Provisions
  - IAS 39, Financial Instruments

- Improvements to 2013 International Financial Reporting Standards issued in December 2013 and effective on or after 1 July 2014:
  - IFRS 1, First-time Adoption of International Financial Reporting Standards
  - IFRS 3, Business Combinations
  - IFRS 13, Fair Value Measurement
  - IAS 40, Investment Property

#### d) Analyses of forthcoming amendments of standards

- Forthcoming Amendment to IAS 18 Revenue – the Group analyses the forthcoming amendment and its expected effects on Company's financial statements particularly changes of presentation of revenues from multielement transactions.

#### a) Accounting estimates

The preparation of the Company's financial statements requires the use of accounting estimates and assumptions in respect of the carrying amount of assets and liabilities not clearly evident from other sources. The estimates and relevant assumptions are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the known circumstances. The actual results may differ from these estimates.

The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are disclosed in these consolidated financial statements. The estimates and relevant assumptions are continually evaluated. Corrections of accounting estimates are recognised in the period in which the correction occurred (if the correction has an impact only on the current period) and in the following periods (if the correction has an impact on the current and the following period).

#### b) Consolidation

The Subsidiary in which the Company has substantial control is consolidated as of the date, when the Company gains control over the Subsidiary (purchase day), and is excluded from consolidation as of the date when the Company loses the control. Due to the fact that this is a combination under common control, the Company does not use the purchase method for the purposes of recording the merge. The purchase price of the Subsidiary has been determined based on prediction of the future discounted cashflow.

Consolidated financial statements have been prepared using the pooling of interest method, when as at the acquisition date the Company and Subsidiary has brought together their assets and liabilities. There has been no fair value valuation of assets and liabilities of the Subsidiary as at the acquisition date, the net book values have been taken over for the purposes of consolidation and therefore no Goodwill has been occurred as a result. Equity of the Subsidiary has been transferred to the retained earnings of the Group. All transactions between the Company and the Subsidiary have been eliminated. Where necessary, accounting principles of the Subsidiary have been adjusted accordingly in order to ensure united principles for the whole Group. These principles used by the individual entities are described below.

Consolidation difference which represents difference between the purchase price of the Subsidiary and the net book value of its assets and liabilities as at the acquisition date has been recorded as a decrease of the Group equity. Acquisition date is considered a date as of which the parent company begins exercising its influence over the consolidated company, i.e. 2 May 2013.

#### c) Goodwill

Goodwill arising on the acquisition of a business represents the excess of the purchase price of a business combination over the fair value of the Company's share of the net identifiable assets and liabilities of the acquired business at the date of acquisition. Goodwill is initially recognised as an asset at its cost and is subsequently measured at cost less any accumulated impairment losses. Goodwill shall not be amortised.

For the purpose of impairment testing, goodwill is allocated to each of the Company's cash-generating unit that is expected to benefit from the synergies of the combination. A cash-generating unit to which goodwill is allocated shall be tested for impairment

annually or more frequently whenever there is an indication that the unit may be impaired. The Company or the Subsidiary is considered as a single cash-generating unit.

If the recoverable amount of the cash-generating unit is less than the carrying amount of the unit, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the cash-generating unit until written off and then to the other assets of the unit pro rata on the basis of the carrying amount of each asset in the unit. Impairment losses on goodwill are not reversed in subsequent periods.

#### **d) Foreign currency translation**

The functional and presentation currency is Czech crown. Foreign currency transactions are translated and recorded at the exchange rate published by the Czech National Bank as at the date of the transaction. 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 end of the reporting period. All exchange gains or losses on cash, receivables and liabilities balances are recorded in profit or loss.

#### **e) Cash and cash equivalents**

Cash and cash equivalents are cash in hand, bank deposits and other highly liquid financial instruments exchangeable for a predetermined amount of cash (mainly depository bill of exchange and term deposits).

#### **f) Inventories**

Purchased inventories are stated at the lower of acquisition cost or net realisable amount. The acquisition cost primarily includes the purchase price of materials and other costs incurred related to delivery of inventories to the storage place. These costs include mainly customs, storage during transportation and freight. The assessment of the net realisable amount for the handsets takes into account the present value of estimated cash flows resulting from the contract with the final customer.

Provisions are recorded for obsolete, slow-moving and damaged inventories and are deducted from the related inventory balances.

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

#### **g) Financial instruments**

##### **Financial assets**

The Group classifies its financial assets in the following categories:

- Loans and receivables;
- Financial assets at fair value recorded to profit or loss;
- Available-for-sale financial assets.

##### **Loans and receivables**

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market and that are not held by the Group for the purpose of selling them immediately or in the short-term. They are included in current assets, except for loans and receivables with maturities greater than 12 months after the end of the reporting period which are classified as non-current assets. Loans and receivables are comprised in Trade and other receivables, Cash and cash equivalents and Other financial assets in the statement of financial position.

Trade and other receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less a provision for impairment (hereinafter referred to as “provisions”). A provision for impairment of trade and other receivables is established when there is objective evidence that the Group will not be able to collect all amounts due according to the original terms of the receivables. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or reorganisation or default on payments are considered indicators that the receivable is impaired.

Provisions are not created for receivables due from the DTAG group companies. The amount of the provision approximates the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original market discount rate used for similar receivables. The amount of loss due to impairment is recognised in the profit and loss account. The irrecoverable trade receivables are written off against the provision for impairment.

The Group performs the receivables write off against provisions after all legal steps for enforcement were taken or after the sale of the receivables. Subsequent recoveries of amounts previously written off are recognised in the profit and loss account.

#### Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss are financial assets held for trading, i.e. acquired by the Group for the purpose of making a profit on price fluctuations in the short-term period. Unrealised gains and losses arising from revaluation of financial assets to the fair value as well as realised gains and losses are recognised to the profit and loss account. The information on accounting of financial derivatives and hedging operations is provided in Note 3.

#### Available-for-sale financial assets

Available-for-sale financial assets are non-derivative financial assets that are not classified in any of the other categories. They are included in non-current assets unless the Group's management intends to dispose of the investment or it is maturing within 12 months after the end of the reporting period, in which case they are classified as current assets. Available-for-sale financial assets are recognized at fair value if their fair value is reliably measurable. If it is not possible to reliably measure the fair value, the available-for-sale financial asset is measured at cost less any impairment loss. Unrealized gains and losses on revaluation of available-for-sale financial assets to their fair value are recognised directly in equity until their sale, repayment or impairment.

#### Financial liabilities

Financial liabilities are classified according to the substance of the contractual arrangements. Financial liabilities include mainly trade payables (including promissory notes), finance lease obligations, bank overdrafts and other payables.

Current trade payables and other financial liabilities, except for liabilities at fair value through profit or loss, are initially recognised at fair value and subsequently measured at the amortised cost using the effective interest method.

#### h) Property and equipment

Property and equipment except for land are recorded at acquisition cost less accumulated depreciation and accumulated impairment losses. The acquisition cost comprises the purchase price, transportation costs, customs, installation costs, borrowing costs, estimated costs of dismantling and removing the asset and restoring the base station sites to their original condition and other relevant costs.

Depreciation is calculated using the straight-line method over the assets' estimated useful lives, as follows:

Asset category	Useful life (years)
Buildings, constructions and leasehold improvements	10 to 50 years or in accordance with the lease period
Operating equipment:	
Network technology equipment (GSM, UMTS)	3 to 10
Transport vehicles, hardware and office equipment	3 to 13

Land recognised at acquisition cost is not depreciated.

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, as at each end of the reporting period.

Repair and maintenance expenditures relating to property and equipment are charged to the profit and loss account as incurred.

If the carrying amount of an asset is higher than its recoverable amount, the carrying amount is reduced to reflect the recoverable amount. The recoverable amount of assets is calculated as the higher of the fair value less cost to sell and value in use, which is the present value of expected future cash flows generated by the asset or the cash-generating unit.

The gain or loss arising from the liquidation, sale or disposal of an asset is determined by comparing the proceeds with the carrying amount of the asset and is recognised in the profit and loss account.

#### **i) Intangible fixed assets**

Intangible fixed 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 UMTS licence is considered to be the period from when the licence is ready for 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 when the licence is ready for 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 useful life, which is two to six 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 fulfill the criteria for capitalisation, are expensed as incurred.

Development costs are generally expensed when incurred. Such costs are capitalised only when it is probable that the intangible asset under development will be a successful considering its commercial and technological feasibility, and the costs can be reliably measured. Development costs are amortised using the straight-line method over the period of its expected commercial use, however not exceeding five years. The Group does not perform research activities.

If the carrying amount of the intangible fixed asset is higher than its expected recoverable amount, the carrying amount is reduced to reflect the recoverable amount. The recoverable amount of assets is calculated as the higher of the fair value less cost to sell and value in use, which is the present value of future cash flows generated by the asset or the cash generating unit.

#### **j) Finance leases**

Leased property and equipment where the Group assumes all the substantial benefits and risks usually connected with the ownership are classified as finance leases. Property and equipment under finance leases is capitalised at lower of fair value and estimated net present value of the minimal lease payments. The corresponding current and non-current lease obligations, net of finance charges are recognised as current and non-current other financial liabilities, respectively. Finance costs are charged to profit or loss over the lease period using the effective interest method.

Leased out property and equipment where all the substantial benefits and risks usually connected with the ownership were transferred from the Group to lessee is classified as finance lease. The respective short term and long term lease payments, net of finance charges are recognised as current and non-current finance assets.

#### **k) Operating leases**

Payments made under operating leases are charged to the profit and loss account in equal instalments over the period of the lease.

#### **l) Provisions**

Provisions are recognised when the Group has a present legal or constructive obligation as a result of past events and it is probable that an outflow of resources will be required to settle the obligation, and a reliable estimate of the amount can be made. Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a discount rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in provisions due to the passage of time is recognised as finance cost.

The Group recognised an asset retirement obligation, which represents the costs of restoring its leased sites in accordance with the terms and conditions of the lease contracts. The estimated value of the liability is added to the carrying amount of the associated non-current tangible asset and is depreciated over the assets' useful life. The value of the liability is recalculated to its present value as at the end of the reporting period and changes in the liability are recognised in the value of the assets or through charges to the profit and loss account (finance costs). 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 profit and loss account.

#### **m) Revenue recognition**

Revenue comprises primarily revenue from the provision of telecommunication network services to final customers and to other subjects and revenue from the sale of goods. Revenue is stated net of discounts and Value Added Tax. The Group recognises the revenue when the amount of revenue can be reliably measured, it is probable that future economic benefits will flow to the entity and when specific criteria have been met for each of the revenue categories.

Revenues from voice services 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, accessories and revenues from operations of optical networks 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 Group further defers installation fees charged to customers based on service agreements. In order to achieve more accurate presentation, installation fees are released to statement of comprehensive income over the expected life of the related service agreement.

Sale of services is recognized as at the date the services are rendered and are stated net of discounts and value added tax.

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

The Group accounts for bonus points provided to customers as part of a sales transaction as a separate identifiable component of the sales transaction(s) and the revenue is allocated between the bonus points and other components of the sale. The Group does not recognise the revenue allocated to bonus points as of the date of the sales transaction but defers the revenue until the points are redeemed by the customer when the Group fulfills its obligation.

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

Revenues from instalment sale are recognized at the full amount at the time of the sale when the risk and rewards of the ownership of the goods are passed to the customer.

#### n) Cost of goods, raw materials and services

Cost of goods, raw materials and services includes costs of handsets and accessories sold, costs of leased lines, roaming costs and interconnection fees for delivering calls that terminate outside the Group's network. The costs of goods and services are charged to the period in which they are incurred.

#### o) Employee benefits

Regular contributions are made by the Group to the state to fund the national pension plan that is operated on the basis of the defined contributions. Under this plan, the Group has no obligations beyond the payment of the contributions defined by the law. The Group also provides its employees with contributions for a pension contribution plan under which the Group pays to separate entity under so-called joint plan of defined contributions. These contributions are recognised in the profit and loss account as incurred during the employment period.

#### p) Income tax

Income tax expense consists of the current tax charge and the change in deferred income tax, except when the change in deferred income tax relates to the items credited or charged directly to equity, in this case the deferred income tax is also recorded in equity.

Deferred income tax is determined based on temporary differences between the carrying amount of assets and liabilities and their tax bases, using the statutory tax rates that are expected to apply when the relevant deferred income tax asset is realised or the relevant deferred income tax liability is settled. However, if the deferred income tax arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit nor loss, it is not recognised.

Deferred income tax charged or credited to the profit and loss account is measured as the change in the net deferred income tax asset or liability during the year except when the deferred income tax relates to temporary differences from the items credited or charged directly to equity. The principal temporary differences arise from accounting and tax depreciation of 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.

#### q) Capital

The Group's objective when managing capital is to safeguard the Group's ability to continue as a going concern in order to provide return on investment to its shareholders and benefit other stakeholders as well as to meet all relevant legal requirements. The dividend policy of the Group is aligned with this objective.

Equity, represented by share capital, share premium, legal reserve fund and retained earnings, is considered by the Group as a source of financing of the Group's activities.

	31. 12. 2013	31. 12. 2012
Equity total	25,240	26,740

## 3 FINANCIAL RISK MANAGEMENT

### Financial risk management principles

The Group's activities expose it to a variety of financial risks, primarily currency risk, interest rate risk and price risk influencing the Group's assets, liabilities and planned transactions. The Group's overall risk management strategy focuses on the unpredictability of financial markets. The Group seeks to minimise potentially adverse effects on the Group's financial performance through its operating and financial procedures. Based on its risk assessment, the Group 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, the hedging transactions are generally entered into with institutions that meet the requirements of the Group's hedging strategy for required rating.

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

#### Market risks

##### a) Currency risk

The Group 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 Group uses financial instruments, primarily currency forward contracts, in its management of the currency risk associated with its foreign currency denominated sales and purchases. In line with the hedging strategy, the Group hedges 100% of committed future foreign exchange exposures and 50 to 90% of uncommitted expected foreign exchange exposures.

#### Sensitivity analysis

The Group performed a sensitivity analysis for the following items of the statement of financial position denominated in EUR:

- Cash and cash equivalents;
- Trade and other receivables;
- Other financial assets;
- Trade and other payables;
- Other financial liabilities.

The effects of other currency fluctuations (SDR, USD, CHF, GBP, AUD) are not deemed material to the Group's consolidated financial statements.

As at 31 December 2013, had the CZK weakened by 10% against the EUR with all other variables holding constant, profit after-tax for the year would have been CZK 91 million lower. Conversely as at 31 December 2013, had the CZK strengthened by 10% against the EUR with all other variables holding constant, profit after-tax for the year would have been CZK 91 million higher.

As at 31 December 2012, had the CZK weakened by 10% against the EUR with all other variables holding constant, profit after-tax for the year would have been CZK 115 million lower. Conversely as at 31 December 2012, had the CZK strengthened by 10% against the EUR with all other variables holding constant, profit after-tax for the year would have been CZK 115 million higher.

## b) Interest rate risk

The Group 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 Group does not actively manage the interest rate risk. Once the current instruments matured, should the Group reinvest the free cash in equivalent financial instruments, it would be exposed to following potential effects:

As at 31 December 2013, had the interest rate weakened by 100 basic points with all other variables holding constant, profit after-tax for the year would have been CZK 2 million lower. Conversely as at 31 December 2013, had the interest rate strengthened by 100 basic points with all other variables holding constant, profit after-tax for the year would have been CZK 61 million higher.

As at 31 December 2012, had the interest rate weakened by 100 basic points with all other variables holding constant, profit after-tax for the year would have been CZK 10 million lower. Conversely as at 31 December 2012, had the interest rate strengthened by 100 basic points with all other variables holding constant, profit after-tax for the year would have been CZK 97 million higher.

## Credit risk

The counterparties for transactions of the Group's financial instrument 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 Group. The Group 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 Group 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.

## Trade and other receivables

The Group considers receivables from customers of its electronic communication services to give rise to the highest credit risk. These receivables represent approximately 80% of all trade receivables. These receivables are continually monitored and associated bad debt provisions are created taking into account the payment discipline of the customers.

The credit quality of the receivables from customers of electronic communication services can be analysed by dividing these receivables into the four risk categories:

Risk category	Probability of default in payment in the time horizon of 50 day (%)
A	0–0.9%
B	0.9–2%
C	2–10%
D	10–100%

The Group has implemented credit risk management tools and a debt collection process for the defined risk categories.

The credit risk management tools include acceptance procedures for new post-paid customers, sending collection letters to customers with overdue payments, enforcement by law and the sale of receivables in auctions.

Trade receivables from customers of electronic communication services with increased credit risk are to a certain extent secured by collateral in the form of cash deposits that are refundable after the contract termination or credited against unsettled receivables.

Maximum exposure to credit risk associated with its trading operations and trade credit provided to customers equals to gross book value of bellow stated financial assets eventually reduced by impairment.

31. 12. 2013	Risk category Long-tem rating				Standard & Poor's			Not individually observ- ed	Total
	A	B	C	D	BBB+	A- to A+	AA-		
<b>CZK million</b>									
Receivables from electronic communication services	1,696	249	179	3,708	-	-	-	-	5,832
Receivables from DTAG group companies	-	-	-	-	532	-	-	-	532
Other trade receivables	-	-	-	-	-	-	-	1,170	1,170
<b>Financial receivables (gross) total</b>	<b>1,696</b>	<b>249</b>	<b>179</b>	<b>3,708</b>	<b>532</b>	<b>-</b>	<b>-</b>	<b>1,170</b>	<b>7,534</b>
Bank accounts	-	-	-	-	-	711	-	-	711
Cash equivalents	-	-	-	-	-	3,133	4,450	-	7,583
<b>Total financial assets (gross)</b>	<b>1,696</b>	<b>249</b>	<b>179</b>	<b>3,708</b>	<b>532</b>	<b>3,844</b>	<b>4,450</b>	<b>1,170</b>	<b>15,828</b>

31. 12. 2012	Risk category Long-tem rating				Standard & Poor's			Not individually observ- ed	Total
	A	B	C	D	BBB+	A- to A+	AA-		
<b>CZK million</b>									
Receivables from electronic communication services	1,578	150	163	3,939	-	-	-	-	5,830
Receivables from DTAG group companies	-	-	-	-	400	-	-	-	400
Other trade receivables	-	-	-	-	-	-	-	629	629
<b>Financial receivables (gross) total</b>	<b>1,578</b>	<b>150</b>	<b>163</b>	<b>3,939</b>	<b>400</b>	<b>-</b>	<b>-</b>	<b>629</b>	<b>6,859</b>
Bank accounts	-	-	-	-	-	307	-	-	307
Cash equivalents	-	-	-	-	-	7,100	4,848	-	11,948
<b>Total financial assets (gross)</b>	<b>1,578</b>	<b>150</b>	<b>163</b>	<b>3,939</b>	<b>400</b>	<b>7,407</b>	<b>4,848</b>	<b>629</b>	<b>19,114</b>

The trade receivables from the DTAG group do not give rise to a significant credit risk. These receivables are settled through the group inter-company clearing centre and therefore are classified to category BBB+.

Other trade receivables from third parties are represented by receivables from business customers of other products of the Group (system integration, IT outsourcing etc.), dealers (balances in this category exceeding a certain level are insured or secured by another instrument, such as a blank bill of exchange) and by roaming and interconnection receivables which are to a certain extent offset against payables from similar transactions and therefore deemed not to give rise to significant credit risk and the Group does not monitor them individually

#### Cash and cash equivalents and other financial assets

The Group only makes short-term cash deposits (cash, depository bills of exchange, term deposits, REPO transactions).

The counterparties for financial transactions of the Group'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 Group deposits free cash into financial instruments such as mortgage-backed securities or financial investments in the form of loans to DTAG. The counterparties for financial transactions of the Group'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 Group 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 Group has a concentration of credit risk towards banks regulated by Czech national bank (refer to Notes 4 and 6).

### Liquidity risk

Prudent liquidity risk management implies maintaining sufficient cash and held for sale 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 Group maintains a liquidity reserve in the form of a bank overdraft and flexible credit line (refer to Note 12) to support its ability to meet its liabilities and to provide financial flexibility. Historically, the Group generated sufficient cash to ensure its solvency and financial flexibility. The Group does not consider itself significantly exposed to liquidity risk.

The residual maturities of financial liabilities are analysed in Note 10 and 11.

### Fair value estimation of financial instruments

Financial assets and financial liabilities measured at fair value are classified into three levels according to the method of fair value determination:

- Level 1 – quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2 – inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices); and
- Level 3 – inputs for the asset or liability that are not based on observable market data.

The following table presents the Group's assets and liabilities that are measured at fair value at 31 December 2013. The Group does not have any financial assets and liabilities that are measured at fair value at level 1 and 3.

CZK million	Level 2
<b>Assets</b>	
Currency forward contract with positive fair value	71
<b>Total assets</b>	<b>71</b>
<b>Payables</b>	
Currency forward contract with negative fair value	1
<b>Total payables</b>	<b>1</b>

The following table presents the Group's assets and liabilities that are measured at fair value at 31 December 2012:

CZK million	Level 2
<b>Assets</b>	
Currency forward contract with positive fair value	10
<b>Total assets</b>	<b>10</b>
<b>Payables</b>	
Currency forward contract with negative fair value	13
<b>Total payables</b>	<b>13</b>

The fair values of financial instruments at level 2 are based on monetary yield curves determined at the consolidated balance sheet date which are based on the market prices valid as at the end of the reporting period.

The carrying amount of each category of financial assets and liabilities both at 31 December 2013 and 31 December 2012 are approaching their fair values. The classification of financial assets and liabilities into categories in accordance with IAS 39 is stated in Note 17.

### Accounting for derivative financial instruments and hedging activities

Derivative financial instruments are initially recognised in the statement of financial position at the acquisition cost and subsequently re-measured at fair value. In assessing the fair value of derivatives, the Group uses a variety of methods including techniques such as the present value of estimated future cash flows under assumptions based on market conditions existing as at statement of financial position date and other valuation techniques.

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 profit and loss account.

The Group uses currency forward contracts to hedge estimated cash flows. All transactions below the equivalent of EUR 15 million (CZK 411 million), are recognised as held for trading derivatives with changes in fair value being reflected in the profit and loss account. In 2013 and 2012, the Group did not apply hedge accounting.

## 4 CASH AND CASH EQUIVALENTS

CZK million	31. 12. 2013	31. 12. 2012
Cash at banks and in hand	711	307
Cash equivalents	7,583	11,948
<b>Total</b>	<b>8,294</b>	<b>12,255</b>

Cash equivalents as at 31 December 2013 and 31 December 2012 consist mainly of bank deposits, depository bills of exchange and REPO transactions. Bank accounts and cash equivalents are administered by banks operating on Czech market with a credit rating at the level of at least BBB+ / Baa1.

## 5 TRADE AND OTHER RECEIVABLES

CZK million	31. 12. 2013	31. 12. 2012
Trade receivables	5,660	4,904
Unbilled receivables	1,849	1,953
Less: Provision for impairment	(2,565)	(2,723)
<b>Trade receivables (net)</b>	<b>4,944</b>	<b>4,134</b>
Other receivables	25	2
<b>Financial receivables total</b>	<b>4,969</b>	<b>4,136</b>
Other receivables – nonfinancial	337	252
<b>Total</b>	<b>5,306</b>	<b>4,388</b>

Trade receivables comprise mainly receivables from the communication network users, receivables from other communication services providers, receivables from partners for electronic recharging of Twist pre-paid cards and receivables from independent dealers.

Other receivables – nonfinancial as at 31 December 2013 comprise a deposit of CZK 335 million (as at 31 December 2012: CZK 250 million) paid to CTO for the participation in the LTE frequencies auction.

The book value and ageing analysis of trade receivables which are not individually impaired is as follows:

CZK million	Not yet due	Past due					Total
		up to 90 days	91–180 days	181–360 days	1–2 years	2 years and more	
<b>31. 12. 2013</b>							
<b>Trade receivables:</b>							
– from DTAG group	156	365	8	3	–	–	532
– from customers of electronic communication services*	2,246	–	–	–	–	–	2,246
– other trade receivables from third parties	1,055	–	–	–	–	–	1,055
<b>Provisions:</b>							
– for trade receivables from customers of electronic communication services*	(33)	–	–	–	–	–	(33)
– for other trade receivables from third parties	(25)	–	–	–	–	–	(25)
<b>Trade receivables (net)</b>	<b>3,399</b>	<b>365</b>	<b>8</b>	<b>3</b>	<b>–</b>	<b>–</b>	<b>3,775</b>

\* Receivables and provisions from customers include balances related to active customers

CZK million	Not yet due	Past due					Total
		up to 90 days	91–180 days	181–360 days	1–2 years	2 years and more	
<b>31. 12. 2012</b>							
<b>Trade receivables:</b>							
– from DTAG group	367	33	–	–	–	–	400
– from customers of electronic communication services*	2,098	–	–	–	–	–	2,098
– other trade receivables from third parties	461	–	–	–	–	–	461
<b>Provisions:</b>							
– for trade receivables from customers of electronic communication services*	(18)	–	–	–	–	–	(18)
– for other trade receivables from third parties	(25)	–	–	–	–	–	(25)
<b>Trade receivables (net)</b>	<b>2,883</b>	<b>33</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>2,916</b>

\* Receivables and provisions from customers include balances related to active customers

The book value and ageing analysis of receivables which are individually impaired is as follows:

CZK million	Not yet due	Past due					Total
		up to 90 days	91–180 days	181–360 days	1–2 years	2 years and more	
<b>31. 12. 2013</b>							
<b>Trade receivables</b>							
– from customers of electronic communication services*	–	291	141	248	362	2,543	3,585
– other trade receivables from third parties	–	54	1	9	17	10	91
<b>Provisions:</b>							
– for trade receivables from customers of electronic communication services*	–	(67)	(61)	(128)	(293)	(1,926)	(2,475)
– for other trade receivables from third parties	–	–	(1)	(6)	(16)	(9)	(32)
<b>Trade receivables (net)</b>	<b>–</b>	<b>278</b>	<b>80</b>	<b>123</b>	<b>70</b>	<b>618</b>	<b>1,169</b>

\* Receivables and provisions from customers include balances related to active and terminated customers

CZK million	Not yet due	Past due					Total
		up to 90 days	91–180 days	181–360 days	1–2 years	2 years and more	
<b>31. 12. 2012</b>							
<b>Trade receivables</b>							
– from customers of electronic communication services*	–	392	139	208	576	2,417	3,732
– other trade receivables from third parties	–	90	62	5	1	8	166
<b>Provisions:</b>							
– for trade receivables from customers of electronic communication services*	–	(74)	(75)	(145)	(443)	(1,922)	(2,659)
– for other trade receivables from third parties	–	(1)	(6)	(5)	(1)	(8)	(21)
<b>Trade receivables (net)</b>	<b>–</b>	<b>407</b>	<b>120</b>	<b>63</b>	<b>133</b>	<b>495</b>	<b>1,218</b>

\* Receivables and provisions from customers include balances related to active and terminated customers

Due dates of financial assets did not change during 2013 or 2012.

Movements of the provision for impairment of receivables can be analysed as follows:

CZK million	2013	2012
<b>Opening balance as at 1.1.</b>	<b>2,723</b>	<b>2,965</b>
T-Systems – opening balance 2.5.2013	5	–
Net increase for the year	243	101
Utilisation of provision for write-off	(406)	(343)
<b>Closing balance as at 31.12.</b>	<b>2,565</b>	<b>2,723</b>

The following table analyzes income and expenses related to receivable write-offs:

CZK million	2013	2012
Change in provision for doubtful receivables	(162)	(242)
Income from receivables previously written off	(3)	(18)
Receivables written-offs	406	343
<b>Total net loss from impairment of receivables</b>	<b>241</b>	<b>83</b>
Interest income	(16)	(25)
Income from contractual penalty fees	(276)	(283)
<b>Total net profit from trade receivables</b>	<b>(51)</b>	<b>(225)</b>

## 6 OTHER FINANCIAL ASSETS

Other financial assets as at 31 December 2013 comprise of receivables from currency forwards in the amount CZK 71 million (as at 31 December 2012: CZK 10 million) and short-term finance lease receivables in amount CZK 26 million (as at 31 December 2012: nil million).

CZK million	2013	2012
Up to 1 year	21	-
1 to 3 years	7	-
<b>Total minimum lease payments</b>	<b>28</b>	<b>-</b>
Up to 1 year	(1)	-
1 to 3 years	-	-
<b>Future interest income on finance lease</b>	<b>(1)</b>	<b>-</b>
Up to 1 year	20	-
1 to 3 years	7	-
<b>Net present value of finance lease receivables</b>	<b>27</b>	<b>-</b>

## 7 INVENTORIES

CZK million	31. 12. 2013	31. 12. 2012
Handsets and accessories	329	338
Satellite TV devices and accessories	3	6
Other inventories	205	180
<b>Total</b>	<b>537</b>	<b>524</b>

## 8 INTANGIBLE FIXED ASSETS

CZK million	Goodwill	Customer contracts	Software	GSM/UMTS and other licences	Other intangible fixed assets	Assets in the course of construction and advances paid	Total
<b>Cost</b>							
<b>1. 1. 2012</b>	<b>83</b>	<b>103</b>	<b>5,446</b>	<b>4,925</b>	<b>385</b>	<b>540</b>	<b>11,482</b>
Additions	-	-	-	-	-	1,349	1,349
Disposals	-	-	(805)	(50)	(92)	-	(947)
Transfers*	-	-	754	(1)	116	(870)	(1)
<b>31. 12. 2012</b>	<b>83</b>	<b>103</b>	<b>5,395</b>	<b>4,874</b>	<b>409</b>	<b>1,019</b>	<b>11,883</b>
T-Systems opening balance 2. 5. 2013	48	-	365	-	122	2	537
Additions	-	-	-	-	-	1,426	1,426
Disposals	-	-	(296)	-	-	(1)	(297)
Transfers*	-	-	968	-	32	(991)	9
<b>31. 12. 2013</b>	<b>131</b>	<b>103</b>	<b>6,432</b>	<b>4,874</b>	<b>563</b>	<b>1,455</b>	<b>13,558</b>
<b>Accumulated amortisation/ Impairment</b>							
<b>1. 1. 2012</b>	<b>-</b>	<b>71</b>	<b>4,693</b>	<b>1,837</b>	<b>201</b>	<b>-</b>	<b>6,802</b>
Amortisation	-	32	798	248	61	-	1,139
Disposals	-	-	(805)	(50)	(92)	-	(947)
<b>31. 12. 2012</b>	<b>-</b>	<b>103</b>	<b>4,686</b>	<b>2,035</b>	<b>170</b>	<b>-</b>	<b>6,994</b>
T-Systems opening balance 2. 5. 2013	-	-	317	-	78	-	395
Amortisation	-	-	904	242	79	-	1,225
Disposals	-	-	(296)	-	-	-	(296)
<b>31. 12. 2013</b>	<b>-</b>	<b>103</b>	<b>5,611</b>	<b>2,277</b>	<b>327</b>	<b>-</b>	<b>8,318</b>
<b>Net book value</b>							
<b>1. 1. 2012</b>	<b>83</b>	<b>32</b>	<b>753</b>	<b>3,088</b>	<b>184</b>	<b>540</b>	<b>4,680</b>
<b>31. 12. 2012</b>	<b>83</b>	<b>-</b>	<b>709</b>	<b>2,839</b>	<b>239</b>	<b>1,019</b>	<b>4,889</b>
<b>31. 12. 2013</b>	<b>131</b>	<b>-</b>	<b>821</b>	<b>2,597</b>	<b>236</b>	<b>1,455</b>	<b>5,240</b>

\* Transfers include transfers of intangible fixed assets in the course of construction and advances to assets in use.

The analysis performed at the end of 2013 confirmed that the recoverable amount of the cash generating unit to which goodwill is allocated for the purpose of impairment testing exceeds its carrying amount.

## 9 PROPERTY AND EQUIPMENT

CZK million	Buildings and land	Equipment and other fixed assets	Assets in the course of construction, advances and network spare parts	Total
<b>Acquisition cost</b>				
<b>1. 1. 2012</b>	<b>10,417</b>	<b>19,156</b>	<b>957</b>	<b>30,530</b>
Additions	102	143	1,528	1,773
Disposals	(72)	(2,192)	(26)	(2,290)
Transfers*	554	1,033	(1,588)	(1)
<b>31. 12. 2012</b>	<b>11,001</b>	<b>18,140</b>	<b>871</b>	<b>30,012</b>
T-Systems opening balance 2. 5. 2013	1,637	2,066	63	3,766
Additions	37	235	1,981	2,253
Disposals	(101)	(1,624)	(40)	(1,765)
Transfers*	565	997	(1,571)	(9)
<b>31. 12. 2013</b>	<b>13,139</b>	<b>19,814</b>	<b>1,304</b>	<b>34,257</b>
<b>Accumulated depreciation/Impairment</b>				
<b>1. 1. 2012</b>	<b>5,719</b>	<b>12,764</b>	<b>9</b>	<b>18,492</b>
Depreciation	516	1,585	-	2,101
Disposals	(38)	(2,099)	-	(2,137)
Transfers	(1)	7	(7)	(1)
<b>31. 12. 2012</b>	<b>6,196</b>	<b>12,257</b>	<b>2</b>	<b>18,455</b>
T-Systems opening balance 2. 5. 2013	609	1,696	-	2,305
Depreciation	596	1,525	-	2,121
Disposals	(38)	(1,591)	-	(1,629)
Transfers	(1)	1	-	-
<b>31. 12. 2013</b>	<b>7,362</b>	<b>13,888</b>	<b>2</b>	<b>21,252</b>
<b>Net book value</b>				
<b>1. 1. 2012</b>	<b>4,698</b>	<b>6,392</b>	<b>948</b>	<b>12,038</b>
<b>31. 12. 2012</b>	<b>4,805</b>	<b>5,883</b>	<b>869</b>	<b>11,557</b>
<b>31. 12. 2013</b>	<b>5,777</b>	<b>5,926</b>	<b>1,302</b>	<b>13,005</b>

\* Transfers include transfers of tangible fixed assets in the course of construction and advances to assets in use.

### Finance leases

The Group has entered into the finance lease contracts, particularly optical fibre lease agreements. Optical fibres are taken by the Group when prepared to use. The assets under financial lease are recognized as a part of Equipment and other fixed assets and are depreciated over their estimated useful life, that is mainly over the period of 20 years. Their net book value as at 31 December 2013 was CZK 892 million (as at 31 December 2012: CZK 832 million). Further the Group paid in 2013 an advance for financial lease of optical fibres amounting to CZK 643 million. As at 31 December 2013 the Company has not overtaken any of these optical fibres.

Minimum lease payments related to the concluded finance leases, the future finance charge and the present value of finance lease liabilities as at 31 December 2013 and 31 December 2012 are as follows:

CZK million	31. 12. 2013	31. 12. 2012
Up to 1 month	10	9
1 to 3 months	19	19
3 to 12 months	86	84
<b>Up to 1 year</b>	<b>115</b>	<b>112</b>
1 to 5 years	380	327
Over 5 years	937	941
<b>Total minimum lease payments</b>	<b>1,432</b>	<b>1,380</b>
Up to 1 year	(47)	(48)
1 to 5 years	(215)	(203)
Over 5 years	(333)	(368)
<b>Future interest expense on finance leases</b>	<b>(595)</b>	<b>(619)</b>
Up to 1 year	68	64
1 to 5 years	165	124
Over 5 years	604	573
<b>Net present value of finance lease liabilities*</b>	<b>837</b>	<b>761</b>

\* Finance lease liabilities are included in other financial liabilities (refer to Note 12).

## 10 TRADE AND OTHER PAYABLES

CZK million	31. 12. 2013	31. 12. 2012
Trade payables	2,198	1,864
Operational expenditure accruals	1,736	1,644
Capital expenditure accruals	160	285
<b>Total trade payables</b>	<b>4,094</b>	<b>3,793</b>
Currency forward contracts with negative fair value	1	13
<b>Total financial liabilities</b>	<b>4,095</b>	<b>3,806</b>
Liabilities to employees	130	174
Other taxes and social security liabilities	182	182
Other payables	57	66
<b>Total non-financial liabilities</b>	<b>369</b>	<b>422</b>
<b>Total</b>	<b>4,464</b>	<b>4,228</b>

The remaining maturities of financial liabilities (contractual undiscounted cash flows) are as follows (contractual maturities of financial lease liabilities are stated in Note 9):

CZK million	On demand	Up to 30 days	31–60 days	61–90 days	Over 90 days	Total
<b>31.12.2013</b>						
Trade payables	198	1,544	329	119	8	2,198
Operational expenditure accruals	508	873	269	86	–	1,736
Capital expenditure accruals	58	72	23	7	–	160
<b>Total trade payables</b>	<b>764</b>	<b>2,489</b>	<b>621</b>	<b>212</b>	<b>8</b>	<b>4,094</b>
Currency forward contracts with negative fair value	–	168	–	–	21	189
Currency forward contracts with positive fair value	–	389	114	114	534	1,151
<b>Total forward contracts*</b>	<b>–</b>	<b>557</b>	<b>114</b>	<b>114</b>	<b>555</b>	<b>1,340</b>

CZK million	On demand	Up to 30 days	31–60 days	61–90 days	Over 90 days	Total
<b>31.12.2012</b>						
Trade payables	123	1 210	278	246	7	1,864
Operational expenditure accruals	224	835	307	272	6	1,644
Capital expenditure accruals	6	164	61	54	–	285
<b>Total trade payables</b>	<b>353</b>	<b>2,209</b>	<b>646</b>	<b>572</b>	<b>13</b>	<b>3,793</b>
Currency forward contracts with negative fair value	–	216	249	151	390	1,006
Currency forward contracts with positive fair value	–	316	–	40	592	948
<b>Total forward contracts*</b>	<b>–</b>	<b>532</b>	<b>249</b>	<b>191</b>	<b>982</b>	<b>1,954</b>

\* Contracted nominal value. For the fair value refer to Note 15.

## 11 OTHER FINANCIAL LIABILITIES

CZK million	31. 12. 2013	31. 12. 2012
<b>Total current financial liabilities</b>	<b>68</b>	<b>64</b>
Non-current finance lease liabilities	769	697
Long-term advances from post-paid customers*	6	7
<b>Total other non-current financial liabilities</b>	<b>775</b>	<b>704</b>
<b>Total</b>	<b>843</b>	<b>768</b>

\* Advances from postpaid customers that are refundable at the termination of the contract represent guarantee for trade receivables.

The total limit of bank overdrafts and flexible credit lines available to the Group is EUR 1 million (CZK 27 million) and CZK 660 million, respectively. As at 31 December 2013 and 31 December 2012, the Group did not draw any overdrafts.

## 12 PROVISIONS

CZK million	31. 12. 2013	31. 12. 2012
Provision for untaken holiday and employee bonuses	510	246
Other provisions	12	8
<b>Total current provisions</b>	<b>522</b>	<b>254</b>
Asset Retirement Obligation	605	653
Other provisions	49	44
<b>Total non-current provisions</b>	<b>654</b>	<b>697</b>
<b>Total</b>	<b>1,176</b>	<b>951</b>

CZK million	Provision for untaken holiday and employee bonuses	Asset Retirement Obligation	Other provisions	Total
<b>1. 1. 2012</b>	<b>360</b>	<b>560</b>	<b>65</b>	<b>985</b>
Charge for the year	635	132	38	805
Written off during the year	(698)	(32)	(22)	(752)
Released during the year	(51)	(7)	(29)	(87)
<b>31. 12. 2012</b>	<b>246</b>	<b>653</b>	<b>52</b>	<b>951</b>
T-Systems Czech Republic a.s. – opening balance 2. 5. 2013	68	9	–	77
Charge for the year	767	21	57	845
Written off during the year	(433)	(2)	(32)	(467)
Released during the year	(138)	(76)	(16)	(230)
<b>31. 12. 2013</b>	<b>510</b>	<b>605</b>	<b>61</b>	<b>1,176</b>

The provision for untaken holiday is mainly represented by the uncertain timing of estimated future expenditures. The second part of the provision includes bonuses. The provision for bonuses is certain in respect of the timing of the expenditure. The uncertainty relates to the amount of the payment that depends on the financial results of the Group and assessment of meeting predefined targets.

The provision for asset retirement obligation represents the costs of restoring leased sites in accordance with terms and conditions of the lease contracts. The provision is uncertain in both the amount and timing of future financial outflows.

## 13 DEFERRED INCOME

CZK million	31. 12. 2013	31. 12. 2012
Deferred revenue related to unused prepaid airtime of prepaid and credit tariff subscribers	751	918
T-Mobile Bonus (IFRIC 13)	104	189
Other	26	1
<b>Total</b>	<b>881</b>	<b>1,108</b>

## 14 DEFERRED INCOME TAX LIABILITY

Net deferred income tax liability is calculated as follows:

CZK million	31. 12. 2013	31. 12. 2012
Accelerated tax depreciation	(1,436)	(1,204)
Tax depreciation of receivables	(268)	(183)
Provisions	1,076	897
Other differences	146	248
<b>Basis for deferred income tax calculation</b>	<b>(482)</b>	<b>(242)</b>
<b>Net deferred income tax liability</b>	<b>(92)</b>	<b>(46)</b>

CZK million	31. 12. 2013	31. 12. 2012
<b>Deferred income tax liabilities:</b>		
– deferred income tax liability to be recovered after more than 12 months	(475)	(405)
– deferred income tax liability to be recovered after less than 12 months	(54)	(35)
<b>Total deferred income tax liabilities</b>	<b>(529)</b>	<b>(440)</b>
<b>Deferred income tax assets:</b>		
– deferred income tax asset to be recovered after more than 12 months	314	297
– deferred income tax asset to be recovered within 12 months	123	97
<b>Total deferred income tax assets</b>	<b>437</b>	<b>394</b>
<b>Net deferred income tax liability</b>	<b>(92)</b>	<b>(46)</b>

The net deferred income tax liability as at 31 December 2013 and 31 December 2012 were calculated using the corporate income tax rates, shown in the table below, depending on the period when the temporary differences are expected to reverse.

Period	Corporate income tax rate	
	2013	2012
2013 and onwards	19%	19%

The movement in deferred income tax during the year is as follows:

Deferred income tax liabilities CZK million	Tax provision for receivables	Accelerated tax depreciation	Total
<b>1. 1. 2012</b>	–	(363)	(363)
Debited to profit for the current period	(35)	(42)	(77)
<b>31. 12. 2012</b>	<b>(35)</b>	<b>(405)</b>	<b>(440)</b>
T-Systems Czech Republic a.s – opening balance 2. 5. 2013	–	(59)	(59)
Debited to profit for the current period	(17)	(13)	(30)
<b>31. 12. 2013</b>	<b>(52)</b>	<b>(477)</b>	<b>(529)</b>

Deferred income tax assets CZK million	Provisions	Provisions for inventory	Accelerated accounting depreciation	Other	Total
<b>1. 1. 2012</b>	<b>175</b>	<b>27</b>	<b>22</b>	<b>185</b>	<b>409</b>
Credited/(debited) to profit for the current period	(4)	(16)	10	(5)	(15)
<b>31. 12. 2012</b>	<b>171</b>	<b>11</b>	<b>32</b>	<b>180</b>	<b>394</b>
T-Systems Czech Republic a.s - opening balance 2. 5. 2013	34	-	-	1	35
Credited/(debited) to profit for the current period	(1)	(3)	13	(1)	8
<b>31. 12. 2013</b>	<b>204</b>	<b>8</b>	<b>45</b>	<b>180</b>	<b>437</b>

## 15 DERIVATIVE FINANCIAL INSTRUMENTS

### Forward contracts

As at the end of 2013, the Group had open currency forward contracts with a total nominal value of CZK 1,340 million (as at 31 December 2012: CZK 1,954 million). These transactions focus on managing currency risks associated with the settlement of the Group's future liabilities resulting from the customer-supplier relations and denominated in EUR and USD. All currency forward contracts as at 31 December 2013 were initiated during 2013 with maturity by the end of 2014. During 2013, currency forward contracts in a total nominal value of CZK 6,431 million were settled (in 2012: CZK 3,040 million). Higher amount of settled currency forwards in year 2013 correspond to payment for acquisition of T-Systems Czech Republic a.s. in EUR.

Open currency forward contracts (CZK million)	31. 12. 2013	31. 12. 2012
Open currency forward contracts hedging other foreign currency liabilities:		
Positive fair value	71	10
Negative fair value	(1)	(13)
<b>Total</b>	<b>70</b>	<b>(3)</b>

## 16 EQUITY

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. As at 31 December 2013 and 31 December 2012, the registered capital was represented by 520 thousand shares. All shares have equal voting rights.

The Company's shareholders have their rights and obligations. The fundamental obligation of the shareholders is the capital contribution obligation. The shareholders' rights include in particular:

- Right to a profit share;
- Voting right;
- Right to request and receive explanations at General Meetings on matters which concern the Company or parties controlled by the Company or which are relevant to the exercise of shareholders' rights;
- Right to make proposals and counter-proposals on matters on the agenda of a General Meeting;
- Rights of qualified shareholders, in particular the right to ask the Board of Directors to convene a General Meeting and the Supervisory Board to review the exercise of the powers of the Board of Directors;
- Right to file a shareholders' action against a member of the Board of Directors or the Supervisory Board, the right to seek payment of the issue price by a shareholder who is in delay with payment thereof;
- Right to request a compulsory devolution of participatory securities.

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 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 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 the shareholders.

In 2013, the Company paid out dividends in total amount of CZK 5,910 million (in 2012: CZK 6,521 million) (refer to Note 27).

The dividend per share paid out in 2013 reached CZK 11,365 (in 2012: CZK12,540).

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

## 17 ADDITIONAL INFORMATION ABOUT FINANCIAL INSTRUMENTS

Financial assets and liabilities by category* (CZK million)	Category per IAS 39	31. 12. 2013 Carrying amount	31. 12. 2012 Carrying amount
<b>Assets</b>			
<b>Cash and cash equivalents</b> , of which:		<b>8,294</b>	<b>12,255</b>
Cash	Loans and receivables	711	307
Term deposits	Loans and receivables	7,583	11,948
<b>Trade and other receivables</b>	<b>Loans and receivables</b>	<b>4,969</b>	<b>4,136</b>
<b>Financial investments</b>	<b>Available-for-sale</b>	<b>-</b>	<b>27</b>
<b>Other financial assets</b> , of which:		<b>98</b>	<b>10</b>
Currency forward contracts with positive fair value	At fair value through profit or loss (for trading)	71	10
Receivables from finance lease	Financial receivables at amortized costs	27	-
<b>Liabilities</b>			
<b>Current trade and other payables</b> , of which:		<b>4,464</b>	<b>4,228</b>
Trade payables	Financial liabilities at amortised cost	4,094	3,793
Currency forward contracts with negative fair value	At fair value through profit or loss (for trading)	1	13
Other non-financial liabilities	-	369	422
<b>Current other financial liabilities</b> , of which:		<b>68</b>	<b>64</b>
Liabilities from finance lease	Financial liabilities at amortised cost	68	64
<b>Non-current other financial liabilities</b> , of which:		<b>775</b>	<b>704</b>
Deposits received	Financial liabilities at amortised cost	6	7
Finance lease liabilities	Financial liabilities at amortised cost	769	697

\* Financial assets and liabilities are categorized according to risk rate and in the level of detail required by the Group for management purposes.

Financial assets except for trade and other receivables stated in Note 5 are neither past due nor impaired.

### Offsetting of financial instruments

Financial assets and liabilities are set off and the net amount is presented in statement of financial position, when there is a legally enforceable right of offsetting recognized amounts and intention to settle the respective asset and liability in net amount exists.

Majority of the offsetting is realized within trade receivables and trade payables from interconnection and roaming.

The following table presents trade receivables and trade payables which were subject to offsetting as at 31 December 2013:

31. 12. 2013 CZK million	Gross amount of recognized financial assets and liabilities which can be offset	Gross amount of financial receivables and payables that are set off	Net amount of recognized financial assets and liabilities which can be offset	Amount of recognized financial assets and liabilities which cannot be offset	Total net value
Trade and other receivables	178	(143)	35	4,934	4,969
Trade payables	(158)	143	(15)	(4,079)	(4,094)

The following table presents trade receivables and trade payables which were subject to offsetting as at 31 December 2012:

31.12.2012 CZK million	Gross amount of recognized financial assets and liabilities which can be offset	Gross amount of financial receivables and payables that are set off	Net amount of recognized financial assets and liabilities which can be offset	Amount of recognized financial assets and liabilities which cannot be offset	Total net value
Trade and other receivables	311	(266)	45	4,091	4,136
Trade payables	(277)	266	(11)	(3,782)	(3,793)

## 18 REVENUES

For management purposes, the revenues can be split into the following categories, distinguishable by nature of product or business and by type of products or services.

Sales based on activities (CZK million)	2013	2012
Sales of goods	2,667	1,201
Sales of telecommunication services	22,155	25,053
Sales of computing and desktop services	169	-
Sales of system integration services	149	-
<b>Total revenue</b>	<b>25,140</b>	<b>26,254</b>

## 19 OTHER OPERATING INCOME

CZK million	2013	2012
Gain from disposals of fixed assets	27	16
Release of provisions	12	27
Income from recharged services	389	307
Rent	69	83
Fines and penalties	175	99
Other operating income	80	263
<b>Total</b>	<b>752</b>	<b>795</b>

## 20 COST OF GOODS, RAW MATERIALS AND TELECOMMUNICATION SERVICES

CZK million	2013	2012
Costs of goods and raw materials	3,041	2,056
Costs of telecommunication services	3,587	4,246
IT services	246	746
Maintenance of telecommunication network	445	343
Other	538	568
<b>Total</b>	<b>7,857</b>	<b>7,959</b>

## 21 EMPLOYEE BENEFITS

CZK million	2013	2012
Salary costs	2,059	1,896
Social security costs – obligatory and supplementary pension insurance	455	412
Social security costs – other	244	216
Board remuneration	1	1
<b>Total</b>	<b>2,759</b>	<b>2,525</b>
<b>Average number of employees</b>	<b>3,362</b>	<b>2,850</b>

The number of employees is based on the average recalculated number of annual full-time employees. The Group has been providing its employees with a contribution to supplementary pension insurance. In 2013, the total contribution provided was CZK 34 million (in 2012: CZK 41 million).

## 22 DEPRECIATION AND AMORTISATION

CZK million	2013	2012
Amortisation of GSM and UMTS licences	242	248
Amortisation of other intangible fixed assets	983	891
Depreciation of tangible fixed assets	2,121	2,101
<b>Total</b>	<b>3,346</b>	<b>3,240</b>

## 23 OTHER OPERATING EXPENSES

CZK million	2013	2012
Costs of external marketing services	712	851
Commissions to business partners	708	740
Net loss from impairment of receivables and receivables write off	240	83
Rental and operating leases	989	880
Expenses from cross charges of services shared in DTAG Group	429	479
Repair and maintenance (except telecommunication network)	543	412
Licence fees	283	313
Other operating expenses related to employees	133	151
Legal, consulting and auditing fees	134	206
Office supplies, postage, bank charges	62	55
Consumption of electricity, water and gas, cleaning, security	117	114
Other	48	129
<b>Total</b>	<b>4,398</b>	<b>4,413</b>

## 24 FINANCE INCOME AND COSTS

CZK million	2013	2012
Interest income	7	80
of which:		
– from financial assets held to maturity	–	5
– from loans and receivables	7	75
Foreign exchange gains	242	139
of which:		
– from financial assets and liabilities at fair value through profit or loss	133	19
Other finance income	36	34
<b>Total finance income</b>	<b>285</b>	<b>253</b>
Interest expenses	(69)	(56)
of which:		
– from financial liabilities at amortised costs	(69)	(56)
Foreign exchange losses	(189)	(146)
of which:		
– from financial assets and liabilities at fair value through profit or loss	(16)	(55)
Loss from impairment of financial investment*	(31)	–
Other finance costs	(3)	(42)
<b>Total finance costs</b>	<b>(292)</b>	<b>(244)</b>
<b>Net finance (expense) / income</b>	<b>(7)</b>	<b>9</b>

\* Loss from impairment of financial investment in MOPET CZ a.s.

## 25 INCOME TAX

The income tax expense consists of the following:

CZK million	2013	2012
Current income tax	(1,444)	(1,668)
Deferred income tax (refer to Note 14)	(22)	(92)
<b>Income tax expense</b>	<b>(1,466)</b>	<b>(1,760)</b>

The charge for the year was calculated as follows:

CZK million	2013	2012
Profit before tax	7,525	8,921
Tax by applying the statutory tax rate*	(1,430)	(1,695)
Impact of:		
Non-tax deductible expenses	(179)	(209)
Non-taxable revenues	101	134
Additional decrease/increase of tax related to prior periods	48	(5)
Other	(6)	15
<b>Income tax expense</b>	<b>(1,466)</b>	<b>(1,760)</b>

\* Income tax rate of 19% was applied in 2013 and 2012 respectively, based on the effective Income Tax Act.

## 26 RELATED PARTY TRANSACTIONS AND BALANCES

Related parties are considered to be the parent company and other companies within DTAG group ("other related party"), members of statutory and supervisory bodies and parties close to such members. DTAG group represents all companies controlled by DTAG. The following transactions are related to the shareholders and other related parties:

CZK million	2013	2012
<b>DTAG group:</b>		
Roaming, interconnection and related purchased services	370	612
Other purchased goods and services	350	461
Expenses from re-invoicing of services	534	528
IT services	270	745
Purchased foreign currency at market value	4,625	1,590
<b>Total purchases</b>	<b>6,149</b>	<b>3,936</b>
<b>DTAG group:</b>		
Roaming, interconnection and related sold services	279	221
Income from re-invoicing of services and using common platforms	384	331
Interest income from loan provided	-	7
Income from sale of intangible assets	125	-
It services and related services	74	-
<b>Total sales</b>	<b>862</b>	<b>559</b>

Related party receivables:

CZK million	31. 12. 2013	31. 12. 2012
<b>DTAG group:</b>		
Receivables from roaming, interconnection and related sold services	319	211
Receivables and prepayments from other services and discounts	215	197
Receivables from derivatives (fair value)	58	5
<b>Total related party receivables</b>	<b>592</b>	<b>413</b>

Related party payables:

CZK million	31. 12. 2013	31. 12. 2012
<b>DTAG group:</b>		
Payables from roaming, interconnection and related purchased services	257	161
Payables from other services and discounts	580	890
Liabilities from derivatives (fair value)	1	3
<b>Total related party payables</b>	<b>838</b>	<b>1,054</b>

In 2013 and 2012 the Group did not have any transaction related to its parent company CMobil B.V.

### Short-term employee benefits

CZK million	2013		2012	
	Average number of employees	Amount	Average number of employees	Amount
Management	34	137	34	165
Board of Directors	7	1	7	1
Supervisory Board	6	-	6	-
<b>Total</b>	<b>47</b>	<b>138</b>	<b>47</b>	<b>166</b>

The management includes executive directors and directors of the Group. One member of management is member of Board of Directors at the same time.

Short-term employee benefits include salaries, bonuses, personal holidays, health care, business cars used for personal purpose and other short-term employee benefits including social, health and supplementary pension insurance paid by employer.

The Group's contributions within Social, health and pension insurance in 2013 amounts to CZK 25 million (in 2012: CZK 18 million). Contributions for management to supplementary pension fund in 2013 amounts to CZK 1 million (in 2012: CZK 3 million).

### Post-employment benefits

As at 31 December 2013, the Group provided post-employment benefit in the form of a motivation bonus scheme for members of the management. Subject to certain conditions being met, the eligible persons are entitled to receive a payout bonus derived from their salary level. In 2013, the Group paid out CZK 4 million (in 2012: CZK 22 million) in relation to the above-mentioned scheme.

## Termination benefits

In 2013, the Group did not provide severance pay (in 2012: CZK 3 million) to the management.

## Remuneration of executives

As at 31 December 2013 the Group recognised a provision of CZK 39 million (as at 31 December 2012: CZK 18 million) related to a bonus scheme tied to performance indicators at the DTAG level. No payment in relation with this program was made in 2013 and 2012.

## Dividends

Based on the resolution of the General Meeting held on 24 May 2013, the Company distributed part of its retained earnings to the shareholders as a dividend in the aggregate amount of CZK 5,910 million (CMobil B.V.: CZK 3,591 million, TMCZ Holdco II (Lux) S.à.r.l.: CZK 2,319 million).

During 2012, the Company distributed profit to the shareholders as a 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).

## 27 CONTINGENT LIABILITIES

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 Group's management is not aware of any circumstances which may in the future give rise to a potential material liability in this respect.

## 28 COMMITMENTS

The Group's future capital commitments to major technology and services suppliers from concluded agreements as at 31 December 2013 and 31 December 2012 are as follows:

CZK million	31. 12. 2013	31. 12. 2012
Up to 1 year	5,776	1,909
1–3 years	1,672	48
3–5 years	94	14
Over 5 years	36	–
<b>Total</b>	<b>7,578</b>	<b>1,971</b>

Increase of commitments is caused mainly by the committed liability arising from the auction of new frequencies amounting to CZK 2,614 million and further by signing a fixed contract for purchase of iPhones amounting to CZK 1,265 million.

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. 2013	31. 12. 2012
Up to 1 year	533	566
1–3 years	544	524
3–5 years	510	513
Over 5 years	1,195	1,435
<b>Total</b>	<b>2,782</b>	<b>3,038</b>

The majority of lease agreements are renewable at market prices after termination of the operating lease.

## 29 SUBSEQUENT EVENTS

On 28 January 2014 Czech telecommunication office appealed the Group to pay the amount resulting from the bidding phase of the auction for granting the rights to use the frequency bands for the provision of public communication network in 800 MHz, 1800 MHz and 2600 MHz. The Group paid the respective amount on 5 February 2014. The payment is necessary condition for provision of the right to use the allocation of frequency bands. The allocation of frequency bands became effective on 24 February 2014 and consequently it was applied for granting the individual rights based on which the relevant frequency bands can be utilized.

On 7 February 2014 a contract between CMobil B.V., the majority shareholder of the Company, and TMCZ Holdco II (Lux) S.à.r.l., the minority shareholder of the Company, about purchase of minority share for the price of EUR 828 million was signed. After the contract becomes legally effective CMobil B.V. will become the sole shareholder of the Company.

## 30 APPROVAL OF THE CONSOLIDATED FINANCIAL STATEMENTS

These consolidated financial statements have been approved by the Board of Directors of the Company for issuance on 20 March 2014.



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 2013 OF COMPANY  
T-MOBILE CZECH REPUBLIC A.S.**

**IN ACCORDANCE WITH  
SECTION 82 OF ACT ON  
CORPORATIONS**

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 („**Company**”) prepared following Report on the Relationships in accordance with Section 82 of Act No. 90/2012 Coll., Act on Corporations („**Act on Corporations**”), in respect of the accounting period of the year 2013 („**Accounting Period**”).

## 1. RELATIONSHIPS STRUCTURE

1.1 According to the available information of The Board of Directors of Company acting with due managerial care, Company formed part of the Group of Deutsche Telekom AG (DTAG) („**Group of companies**”) during the accounting period. Information concerning parties in Group of companies are presented as per 31st December, 2013, based on information of Statutory Body of Company acting with due managerial care. The overview contains the entities controlled by DTAG, when Company had business relationships with these entities 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. Relationships structure in Group of companies is shown in Attachment No. 1.

### 1.1.1 Controlling party

Deutsche Telekom AG, having its registered office at Friedrich-Ebert-Allee 140, Bonn, Nordrhein-Westfalen, 53113 Germany („**Controlling party**”) indirectly controls Company via T-Mobile Global Holding Nr. 2 GmbH (Germany) as 100% shareholder of CMobil B.V. (Netherlands) – 60,77% shareholder of Company.

## 2. COMPANY ROLE IN GROUP OF COMPANIES

Company is the integrated operator: in addition to mobile and fix telecommunication services provides ICT solutions and T-Mobile SAT TV. Company is in the long term focused on quality of provided services. Since the establishment Company emphasizes on excellent customer care and fair approach to business partners, employees and environment. Transactions realized between Company and Group of companies relate mainly to shared platforms, T-brand fees, content and roaming services.

## 3. RESOURCES AND WAY OF CONTROL

Controlling party indirectly controls Company via T-Mobile Global Holding Nr. 2 GmbH., which was in Accounting period the only owner of CMobil B.V., which owns 60,77 % of Company. Company is controlled primarily by decision-making on General Meeting of Company. Important decisions affecting business of Company are approved on meetings of The Board of Directors of Company.

## 4. OVERVIEW OF CONTRACTS BETWEEN THE RELATED PARTIES IN GROUP OF COMPANIES

### 4.1 Contracts concluded between Company and Controlling party

#### Contracts concluded in 2013

Partner	Services / goods	No. of contract Company
Deutsche Telekom AG	Amendment Letter No. 1 to the Agreement on Commercial Roaming Broker Services	022191-101-00
Deutsche Telekom AG	Service Arrangement – Cross Charging 2013	022888-106-00
Deutsche Telekom AG	Agreement For Commissioned Data Processing	024202-000-00
Deutsche Telekom AG	Cooperation and Service agreement– Ring back tones	024204-000-00
Deutsche Telekom AG	Retail and Marketing Funds Agreement – marketingová dohoda	024307-000-00
Deutsche Telekom AG	"m-wall" (POS presentation) Agreement	024308-000-00
Deutsche Telekom AG	Main Contract on IP Transit	024335-000-00
Deutsche Telekom AG	Agreement on City-to-City Bandwidth Services (International Transmission Network	024351-000-00
Deutsche Telekom AG	Agreement on the processing of personal data in International Sharepoint	024360-000-00
Deutsche Telekom AG	Letter of Adherence – Deeze smlouva (Deezer)	024483-000-00
Deutsche Telekom AG	Trial Agreement for Joint Active Antenna System (ASS) Trial	024515-000-00
Deutsche Telekom AG	Amendment Letter No. 3 to the Agreement on Commercial Roaming Broker Services	022191-103-00
Deutsche Telekom AG	Individual Agreement on the commissioned processing of personal data	023727-000-00
Deutsche Telekom AG	Service Arrangement P&I products core telco products and media 2013	024087-000-00

#### Contracts lasting during 2013

Partner	Services / goods	No. of contract Company
Deutsche Telekom AG	Letter of Understanding	010003-000-00
Deutsche Telekom AG	Loan Agreement	012236-000-00
Deutsche Telekom AG	Letter of Variation – T-Zones agreement dodatek	012876-104-00
Deutsche Telekom AG	Service Arrangement 2011 – X-charges inbound 2011 under the Framework Cooperatio	013243-107-00
Deutsche Telekom AG	Master Agreement – Hedging Activities	016323-000-00
Deutsche Telekom AG	Agreement on Bilateral MMS eXchange	016451-000-00
Deutsche Telekom AG	EBS General Service Agreement	019184-000-00
Deutsche Telekom AG	Service Package to the EBS General Service Agreement	019184-201-00
Deutsche Telekom AG	Settlement Agreement – mezinárodní provoz_vyrovnaní	019199-000-00
Deutsche Telekom AG	Master Agreement for Derivates and Investment Contracts	019894-000-00
Deutsche Telekom AG	Sideletter	019895-000-00
Deutsche Telekom AG	Amendment to the Side Letter to the Master Agreement for Derivates and Inv. Con.	019895-101-00
Deutsche Telekom AG	WiFi Roaming Solution Agreement	020075-000-00
Deutsche Telekom AG	Amendment No. 1 to the WiFi Roaming Solution Agreement	020075-101-00
Deutsche Telekom AG	Service Agreement – Interoperator Discount Contracts	021094-000-00
Deutsche Telekom AG	Confidentiality Agreement	021267-000-00
Deutsche Telekom AG	License Agreement – Software concerning the predictive modeling	021411-000-00
Deutsche Telekom AG	Agreement on the processing of personal data	021442-000-00
Deutsche Telekom AG	Project Specific Annex RU20/OSS5.2	021581-000-00
Deutsche Telekom AG	Project Service Agreement for cBS – common Interconnect Billing System	021810-000-00
Deutsche Telekom AG	Co-operation Agreement for Joint LTE-TD Evaluation Trial	021821-000-00
Deutsche Telekom AG	Contractual Agreement for change of delivery model for ng iBMD (Meduza)	022173-000-00
Deutsche Telekom AG	Agreement on Commercial Roaming Broker Services	022191-000-00
Deutsche Telekom AG	Cooperation Agreement	022250-000-00
Deutsche Telekom AG	Delivery of Software and the Performance of Services in Connection with ngCRM	022281-000-00

Partner	Services / goods	No. of contract Company
Deutsche Telekom AG	Supplement No. 1 – Delivery of Software and the Performance of Services in Conne	022281-101-00
Deutsche Telekom AG	Supplement No. 1 to Project Service Agreement (PSA) – ngCRM system	022281-102-00
Deutsche Telekom AG	SERVICE Agreement Network Technology	022467-000-00
Deutsche Telekom AG	Management Agreement for international MNC Services	022522-000-00
Deutsche Telekom AG	Agreement for the Provision of Capacity – WhS – Poskytovani kapacity paterni sit	022696-000-00
Deutsche Telekom AG	Supplementary Agreementto the Sublincence Agreement	022780-000-00
Deutsche Telekom AG	iPad License Acknowledgement of Adherence to Wireless Service License – iPad TMC	022870-000-00
Deutsche Telekom AG	Angry Birds International Campaign – smlouva k právům na užívání Angry Birds v k	022875-000-00
Deutsche Telekom AG	Framework cooperation and service agreement – X-charges	022888-000-00
Deutsche Telekom AG	X-charges Annex EU HQ 2012	022888-104-00
Deutsche Telekom AG	Annex to FA – Service Arrangement – X- charges 2012- Products and Innovation ann	022888-105-00
Deutsche Telekom AG	Letter of Intent – IT Data Assurance Shared Service Centre (SSC)	022962-000-00
Deutsche Telekom AG	Procurement Joint Venture of Deutsche Telekom AG and France Télécom SA: Interim	022972-000-00
Deutsche Telekom AG	Amendment No. 1 – Interim letter – Joint Venture	022972-101-00
Deutsche Telekom AG	Deed of Adherence (Vertragsbeitritt – to Contract 990053-000-00)	023021-000-00
Deutsche Telekom AG	Side Letter to the Framework Cooperation and Service Agreement	023056-000-00
Deutsche Telekom AG	Enrolment to the Frame Agreement for the supply of CCC SAP Services including SA	023213-000-00
Deutsche Telekom AG	Tax Indemnity Agreement	023340-000-00
Deutsche Telekom AG	Framework Cooperation – Shared Service Center Data Reliance/Provision of Servi	023382-000-00
Deutsche Telekom AG	Co-operation agreement for joint smart lte evaluation trial	023418-000-00
Deutsche Telekom AG	Confidentiality Obligation for Clean Team Members	023435-000-00
Deutsche Telekom AG	Letter of intent – OSS	023451-000-00
Deutsche Telekom AG	Cooperation Agreement (smlouva o zpracování dat)	023481-000-00
Deutsche Telekom AG	Cooperation Agreement - INTRA GROUP COMPLIANCE AGREEMENT	023496-000-00
Deutsche Telekom AG	Letter of Adherence ("LoA") – Ringback Tones Services	023507-000-00
Deutsche Telekom AG	Global M2M Service cooperation – Joining Agreement	023543-000-00
Deutsche Telekom AG	Frame Agreement for Commissioned Personal Data Processing	023692-000-00
Deutsche Telekom AG	Agreement on the purchase of a videoconferencing systém	023771-000-00
Deutsche Telekom AG	Letter of Intent 2013	023803-000-00
Deutsche Telekom AG	Letter of Adherence – Callertunes service Real Networks - ke smlouvě 990059-000-	023864-000-00
Deutsche Telekom AG	Roaming Agreement for Public Wireless Lan Services (Německo)	017982-000-00
Deutsche Telekom AG	Service Arrangement 2010 – Annex 2 (Inbound Contract)	013243-106-00
Deutsche Telekom AG	Service Arrangement 2010 – Annex 2 (Outbound Contract)	013244-107-00
Deutsche Telekom AG	Project Service Agreement for RMC (PSA) for the new IT Enabler RMC (T-Rex)	021911-000-00
Deutsche Telekom AG	SUBLICENSE AGREEMENT for the Software for IVR Campaigning/Banner	022483-000-00
Deutsche Telekom AG	Agreement on processing of data and information with condidentiality clause	022098-000-00
Deutsche Telekom AG	Non-Disclosure and Confidentiality Agreement	001070-000-00
Deutsche Telekom AG	Sublicenční smlouva (rebranding)	010091-000-00
Deutsche Telekom AG	Dodatek č. 1 k dílčí smlouvě	010091-201-01
Deutsche Telekom AG	Letter of Understanding	010091-202-00
Deutsche Telekom AG	Agreement	010246-000-00
Deutsche Telekom AG	UMTS Frame Agreement	010322-000-00
Deutsche Telekom AG	Service Arrangement – Strategy & Portfolio Management	010562-201-00
Deutsche Telekom AG	Service Arrangement – Management IT Applications	010562-202-00
Deutsche Telekom AG	Service Arrangement – ERP& Corporate Systems	010562-203-00
Deutsche Telekom AG	Service Arrangement – Managemnt IT Operations	010562-204-00
Deutsche Telekom AG	Service Arrangement – End user Marketing	010562-205-00
Deutsche Telekom AG	Service Arrangement – System Engineering	010562-206-00
Deutsche Telekom AG	Service Arrangement – System Engineering	010562-207-00
Deutsche Telekom AG	Service Arrangement – Network Deployment & Operations Management	010562-208-00
Deutsche Telekom AG	Service Arrangement – Network Deployment & Operations Management	010562-209-00
Deutsche Telekom AG	Rámcová smlouva – Outbound Direct Charging	010563-000-00
Deutsche Telekom AG	Service Arrangement – ERP & Corporate Systems	010563-201-00
Deutsche Telekom AG	Service Arrangement – Global Products	010564-201-00

Partner	Services / goods	No. of contract Company
Deutsche Telekom AG	Service Arrangement – Payment	010564-202-00
Deutsche Telekom AG	Service Arrangement – IT Department	010564-203-00
Deutsche Telekom AG	Service Arrangement – Marketing Department	010564-204-00
Deutsche Telekom AG	Service Arrangement – Network Technology Office	010564-205-00
Deutsche Telekom AG	Service Arrangement – IT Strategy & Portfolio Management	010564-206-00
Deutsche Telekom AG	Service Arrangement – Process Alignment & Quality Management	010564-207-00
Deutsche Telekom AG	Service Arrangement – Management IT Applications	010564-208-00
Deutsche Telekom AG	Service Arrangement – Management IT Operations	010564-209-00
Deutsche Telekom AG	Service Arrangement – Marketing Coordination	010564-210-00
Deutsche Telekom AG	Service Arrangement – Marketing Coordination	010564-211-00
Deutsche Telekom AG	Service Arrangement – Product Management	010564-212-00
Deutsche Telekom AG	Service Arrangement – End User Marketing	010564-213-00
Deutsche Telekom AG	Service Arrangement – End User Marketing	010564-214-00
Deutsche Telekom AG	Service Arrangement – Wholesale Marketing	010564-215-00
Deutsche Telekom AG	Service Arrangement – Wholesale Marketing	010564-216-00
Deutsche Telekom AG	Service Arrangement –European Terminal Management	010564-217-00
Deutsche Telekom AG	Service Arrangement – Systems Engineering	010564-218-00
Deutsche Telekom AG	Service Arrangement – Systems Engineering	010564-219-00
Deutsche Telekom AG	Service Arrangement – Network Deployment and Operations Management	010564-220-00
Deutsche Telekom AG	Service Arrangement – Network Deployment and Operations Management	010564-221-00
Deutsche Telekom AG	Service Arrangement – Technology and Development	010564-222-00
Deutsche Telekom AG	Service Arrangement – Supplier Management	010564-223-00
Deutsche Telekom AG	Service Arrangement – Network Budgeting Performance	010564-224-00
Deutsche Telekom AG	Declaration of consent (souhlas s přístupem do TMCZ databáze)	010817-000-00
Deutsche Telekom AG	Sublicence of TIBCO Software License Agreement	011269-000-00
Deutsche Telekom AG	Services Agreement – MBS	012467-000-00
Deutsche Telekom AG	Service Arrangement 2008 (Inbound (annex 2 valid for 08))	013243-104-00
Deutsche Telekom AG	Service Arrangement 2009	013243-105-00
Deutsche Telekom AG	Service Arrangement 2008 (Outbound) – změna přílohy č. 2	013244-105-00
Deutsche Telekom AG	Service arrangement 2009	013244-106-00
Deutsche Telekom AG	Agreement on the unification of payment terms – aplikace Inhouse Cash	015941-000-00
Deutsche Telekom AG	Amendment No. 1 to the Agreement on the unification of Payments Terms	015941-101-00
Deutsche Telekom AG	Amendment No. 2 to the Agreement on the unification of Payment Terms	015941-102-00
Deutsche Telekom AG	Variation to Unification of Payment Terms	015941-103-00
Deutsche Telekom AG	Inhouse Banking Side Agreement (Side Letter to UPT Agreement)	015941-201-00
Deutsche Telekom AG	Deed of Adherence (projekt Munice 2)	017569-000-00
Deutsche Telekom AG	Deed of Adherence-přistoupení TMCZ ke Global Framework Ag. (GFA) č.990030-000-00	018945-000-00
Deutsche Telekom AG	Smlouva o zachování důvěrnosti informací (NDA) – Project 2G Modernization	018965-000-00
Deutsche Telekom AG	Smlouva o zachování důvěrnosti informací (NDA) – Project 2G Modernization	019043-000-00
Deutsche Telekom AG	Smlouva o zachování důvěrnosti informací (NDA) – Project 2G Modernization	019044-000-00
Deutsche Telekom AG	Smlouva o zachování důvěrnosti informací (NDA) – Project 2G Modernization	019045-000-00
Deutsche Telekom AG	Smlouva o zachování důvěrnosti informací (NDA) – Project 2G Modernization	019046-000-00
Deutsche Telekom AG	Smlouva o zachování důvěrnosti informací (NDA) – Project 2G Modernization	019052-000-00
Deutsche Telekom AG	Deed of Adherence to the Framework Ag. for the Supply of Network Infrastructure	019440-000-00
Deutsche Telekom AG	Project Specific Annex (PSA) GGSN & SGSN – Commercial Conditions to the Frame Ag	019704-000-00
Deutsche Telekom AG	Sideletter to the Framework Cooperation and Service Ag. (Outbound/Allocation)	010564-101-00
Deutsche Telekom AG	Agreement – poskytnutí záruky ze strany TMO pro Siemens AG	012309-000-00
Deutsche Telekom AG	Letter of Affirmation – Licence Chordiant Marketing Director	012761-000-00
Deutsche Telekom AG	T-Zones Agreement	012876-000-00
Deutsche Telekom AG	dodatek č. 1 (t-zones)	012876-101-00
Deutsche Telekom AG	Letter of Variation –Dodatek č. 2 ke sml. na T-Zones – discount pro r. 2006	012876-102-00
Deutsche Telekom AG	Dodatek č. 3 – Addendum to T-Zones Agreement – contract update	012876-103-00
Deutsche Telekom AG	Agreement – suretyship (Bürgschaft) Nortel GPRS	012958-000-00
Deutsche Telekom AG	Framework cooperation and service agreement – Inbound	013243-000-00

Partner	Services / goods	No. of contract Company
Deutsche Telekom AG	Inbound (aktualizace Annex 2 – Service Arrangement 2005)	013243-101-00
Deutsche Telekom AG	Inbound (změna přílohy č. 2 – Service Arrangement 2006)	013243-102-00
Deutsche Telekom AG	Inbound service arrangement 2007	013243-103-00
Deutsche Telekom AG	Framework Cooperation and Service Agreement (Outbound/Allocation)	013244-000-00
Deutsche Telekom AG	Sideletter to the Cooperation and Service Agreement (Outbound/Allocation)	013244-101-00
Deutsche Telekom AG	Outbound (změna Annexu 2 – Service Arrangement 2005)	013244-102-00
Deutsche Telekom AG	Outbound (změna přílohy č. 2 – Service Arrangement pro rok 2006)	013244-103-00
Deutsche Telekom AG	Outband Service Arrangement 2007	013244-104-00
Deutsche Telekom AG	Sideletter on Chordiant Project – Terms of use of the CMD software	013956-000-00
Deutsche Telekom AG	Service Agreement – Interoperator Discount Services (“IOT-services”)	014585-000-00
Deutsche Telekom AG	Dodatek č. 1 – nové znění přílohy č. 1 (rozdělení discountů)	014585-101-00
Deutsche Telekom AG	Suretyship Agreement (Nortel)	015123-000-00
Deutsche Telekom AG	Service Agreement (auditing services – x-charge)	016189-000-00
Deutsche Telekom AG	Sublicense Agreement (Intel)	016228-000-00
Deutsche Telekom AG	Service Agreement for the provision of Marketing Services	016889-000-00
Deutsche Telekom AG	Amendment No. 1 to the Service – Service Description, Cost Allocation Scheme	016889-101-00
Deutsche Telekom AG	Smlouva o zachování důvěrnosti informací (NDA) – výměn info. ZigBee na SIM kartě	017808-000-00

#### 4.1 Contracts concluded between Company and other Related parties controlled by Controlling party

##### Contracts concluded in 2013

Partner	Services / goods	No. of contract Company
COSMOTE – Mobile Telecommunications	Confidentiality and Privacy Agreement	024265-000-00
Deutsche Telekom (UK) Limited	Engagement Form (Czech Republic); Blackberry Services	020475-102-00
Deutsche Telekom (UK) Limited	Engagement Form (Czech Republic); Microsoft Services	020475-103-00
Deutsche Telekom (UK) Limited	Engagement Form (Czech Republic) – Facebook Services	020475-104-00
Deutsche Telekom (UK) Limited	Engagement Form (Czech Republic) – Boku longlist	020475-105-00
Deutsche Telekom (UK) Limited	Engagement Form (Czech Republic) – Gameloft	020475-106-00
Deutsche Telekom (UK) Limited	Engagement form – MindMatics	020475-107-00
Deutsche Telekom (UK) Limited	Amendment No. 1 to the project service agreement for personal touchpoints and s	023392-101-00
Deutsche Telekom Shared Services s.	Business Management Contract on Provision of Services (Procurement and Accountin	024259-000-00
Deutsche Telekom Shared Services s.	Agreement for Commissioned Data Processing – SAP access	024430-000-00
Everything Everywhere Limited	Mutual Long Form Non-Disclosure Agreement	024251-000-00
Everything Everywhere Limited	International Roaming Agreement – Velká Británie, GBROR, GBRME	024352-000-00
Makedonski Telekom AD - Skopje	Project Service Agreement – SSL Certificate Service	024384-000-00
T-Mobile Polska S.A.	Project Service Agreement (PSA)	023472-000-00
Slovak Telekom, a.s.	Kupní smlouva na použitý nábytek z SK pro PP	024574-000-00
Telekom Deutschland GmbH	Addendum No. 1 – Remote Device Management Release 1 A	016886-101-00
Telekom Deutschland GmbH	Service Level Agreement (SLA) for PKI services sharing	023939-000-00
Telekom Deutschland GmbH	Framework agreement for providing of services with transfer pricing	024410-000-00
T-Mobile Macedonia AD Skopje	Project Service Agreement – DRSSC SSL Certification Service	024383-000-00
T-Mobile Polska S.A.	ONE IMS Mavenir Centralized TestBed and services – Supply LOI	024188-000-00
T-Systems Czech Republic a.s.	Amendment No. 7 to Agreement on Global Roaming eXchange (GRX)	010109-107-00
T-Systems Czech Republic a.s.	Dodatek č. 14 ke Smlouvě o propojení – rozšíření o fixní síť TMCZ a nové ceny MT	010530-114-00
T-Systems Czech Republic a.s.	Dílčí smlouva č. 10 - zálohování VOMS – Voucher Management System v rámci projek	017167-210-00
T-Systems Czech Republic a.s.	Amendment No. 9 to the FCA II – Prolongation of FCA II., new prices for 2013	018835-109-00
T-Systems Czech Republic a.s.	Amendment No. 10 to the FCA II – TSCZ IT Outsourcing+ snížení flat fee	018835-110-00
T-Systems Czech Republic a.s.	Amendment No. 11 to the FCA II – Green Field – project Amadeus	018835-111-00

Partner	Services / goods	No. of contract Company
T-Systems Czech Republic a.s.	Dodatek č. 3 – úprava ceníku	022439-103-00
T-Systems Czech Republic a.s.	Dodatek č. 2 – zrušení parkovacího místa na pracovišti Ostrava Pohraniční	022451-102-00
T-Systems Czech Republic a.s.	Settlement Agreement to the NG CRM R1 E2E contract with TS/HP	023987-000-00
T-Systems Czech Republic a.s.	Kupní smlouva na odkup posledních milí u kolokací v Praze	024157-000-00
T-Systems Czech Republic a.s.	Share Purchase Agreement – Angel + znalecký posudek	024278-000-00
T-Systems Czech Republic a.s.	Cooperation Agreement – transakce Angel	024279-000-00
T-Systems Czech Republic a.s.	Dohoda o spolupráci v průběhu transformačního období	024283-000-00
T-Systems Czech Republic a.s.	Cooperation Agreement v rámci SONAR	024314-000-00
T-Systems Czech Republic a.s.	Smlouva o převodu identifikačního čísla GS1 firmy 2013/1114	024519-000-00
T-Systems Czech Republic a.s.	Souhlasné prohlášení o přechodu věcných břemen	024562-000-00
T-Systems International GmbH	Supplement No. 3 – NG CRM PSA	022281-103-00
T-Systems International GmbH	Supplement No. 4 to PSA (to the Project Service Agreement)	022281-104-00
T-Systems International GmbH	Amendment No. 1 to Agreement For Commissioned Data Processing in Telekom Social	023492-101-00
T-Systems International GmbH	Software Licence Agreement with TSI for Tibco ELA 2012 – 2015	023921-000-00
T-Systems International GmbH	Software Delivery Agreement – subcontract for finalisation of NG CRM R1 Siebel s	023954-000-00
T-Systems International GmbH	Supplement No. 1 to PSA (too the Software Delivery Agreement)	023954-101-00
T-Systems International GmbH	Project Service Agreement (PSA) – Provision of Services in connection with Share	024100-000-00
T-Systems International GmbH	Declaration of Compliance for the Processing of Data in SharePoint for V ET	024361-000-00
T-Sytems Internatioanal GmbH	Share Purchase Agreement – Angel + znalecký posudek	024278-000-00
T-Sytems Internatioanal GmbH	Cooperation Agreement – transakce Angel	024279-000-00

### Contracts lasting during 2013

Partner	Services / goods	No. of contract Company
Albanian Mobile Communications Sh.A.	International Roaming Agreement – Albánie	021365-000-00
CMobil B.V., Netherlands	Amendment No. 1 – Clarification to Loan Agreement	015106-101-00
Cosmote Mobile Telecommunications S.A.	Non-Disclosure Agreement (NDA)	023943-000-00
Cosmote Mobile Telecommunications S.A.	International Roaming Agreement – Croatia/Chorvatsko (HRVCN 219-01)	021841-000-00
Cosmote Romanian Mobile Telecommunications S.A.	Addendum to International Roaming Agreement (Romania)	014876-101-00
Deutsche Telekom (UK) Limited	Project Service Agreement for Mobile Advertising (PSA)	022785-000-00
Deutsche Telekom (UK) Limited	Amendment No. 1 to Project Service Agreement – PSA (změna obchodních podmínek)	022785-101-00
Deutsche Telekom (UK) Limited	Engagement Form (C2M) – Transactional Content	001406-156-00
Deutsche Telekom (UK) Limited	Content Reseller Agreement	001406-000-00
Deutsche Telekom (UK) Limited	Dodatek č. 6 – MTV Engagement Form	001406-106-00
Deutsche Telekom (UK) Limited	Dodatek č. 7 – Universal Content	001406-107-00
Deutsche Telekom (UK) Limited	Engagement Form č. 10 (Trigenix Screen Styles)	001406-110-00
Deutsche Telekom (UK) Limited	Engagement Form – dodatek č. 13 - CONTENT	001406-113-00
Deutsche Telekom (UK) Limited	Engagement Form – Universal – Melody	001406-116-00
Deutsche Telekom (UK) Limited	Engagement Form – Universal – Mono and Poly Marketing	001406-117-00
Deutsche Telekom (UK) Limited	Engagement Form – Sony Content (dodatek 22)	001406-122-00
Deutsche Telekom (UK) Limited	Dodatek č. 23 – Fox Studios Content – MMS obsah	001406-123-00
Deutsche Telekom (UK) Limited	Dodatek č. 24 – Disney Content – MMS obsah	001406-124-00
Deutsche Telekom (UK) Limited	Dodatek č. 25 – Java od spol. Turner – CONTENT	001406-125-00
Deutsche Telekom (UK) Limited	Engagement Form – Chipandales – CONTENT	001406-126-00
Deutsche Telekom (UK) Limited	Engagement Form – Penthouse – CONTENT	001406-127-00
Deutsche Telekom (UK) Limited	Dodatek č. 28 – Engagement Form – Warner Music Content	001406-128-00
Deutsche Telekom (UK) Limited	Dodatek č. 29 – Engagement Form – iPhone Content	001406-129-00
Deutsche Telekom (UK) Limited	Dodatek č. 30 – Engagement Form – Arvato Content	001406-130-00
Deutsche Telekom (UK) Limited	Dodatek č. 31 – Engagement Form – Blue Sphere Content	001406-131-00

Partner	Services / goods	No. of contract Company
Deutsche Telekom (UK) Limited	Dodatek č. 32 – Engagement Form – mForma Content	001406-132-00
Deutsche Telekom (UK) Limited	Dodatek č. 33 – Engagement form – Jamdat Content	001406-133-00
Deutsche Telekom (UK) Limited	Dodatek č. 34 – Engagement Form – Gameloft Content	001406-134-00
Deutsche Telekom (UK) Limited	Dodatek č. 35 – Engagement Form – Living Mobile Content	001406-135-00
Deutsche Telekom (UK) Limited	Dodatek č. 36 – Engagement Form – Mobile Scope Content	001406-136-00
Deutsche Telekom (UK) Limited	Dodatek č. 37 – Engagement Form – Sumea Content	001406-137-00
Deutsche Telekom (UK) Limited	Dodatek č. 38 – Engagement Form – HandyGames Content	001406-138-00
Deutsche Telekom (UK) Limited	Dodatek č. 39 – Engagement Form – Digital Bridges Content	001406-139-00
Deutsche Telekom (UK) Limited	Engagement Form č. 40 – India Games Content	001406-140-00
Deutsche Telekom (UK) Limited	Engagement Form č. 41 – Advanced Mobile Applications	001406-141-00
Deutsche Telekom (UK) Limited	Engagement form No. 42 – Eurofun (Madagascar) Content	001406-142-00
Deutsche Telekom (UK) Limited	Engagement Form 43 – I-play/Digital Bridges – Non-EA Titles (content)	001406-143-00
Deutsche Telekom (UK) Limited	Engagement Form – Eurofun (Madagascar) Content	001406-144-00
Deutsche Telekom (UK) Limited	Engagement Form – wait4u (dodatek 45)	001406-145-00
Deutsche Telekom (UK) Limited	Engagement Form No. 46 – Sony Pictures	001406-146-00
Deutsche Telekom (UK) Limited	Engagement Form – Glu Mobile Content	001406-147-00
Deutsche Telekom (UK) Limited	Engagement Form – Player-X Content	001406-149-00
Deutsche Telekom (UK) Limited	Engagement Form – Rockpool Games Content	001406-150-00
Deutsche Telekom (UK) Limited	Engagement Form – THQ Wireless International Games Content	001406-151-00
Deutsche Telekom (UK) Limited	Engagement Form – OJOM Content	001406-152-00
Deutsche Telekom (UK) Limited	Dodatek č. 53 – Engagement form (video download – Mobix Content)	001406-153-00
Deutsche Telekom (UK) Limited	Engagement Form – Infospace (Elkware GmbH) – Infospace Content	001406-154-00
Deutsche Telekom (UK) Limited	Engagement Form – Electronic Arts Games (EA Content)	001406-155-00
Deutsche Telekom (UK) Limited	MCS Service Agreement	012075-000-00
Deutsche Telekom (UK) Limited	Service Agreement for Provision of Interim Solution for Caller Tunes (Melody)	016903-000-00
Deutsche Telekom (UK) Limited	Amendment 1 to Project service agreement for International eSales Solution (IneS)	019713-101-00
Deutsche Telekom (UK) Limited	Content Resale and Partner Services Agreement – nákup obsahu	020475-000-00
Deutsche Telekom (UK) Limited	Cross Charging Services Agreement	020909-000-00
Deutsche Telekom (UK) Limited	International Download Centre Access and Managed Services Ag.	001407-000-00
Telekom Deutschland GmbH	Interconnect Software License Agreement	013166-000-00
Deutsche Telekom Training GmbH	Agreement on the Processing of Personal Data Under Contract Pursuant	022411-000-00
EE Limited	International GSM Roaming Agreement	000338-000-00
EE Limited	Addendum to the International GSM Roaming Agreement – Inter Operator Discounts	000338-101-00
EE Limited	Supplementary IOT Ag. for Bilateral Ag. on the Inter Operator Tariff	000338-201-00
EE Limited	Framework Contract of Sale – odprodej servisních karet SAU	012533-000-00
EE Limited	Sub-licence Agreement (koncert Rolling Stones)	014442-000-00
EE Limited	Roaming Agreement for Public Wireless LAN Services (WLAN)	016881-000-00
EE Limited	Project Service Agreement for International eSales Solution (IneSS) in TMCZ	019713-000-00
EE Limited	Licence agreement	020996-000-00
EE Limited	Project Service Agreement (operation of International Transmission Network)	021147-000-00
Magyar Telekom Telecommunications Public Limited Company	Amendment No.1 to the Roaming Agreement for Public Wireless Lan Services	018026-101-00
Magyar Telekom Telecommunications Public Limited Company	International GSM Roaming Agreement – Maďarsko	011437-000-00
Makedonski Telekom AD – Skopje	International Roaming Agreement	000362-000-00
Slovak Telekom, a.s.	International GSM Roaming Agreement – Slovensko	000178-000-00
Slovak Telekom, a.s.	Supplementary IOT Agreement	000178-201-00
Slovak Telekom, a.s.	Licenční smlouva	010428-000-00
Slovak Telekom, a.s.	Addendum Letter to Acquisition Due Diligence Contract – Project Poletucha	022795-101-00
Slovak Telekom, a.s.	NDA – project Vltava – potential outsourcing of planning, built and maintenance	023268-000-00
Slovak Telekom, a.s.	Kupní smlouva – nábytek pro vybavení prodejen	023489-000-00
Slovak Telekom, a.s.	Kupní smlouva – nákup nábytku pro refreše Partnerských prodejen T-Mobile	023718-000-00
Slovak Telekom, a.s.	Kupní smlouva – nákup nábytku pro partnerské prodejny TMCZ	023814-000-00
Slovak Telekom, a.s.	Interconnection Agreement – Smlouva o propojení	016452-000-00

Partner	Services / goods	No. of contract Company
Slovak Telekom, a.s.	Roaming Agreement for Public Wireless Lan Services	017447-000-00
Wind Hellas Telecommunications S.A.	International GSM Roaming Agreement	000354-000-00
SunCom Wireless Operating	International Roaming Agreement (USA)	019734-000-00
Telekom Deutschland GmbH	Letter of Intent 2013	023803-000-00
Telekom Deutschland GmbH	6th Variation Agreement	015878-106-00
Telekom Deutschland GmbH	7th Variation Agreement	015878-107-00
Telekom Deutschland GmbH	8th Variation Agreement – TAP DEUD1	015878-108-00
Telekom Deutschland GmbH	Project Service Agreement (PSA) for For the Provision of the Next Generation Voi	022097-000-00
Telekom Deutschland GmbH	Project Service Agreement – For the Provision of OTA Services (Hostování OTA ser	021318-000-00
Telekom Deutschland GmbH	Interconnection Agreement	001776-000-00
Telekom Deutschland GmbH	Dodatek č. 1 – doplnění příloh	001776-101-00
Telekom Deutschland GmbH	Dodatek č. 2	001776-102-00
Telekom Deutschland GmbH	Modification of the Interconnection Agreement	001776-103-00
Telekom Deutschland GmbH	Dodatek 4 – Modification of the Interconnection Agreement	001776-104-00
Telekom Deutschland GmbH	Dodatek č. 5 – Termination in Czech Republic	001776-105-00
Telekom Deutschland GmbH	Dodatek č. 6 – Modification of th	001776-106-00
Telekom Deutschland GmbH	Modification No. 7 of the Interconnection Agreement	001776-107-00
Telekom Deutschland GmbH	Modification No. 8 of the Interconnection Agreement	001776-108-00
Telekom Deutschland GmbH	Dodatek č. 9 – Modification of the Interconnection Agreement – nový Annex 8	001776-109-00
Telekom Deutschland GmbH	Dodatek č. 10 – Modification of the Interconnection Agreement – nový Annex 8	001776-110-00
Telekom Deutschland GmbH	Transfer Agreement	010474-000-00
Telekom Deutschland GmbH	Addendum to the International GSM Roaming Agreement (Multimedia Messaging ... )	011435-102-00
Telekom Deutschland GmbH	Supplementary Discount Ag. for Bilateral disc. on the Inter Operator Tariff(IOT)	011435-201-00
Telekom Deutschland GmbH	Supplementary IOT Ag. for Bilateral Ag. on the Inter Operator Tariff	011435-202-00
Telekom Deutschland GmbH	Agreement of delivery of authentication	012384-000-00
Telekom Deutschland GmbH	Agreement on the Provision of Licences (převod HLR licencí)	012630-000-00
Telekom Deutschland GmbH	Sublicence Agreement of Cashback Software	012763-000-00
Telekom Deutschland GmbH	Agreement on the Provision of Licences (převod VLR licencí)	012805-000-00
Telekom Deutschland GmbH	Agreement on the Use of Common 900 Frequencies in Border Regions	013146-000-00
Telekom Deutschland GmbH	Domicile Agreement	013165-000-00
Telekom Deutschland GmbH	Agency Contract on Distribution of Services	013479-000-00
Telekom Deutschland GmbH	Agreement on the Provision of Licences – převod HLR licencí z TMD	013664-000-00
Telekom Deutschland GmbH	Transfer Agreement – TMO Welcome SMS Server (nákup)	013959-000-00
Telekom Deutschland GmbH	Agreement on the Provision of Software Licenses for Operating an HLR	014327-000-00
Telekom Deutschland GmbH	Service Agreement – TCS hosting & OLA	014468-000-00
Telekom Deutschland GmbH	Service Agreement Concern. the Performance of Melody Services	014973-000-00
Telekom Deutschland GmbH	Amendment No. 1 to Service Agreement (performance of Melody Services)	014973-101-00
Telekom Deutschland GmbH	Amendment 2 to Service Agreement – transfer pricing 2008	014973-102-00
Telekom Deutschland GmbH	Service Agreement - SWS Maitenance	015684-000-00
Telekom Deutschland GmbH	Agreement on Discounts for Inter-Operator Tariffs	015878-000-00
Telekom Deutschland GmbH	Variation Agreement (Příloha 2006) INTRA-TMO DISCOUNT	015878-101-00
Telekom Deutschland GmbH	3rd Variation Agreement	015878-103-00
Telekom Deutschland GmbH	4th VARIATION AGREEMENT	015878-104-00
Telekom Deutschland GmbH	5th Variation Agreement	015878-105-00
Telekom Deutschland GmbH	Project Service Agreement for Subscription Server	016046-000-00
Telekom Deutschland GmbH	Project Service Agreement – for MMS E-Mail reply	016132-000-00
Telekom Deutschland GmbH	Agreement for the processing of data (Federal Data Protection ACT (BDSG)	016138-000-00
Telekom Deutschland GmbH	Sublicense Agreement for micro payment platform XTC	016434-000-00
Telekom Deutschland GmbH	International Roaming Agreement – Germany (Německo)	016485-000-00
Telekom Deutschland GmbH	Purchase Agreement – GSM parts sale	016586-000-00
Telekom Deutschland GmbH	Roaming Agreement for Public Wireless LAN Services (WLAN -Německo)	016882-000-00
Telekom Deutschland GmbH	Project Service Agreement (Remote Device Management) Release 1A	016886-000-00
Telekom Deutschland GmbH	Purchase Agreement (prodej MSC HW – CCNC parts do TMD)	017455-000-00
Telekom Deutschland GmbH	Sublicence Agreement for Cryptotickets-Software	017483-000-00

Partner	Services / goods	No. of contract Company
Telekom Deutschland GmbH	Project Service Agreement for the Provision of MMSC – Services	020176-000-00
Telekom Deutschland GmbH	Agreement on the processing of personal data on behalf of the customer	020414-000-00
Telekom Deutschland GmbH	Project Service Agreement For the Provision of IN Systems	021153-000-00
Telekom Deutschland GmbH	Project Service Agreement For the Provision of FTE based Services	021155-000-00
Telekom Deutschland GmbH	Project Service Agreement (operation of International Transmission Network)	021192-000-00
Telekom Deutschland GmbH	Project Service Agreement for VoMS – Voucher Management System	021497-000-00
Telekom Deutschland GmbH.	Project service agreement – provisioning and operation of the short message appl	022597-000-00
Telekom Deutschland GmbH.	Project Service Agreement (PSA) – Projekt ENDURO	023233-000-00
Telekom Deutschland GmbH.	Project Service Agreement – Operation and maintenance of Blackberry Download Ser	023438-000-00
Telekom Deutschland GmbH.	Project Service Agreement (PSA) – Blackberry services	023676-000-00
TMCZ Holdco II (Lux) S.a.r.l.	Non-Disclosure Agreement (NDA)	023738-000-00
TMCZ Holdco II (Lux) S.a.r.l.	Non-Disclosure Agreement (NDA)	023739-000-00
T-Mobile Austria GmbH	International GSM Roaming Agreement – Rakousko	011417-000-00
T-Mobile Austria GmbH	Supplementary Discount Ag. for Bilateral disc. on the Inter Operator Tariff(IOT)	011417-201-00
T-Mobile Austria GmbH	Supplementary IOT Ag. for Bilateral Ag. on the Inter Operator Tariff	011417-202-00
T-Mobile Austria GmbH	Interconnection Agreement	013609-000-00
T-Mobile Austria GmbH	Announcement of price decrease for termination into the network of tele.ring	013609-501-00
T-Mobile Austria GmbH	Roaming Agreement for Public Wireless Lan Services (WLAN)	016604-000-00
T-Mobile Austria GmbH	Service Level Agreement (SLA) – Alcatel SDH Equipment (ITN))	017111-000-00
T-Mobile Austria GMBH	Project Service Agreement (for operation of International Transmission Network)	021148-000-00
Magyar Telekom Nyrt.	Roaming Agreement for Public Wireless Lan Services (Hungary)	018026-000-00
Magyar Telekom Nyrt.	Addendum 2 to the International GSM Roaming Agreement Inter Operator Discounts	011437-102-00
Magyar Telekom Nyrt.	Supplementary Discount Ag. for Bilateral disc. on the Inter Operator Tariff(IOT)	011437-201-00
Magyar Telekom Nyrt.	Supplementary IOT Ag. for Bilateral Ag. on the Inter Operator Tariff	011437-202-00
T-Mobile Netherlands B.V.	Project Service Agreement for operation of International Transmission Network (I	021146-000-00
T-Mobile Netherlands B.V.	International GSM Roaming Agreement – Holandsko	000537-000-00
T-Mobile Netherlands B.V.	Supplementary Discount Ag. for Bilateral disc. on the Inter Operator Tariff(IOT)	000537-201-00
T-Mobile Netherlands B.V.	Supplementary IOT Ag. for Bilateral Ag. on the Inter Operator Tariff (IOT)	000537-202-00
T-Mobile Netherlands B.V.	Roaming Agreement for Public Wireless LAN Services	016486-000-00
T-Mobile Polska S.A.	Framework Service and Consultancy Agreement	000909-000-00
T-Mobile Polska S.A.	International GSM Roaming Agreement – Polsko	011455-000-00
T-Mobile Polska S.A.	Addendum No. 1	011455-101-00
T-Mobile Polska S.A.	Supplementary IOT Discount Ag. for Bilateral Ag. on the Inter Operator Tariff	011455-201-00
T-Mobile Polska S.A.	Roaming Agreement for Public Wireless Lan Services	017796-000-00
T-Mobile USA, Inc.	Addendum to Multilateral International GSM/PCS Roaming Agreement	000323-101-00
T-Mobile USA, Inc.	Multilateral International GSM Roaming Agreement	000323-000-00
T-Mobile USA, Inc.	International Roaming Agreement – USA	016180-000-00
T-Mobile USA, Inc.	Roaming Agreement for Public Wireless Lan Service (WLAN) - USA	017191-000-00
T-Systems International GmbH	Poskytnutí licencí produktů Microsoft	010423-000-00
T-Systems Czech Republic a. s.	Amendment No. 4 to the Agreement on Singnaling for International Roaming (SPR S	010340-104-00
T-Systems Czech Republic a. s.	Dodatek č. 11 ke Smlouvě o propojení sítí – úprava sml. podmínek	010530-111-00
T-Systems Czech Republic a. s.	Dodatek č. 3 k Podnájemní smlouvě – změna nájemného	014779-103-00
T-Systems Czech Republic a. s.	Service Level Agreement – Signaling	021219-000-00
T-Systems Czech Republic a. s.	Amendment No. 1 to Implementation Agreement – NG CRM R1 – E2E services – suppl	022646-101-00
T-Systems Czech Republic a.s.	Rámcová smlouva o poskytování služeb	001381-000-00
T-Systems Czech Republic a.s.	Smlouva o propojení telekomunikačních sítí	010530-000-00
T-Systems Czech Republic a.s.	Dodatek č. 1	010530-101-00
T-Systems Czech Republic a.s.	Smlouva o peeringu	013478-000-00
T-Systems Czech Republic a.s.	Common Declaration	000876-000-00
T-Systems Czech Republic a.s.	Global Intranet GPRS Roaming eXchange (GRX)	010109-000-00
T-Systems Czech Republic a.s.	smlouva o zachování důvěrných informací	010120-101-00
T-Systems Czech Republic a.s.	Agreement on Signalling-for-International-Roaming (SPR Service)	010340-000-00
T-Systems Czech Republic a.s.	Dodatek č. 2	010530-102-00
T-Systems Czech Republic a.s.	Dodatek č. 1 ke Smlouvě o poskytování služeb	011189-101-00
T-Systems Czech Republic a.s.	Service Agreement on IP-Transit	012632-000-00

Partner	Services / goods	No. of contract Company
T-Systems Czech Republic a.s.	Smlouva o poskytování mezinárodních telekom. služeb	012866-000-00
T-Systems Czech Republic a.s.	smlouva o poskytování služeb přenosu dat a telekomunikačního spojení	015013-000-00
T-Systems Czech Republic a.s.	Smlouva o poskytování služeb přenosu dat a telekomunikačního spojení	015074-000-00
T-Systems Czech Republic a.s.	Amendment No. 6 to Agreement on Global Roaming eXchange (GRX)	010109-106-00
T-Systems Czech Republic a.s.	Dodatek č. 3 k Rámcové smlouvě – nový rozsah pronájmu optických okruhů T-Systems	010300-103-00
T-Systems Czech Republic a.s.	Amendment No. 2 to the Agreement on Signaling-for-International-Roaming	010340-102-00
T-Systems Czech Republic a.s.	Dodatek č. 10 ke Smlouvě o propojení – změny smlouvy	010530-110-00
T-Systems Czech Republic a.s.	Dodatek č. 12 ke Smlouvě o propojení telekomunikačních sítí	010530-112-00
T-Systems Czech Republic a.s.	Dodatek č. 13 ke Smlouvě o propojení telekomunikačních sítí	010530-113-00
T-Systems Czech Republic a.s.	Dohoda o úrovni služeb (Service Level Agreement, SLA)	012866-201-00
T-Systems Czech Republic a.s.	Dodatek č. 1 k Podnájemní smlouvě	014777-101-00
T-Systems Czech Republic a.s.	Dodatek č. 4 – uvolnění prostor	014779-104-00
T-Systems Czech Republic a.s.	Dodatek č. 1 ke Smlouvě o podnájmu nebytových prostor	014780-101-00
T-Systems Czech Republic a.s.	Dodatek č. 2 k Nájemní smlouvě– změna výše nájmu	014781-102-00
T-Systems Czech Republic a.s.	Dodatek č. 3 k Nájemní smlouvě – změna nájemného	014781-103-00
T-Systems Czech Republic a.s.	Dílčí smlouva č. 2 k Rámcové smlouvě č. 017167-000-00	017167-202-00
T-Systems Czech Republic a.s.	Dodatek č. 1 k Dílčí smlouvě	017167-202-01
T-Systems Czech Republic a.s.	Dodatek č. 2 – upgrade systému Netezza dle nabídky	017167-202-02
T-Systems Czech Republic a.s.	Dílčí smlouva č. 4 k Rámcové smlouvě – implementace ERMS	017167-204-00
T-Systems Czech Republic a.s.	Dodatek č. 1 k Dílčí smlouvě 4 – Sysstel	017167-204-01
T-Systems Czech Republic a.s.	Dílčí smlouva č. 5 k Rámcové smlouvě (#projekt ANETA#)	017167-205-00
T-Systems Czech Republic a.s.	Dodatek č. 1 – úprava přílohy č. 4 – cena za služby údržby (HP Service Manager -	017167-205-01
T-Systems Czech Republic a.s.	Dodatek č. 2 – nákup licencí pro HP Service Manager	017167-205-02
T-Systems Czech Republic a.s.	Dodatek č. 3 – rozšíření předmětu plnění Dílčí smlouvy	017167-205-03
T-Systems Czech Republic a.s.	Delivery and integration of software Clarity (Project Ovcak)	017167-206-00
T-Systems Czech Republic a.s.	Dílčí smlouva č. 7 – Nákup HW, maintenance pro nové řešení ReDat (updated) – DC-	017167-207-00
T-Systems Czech Republic a.s.	Dílčí smlouva č. 8 – závazek Poskytovatele provést projekt KLARA	017167-208-00
T-Systems Czech Republic a.s.	Amendment No. 1 to the Final Consolidation Agreement II	018835-101-00
T-Systems Czech Republic a.s.	Amendment No.2 to Final Consolidation Agreement II (update B18)	018835-102-00
T-Systems Czech Republic a.s.	Amendment No. 3 – updated according to Benchmark results	018835-103-00
T-Systems Czech Republic a.s.	Amendment No. 4 – Unit Price List for Benchmarked Services for years 2009, 2010	018835-104-00
T-Systems Czech Republic a.s.	Amendment No. 5 – Náhrada Schedule B18 v FCA II novou verzí 7.4	018835-105-00
T-Systems Czech Republic a.s.	Amendment No. 6 to the FCA II – nové znění FCA II	018835-106-00
T-Systems Czech Republic a.s.	Amendment No. 7 to the FCA II – Prolongation of period for decision	018835-107-00
T-Systems Czech Republic a.s.	Amendment No. 8 to the FCA II – Implementation of benchmark prices for 2012 (for	018835-108-00
T-Systems Czech Republic a.s.	Smlouva o poskytování služeb elektronických komunikací xDSL	019266-000-00
T-Systems Czech Republic a.s.	Dodatek č. 1 ke Smlouvě o poskytování el. komunikací xDSL	019266-101-00
T-Systems Czech Republic a.s.	Dodatek č. 2 – Implementace Naked ADSL (rozšíření spoušecího objednavkového syst	019266-102-00
T-Systems Czech Republic a.s.	Dodatek č. 3 ke Smlouvě o poskytování služeb elektronických komunikací XDSL	019266-103-00
T-Systems Czech Republic a.s.	Dodatek č. 4 ke Smlouvě o poskytování služeb elektronických komunikací xDSL	019266-104-00
T-Systems Czech Republic a.s.	Authorization Agreement	019487-000-00
T-Systems Czech Republic a.s.	Dohoda o udělení oprávnění	019682-000-00
T-Systems Czech Republic a.s.	Dohoda o narovnání	020012-000-00
T-Systems Czech Republic a.s.	Agreement on the increase of Facility costs	020223-000-00
T-Systems Czech Republic a.s.	Agreement on the Provision of Services (OMC support)	020322-000-00
T-Systems Czech Republic a.s.	Side Letter to the Agreement on the Joint Execution of Price Benchmarks	020615-000-00
T-Systems Czech Republic a.s.	Agreement on the joint execution of price benchmarks	020616-000-00
T-Systems Czech Republic a.s.	Smlouva o zachování důvěrnosti informací (NDA) - Barefa	021406-000-00
T-Systems Czech Republic a.s.	Agreement on the decrease of Facility costs	021577-000-00
T-Systems Czech Republic a.s.	Rámcová smlouva o poskytování služeb elektronických komunikací a nájmu a podnájmu	021903-000-00
T-Systems Czech Republic a.s.	Smlouva o zpracování osobních údajů	022297-000-00
T-Systems Czech Republic a.s.	Smlouva o testovacím provozu – zhotovitel Cromwell a.s.	022301-000-00
T-Systems Czech Republic a.s.	Smlouva o poskytování služeb – Projekt Barefa	022439-000-00
T-Systems Czech Republic a.s.	Dodatek č. 1 ke Smlouvě o poskytování služeb – úprava přílohy 5 (017107-000-01)	022439-101-00
T-Systems Czech Republic a.s.	Dodatek č. 2 ke Smlouvě o poskytování služeb	022439-102-00

Partner	Services / goods	No. of contract Company
T-Systems Czech Republic a.s.	Dodatek č. 1 – uvolnění části pronajatých prostor + vypořádání se za splacenou k	022451-101-00
T-Systems Czech Republic a.s.	Smlouva o užívání technologických prostor	022463-000-00
T-Systems Czech Republic a.s.	Sub Licence Agreement (smlouva o nákupu a užívání licenci Microsoft)	022490-000-00
T-Systems Czech Republic a.s.	Service contract on IP-Transit	022627-000-00
T-Systems Czech Republic a.s.	Implementation Agreement – NG CRM R1 - E2E services	022646-000-00
T-Systems Czech Republic a.s.	Amendment No. 2 to Implementation Agreement - NG CRM E2E R1	022646-102-00
T-Systems Czech Republic a.s.	Termination of Implementation Agreement (Výpověď smlouvy)	022646-401-00
T-Systems Czech Republic a.s.	Personal Data Processing Agreement	022759-000-00
T-Systems Czech Republic a.s.	Side Letter to the Agreement on the Joint Execution of Price Benchmarks	022767-201-00
T-Systems Czech Republic a.s.	Podnájemní smlouva (pronájem konferenčního sálu v objektu TMCZ – Roztyly pro spo	022982-000-00
T-Systems Czech Republic a.s.	Confidentiality Agreement	023158-000-00
T-Systems Czech Republic a.s.	ngCRM – Interim Letter Agreement (Set up and provisioning of local platform for	023477-000-00
T-Systems Czech Republic a.s.	Amendment to the Interim Letter – Compensation HW NG CRM R1	023477-101-00
T-Systems Czech Republic a.s.	Kupní smlouva – optika propojení Praha Zličín - Chráštany	023550-000-00
T-Systems Czech Republic a.s.	Kupní smlouva	023686-000-00
T-Systems Czech Republic a.s.	Agreement on the joint execution of price Benchmark for 2012	023746-000-00
T-Systems Czech Republic a.s.	Smlouva o zpracování osobních údajů	023813-000-00
T-Systems Czech Republic a.s.	Zprostředkování služeb zákazníkům	010537-000-00
T-Systems Czech Republic a.s.	Dodatek č. 1 k první dílčí nájemní smlouvě k RS č. 08/2003 – odcizení notebooku	010960-211-01
T-Systems Czech Republic a.s.	Dodatek č. 1 k první nájemní smlouvě – krádež notebooku	010960-222-01
T-Systems Czech Republic a.s.	Non-Disclosure Agreement	012306-000-00
T-Systems Czech Republic a.s.	Rámcová smlouva o dílo (CCTV pro BSC/SHD)	013426-000-00
T-Systems Czech Republic a.s.	Dodatek č. 1 ke sml. o poskytování služeb – úprava ceny a doby trvání	014422-101-00
T-Systems Czech Republic a.s.	Final Consolidation Agreement	014626-000-00
T-Systems Czech Republic a.s.	Dohoda o postoupení práv a převzetí závazků (AEC – sml. 001246-000-00 + dodatky)	014704-000-00
T-Systems Czech Republic a.s.	Dohoda o postoupení práv a převzetí závazků (AutoCont CZ – 013446-000-00)	014706-000-00
T-Systems Czech Republic a.s.	Dohoda o postoupení práv a převzetí závazků (CATEX SOFTW. – sml. 012195-000-00)	014707-000-00
T-Systems Czech Republic a.s.	Dohoda o postoupení práv a převzetí závazků (CAC Leasing-010960-000-00 + dílčí)	014708-000-00
T-Systems Czech Republic a.s.	Dohoda o postoupení práv a převzetí závazků (GAPP System – sml. 012124-000-00)	014710-000-00
T-Systems Czech Republic a.s.	Dohoda o postoupení práv a převzetí závazků (Grall – sml. 010640-000-00)	014711-000-00
T-Systems Czech Republic a.s.	Dohoda o postoup.práv a převz.části závazků (HP-012480, 010132 +dod.,011115)	014712-000-00
T-Systems Czech Republic a.s.	Dohoda o postoupení práv a převz. části závaz. (IBM - 001815-324-06,-324,-000-)	014713-000-00
T-Systems Czech Republic a.s.	Dodatek č. 1 k převodní smlouvě (IBM)	014713-101-00
T-Systems Czech Republic a.s.	Dohoda o postoupení práv a převzetí závazků (PCS Software – 010420-000-00 +dod.)	014715-000-00
T-Systems Czech Republic a.s.	Dohoda o post.části práv a převz.části záv. (PER4MANCE-010987+DS,010004+dod,6156	014716-000-00
T-Systems Czech Republic a.s.	Dohoda o postoupení práv a převzetí závazků (Sun Microsys.-001873,-206,-,207-)	014717-000-00
T-Systems Czech Republic a.s.	Dohoda o postoupení práv a převzetí závazků (J. Zouhar – 010134-000-00+dodatky)	014718-000-00
T-Systems Czech Republic a.s.	Assignment and Certification of Non Possession (Oracle-013407,010902,011098)	014751-000-00
T-Systems Czech Republic a.s.	Declaration of Surety	014768-000-00
T-Systems Czech Republic a.s.	Dohoda o postoup.práv a převz.části závazků (HP-011113-000-00,010212-000-00+dod)	014771-000-00
T-Systems Czech Republic a.s.	Dodatek č. 1 k Podnájemní smlouvě - pronájem 20 parkovacích míst	014779-101-00
T-Systems Czech Republic a.s.	Dodatek č. 1 ke Smlouvě o nájmu (budova TMCZ v Hradec Králové)-zvýšení nájemného	014781-101-00
T-Systems Czech Republic a.s.	Agr. on Transfer of Right and Obligat. relat. to the SW (IXOS – 014335-000-00)	015332-000-00
T-Systems Czech Republic a.s.	Agreement on Transfer of Rights and Obligations relating to the SW (J. Zouhar)	015333-000-00
T-Systems Czech Republic a.s.	Agreement on Transfer of Rights and Obligations Relating to the SW (CPS System)	015334-000-00
T-Systems Czech Republic a.s.	Transfer Agreement	015335-000-00
T-Systems Czech Republic a.s.	Agreement on Transfer of Rights and Obligations Relating to the SW (DICOM Data)	015340-000-00
T-Systems Czech Republic a.s.	Transfer Agreement to the License Agr. 1217127 (013417-000-00-Computer Associat)	015341-000-00
T-Systems Czech Republic a.s.	Agr. on Transfer of Rights and Obligations relat. to the SW (HP-011113-000-00)	015464-000-00
T-Systems Czech Republic a.s.	Agr. on transfer of rights and oblig. relat. to the SW (Getronics,010083,2,3,4)	015689-000-00
T-Systems Czech Republic a.s.	Agreement on transfer of rights and obligations relat. to the SW (Sun Micros.)	015690-000-00
T-Systems Czech Republic a.s.	Transfer of Software Licenses Agreement (Quest Software)	015710-000-00
T-Systems Czech Republic a.s.	Agreement on Transfer of Rights and Obligations (AEC – dodatek 001246-102-00)	015711-000-00
T-Systems Czech Republic a.s.	Smlouva o poskytování služeb – záruční a pozáruční servis zařízení a jiné služb	015716-000-00
T-Systems Czech Republic a.s.	Dodatek č. 1 ke Smlouvě o poskytová. sl. – uzavření sml. se subdod. Your Systems	015716-101-00

Partner	Services / goods	No. of contract Company
T-Systems Czech Republic a.s.	Agr. on transfer of rights and oblig. relat. to the SW (PJSOFT – InfoMapa)	015759-000-00
T-Systems Czech Republic a.s.	Agr. on transfer of rights and oblig. relat. to the SW (HP – VISIO 2000 aj.)	015782-000-00
T-Systems Czech Republic a.s.	Agreement on transfer of rights and oblig. relat. to the SW	015818-000-00
T-Systems Czech Republic a.s.	Dohoda o postoupení práv a převzetí závazků (CATEX SOFTW.-sml. 014254-000-00)	015856-000-00
T-Systems Czech Republic a.s.	Agreement on Transfer of Rights and Obligations Relating to the SW	015857-000-00
T-Systems Czech Republic a.s.	Agreement on Transfer of Rights and Obligations relating to SW	015889-000-00
T-Systems Czech Republic a.s.	Agreement on Transfer of Rights and Obligations Relating to the SW	015890-000-00
T-Systems Czech Republic a.s.	Agr. on Transfer of Rights and Obligat. Relat. to SW (PER4MANCE,010987-203,204)	015898-000-00
T-Systems Czech Republic a.s.	Agr. on Transfer of Rights and Oblig. Relat. to SW (K2 atmitec – Corel Draw)	015915-000-00
T-Systems Czech Republic a.s.	Dohoda o postoupení práv a převzetí závazků	015953-000-00
T-Systems Czech Republic a.s.	Agreement on Transfer of Rights and Obligations Relating to the SW	015996-000-00
T-Systems Czech Republic a.s.	Agreement on Transfer of Rights and Obligations Relating to the SW	016000-000-00
T-Systems Czech Republic a.s.	Agreement on Transfer of Rights and Obligations Relating to the SW	016001-000-00
T-Systems Czech Republic a.s.	Agreement on Transfer of Rights and Obligations Relating to the SW	016011-000-00
T-Systems Czech Republic a.s.	Dohoda o postoupení části práv a převzetí části závazků	016017-000-00
T-Systems Czech Republic a.s.	Agreement on Transfer of Rights Obligations Relating to the Software	016045-000-00
T-Systems Czech Republic a.s.	Agreement on Transfer of Rights and Obligations Relating to the Software	016049-000-00
T-Systems Czech Republic a.s.	Smlouva o převodu práv a závazků spojením se softwarem	016050-000-00
T-Systems Czech Republic a.s.	Agreement on Transfer of Rights and Obligations Relating to the Software	016051-000-00
T-Systems Czech Republic a.s.	Agreement on Transfer of Licenses	016052-000-00
T-Systems Czech Republic a.s.	Agreement on Transfer of Rights and Obligations Relating to the Software	016053-000-00
T-Systems Czech Republic a.s.	Agreement on Transfer of Rights and Obligations Relating to the Software	016054-000-00
T-Systems Czech Republic a.s.	Agreement on Transfer of Rights and Obligations Relating to the Software	016055-000-00
T-Systems Czech Republic a.s.	Agreement on Transfer of Rights and Obligations Relating to the Software	016056-000-00
T-Systems Czech Republic a.s.	Agreement on Transfer of Rights and Obligations Relating to the Software	016067-000-00
T-Systems Czech Republic a.s.	Agreement on Transfer of Rights and Obligations Relating to the Software	016068-000-00
T-Systems Czech Republic a.s.	Smlouva o převodu práv a závazků spojených se softwarem	016069-000-00
T-Systems Czech Republic a.s.	Smlouva o převodu práv a závazků spojených s datovými soubory	016159-000-00
T-Systems Czech Republic a.s.	Agreement on Transfer of Rights and Obligations Relating to the Software	016217-000-00
T-Systems Czech Republic a.s.	Smlouva o zachování důvěrnosti informací (spolupráce na více různých projektech)	016978-000-00
T-Systems Czech Republic a.s.	Rámcová smlouva – projektové dodávky (realizace projektů typu TEE)	017167-000-00
T-Systems Czech Republic a.s.	Dodatek č. 1	010109-101-00
T-Systems Czech Republic a.s.	Dodatek č. 2 ke sml. na Global Intranet GPRS Roam. eXchange-navýš. kapacity GRX	010109-102-00
T-Systems Czech Republic a.s.	Dodatek č. 3 ke sml. na Global Roaming eXchange (GRX) – navýšení kapacity GRX	010109-103-00
T-Systems Czech Republic a.s.	Rámcová smlouva o poskytování služeb telekomunikačního spojení	010300-000-00
T-Systems Czech Republic a.s.	Dodatek č. 2 k Rámcové smlouvě o poskytování služeb telekomunikačního spojení	010300-102-00
T-Systems Czech Republic a.s.	Amendment No.1 to the Agreement on Signaling-for-International-Roaming SPR Servi	010340-101-00
T-Systems Czech Republic a.s.	Dodatek č. 3	010530-103-00
T-Systems Czech Republic a.s.	Dodatek č. 4 ke Smlouvě o propojení (změna oprávnění k podpisu)	010530-104-00
T-Systems Czech Republic a.s.	Dodatek č. 5 ke Smlouvě o propojení – ceny terminace	010530-105-00
T-Systems Czech Republic a.s.	Dodatek č. 6 ke Smlouvě o propojení – služby tranzitu a vyhledání	010530-106-00
T-Systems Czech Republic a.s.	Dodatek č. 7 ke Smlouvě o propojení – sdílené náklady	010530-107-00
T-Systems Czech Republic a.s.	Dodatek č. 8 ke Smlouvě o propojení – ceny za terminaci	010530-108-00
T-Systems Czech Republic a.s.	Dodatek č. 9 ke smlouvě o popojení – úprava ceny look-up	010530-109-00
T-Systems Czech Republic a.s.	Dodatek č. 2 ke Sml. o poskyt. služeb přenosu dat ... – měsíční cena	011189-102-00
T-Systems Czech Republic a.s.	Dodatek č. 1 k servisní smlouvě – navýšení kapacity + změna ceny	012632-101-00
T-Systems Czech Republic a.s.	Amendment No. 2 to Service Agreement (On IP-Transit)	012632-102-00
T-Systems Czech Republic a.s.	Dodatek č. 2 k Podnájemní smlouvě – podnájem prostor 4.p.	014779-102-00
T-Systems Czech Republic a.s.	Amendment No. 1 to the National Agreement	016480-101-00
T-Systems Czech Republic a.s.	Dodatek č. 1 ke Sml. o dílo – provedení opakovaného zkušební tisku	017107-101-00
T-Systems Czech Republic a.s.	Dodatek č. 2 ke Smlouvě o dílo – nový ceník	017107-102-00
T-Systems Czech Republic a.s.	Smlouva o zachování důvěrnosti informací (NDA) – projekt BlueOcean	018044-000-00
T-Systems Czech Republic a.s.	Smlouva o spolupráci při realizaci veřejné zakázky (tendr KIVS)	018280-000-00
T-Systems Czech Republic a.s.	Dohoda o postoupení práv a převzetí závazků – projekt TripleWin	018325-000-00
T-Systems Czech Republic a.s.	Dohoda o postoupení práv a převzetí závazků (smlouva č. 014415-000-00)	018336-000-00

Partner	Services / goods	No. of contract Company
T-Systems Czech Republic a.s.	Confidentiality Agreement – projekt TripleWin	018411-000-00
T-Systems Czech Republic a.s.	Dohoda o postoupení práv a převzetí závazků (projekt Triple Win)	018413-000-00
T-Systems Czech Republic a.s.	Dohoda o udělení oprávnění – ze smlouvy č. 001237-000-00	018454-000-00
T-Systems Czech Republic a.s.	Dohoda o udělení oprávnění – projekt TripleWin	018455-000-00
T-Systems Czech Republic a.s.	Dohoda o udělení oprávnění – projekt TripleWin	018543-000-00
T-Systems Czech Republic a.s.	Dohoda o udělení oprávnění (využití práv a nároků TMCZ ze smluv – TripleWin)	018603-000-00
T-Systems Czech Republic a.s.	Authorization Agreement – udělení oprávnění ke sml.č. 001429 (projekt TripleWin)	018624-000-00
T-Systems Czech Republic a.s.	Authorization Agreement (Service Ag. No. 012764-000-00) – projekt Triple Win	018625-000-00
T-Systems Czech Republic a.s.	Authorization Agreement – udělení oprávnění ke sml.č. 001027 (projekt TripleWin)	018637-000-00
T-Systems Czech Republic a.s.	Dohoda o postoupení práv a převzetí závazků spojených se SW – TripleWin	018653-000-00
T-Systems Czech Republic a.s.	Dohoda o udělení oprávnění	018760-000-00
T-Systems Czech Republic a.s.	Smlouva o spolupráci při poskytování vybraných služeb el. komunikací	018800-000-00
T-Systems Czech Republic a.s.	Dohoda o udělení oprávnění – smlouvy	019047-000-00
T-Systems Czech Republic a.s.	Dohoda o udělení oprávnění – Sml. o dodávce služeb č. 018365-000-00 (TripleWin)	019178-000-00
T-Systems GEI GmbH	Software Maintenance Agreement	017408-000-00
T-Systems International GmbH	project Telepresence – implementation and services (maintenance, connectivity)	023403-000-00
T-Systems International GmbH	Non-Disclosure Agreement	012307-000-00
T-Systems International GmbH	Personal Data Processing Contract (zpracování osobních údajů)	022692-000-00
T-Systems International GmbH	Confidentiality Agreement	023158-000-00
T-Systems International GmbH	Enrolment to the Frame Agreement for the supply of CCC SAP Services including SA	023213-000-00
T-Systems International GmbH	Agreement for Commissioned Data Processing – Telekom Social Network Data Process	023492-000-00
T-Systems International GmbH	Letter of Intent 2013	023803-000-00
T-Systems International GmbH	Letter of Intent for Tibco Enterprise Licence Agreement 2012 - 2015	023824-000-00
Zoznam Mobile, s.r.o.	Smlouva o zajištění poskytování obsahu	021136-000-00

## 5. OVERVIEW OF ACTS MADE AT THE INSTIGATION OR IN THE INTEREST OF CONTROLLING PARTY OR OTHER RELATED PARTIES

During Accounting period Company perform in the interest of Controlling party or other Related parties below mentioned legal transactions and other measures concerning assets exceeding 10% of shareholder 's capital based on last Financial Statements:

On 27 March 2013 the Company signed a contract for purchase of 100% share in T-Systems Czech Republic a.s., having its registered office at Na Pankráci 1685/19, 140 21 Praha 4, company registration number 61059382, which is registered in the Commercial Register administered by the Municipal Court in Prague, Section B, File No. 3938. The investment is recognized at the acquisition price amounting to CZK 3,397 million.

## 6. ASSESMENT OF LOSS AND ITS ARRANGEMENT

Based on signed contracts in Accounting period between Company and other Related parties from Group of companies, other acts and measures, which were in the interest or at the instigation of these parties made by Company in Accounting period, Company did not incur any loss.

## 7. ASSESMENT OF RELATIONSHIPS AND RISKS IN GROUP OF COMPANIES

### 7.1 Assesment of advantages and disadvantages of relationships in Group of companies

Mainly advantages result from participation in Group of companies for Company. Group of companies is provider of excellent telecommunication services, disposing of strong brand and financial background, resulting in benefits for Company especially when closing deals with its suppliers.

No disadvantages result from participation in Group of companies for Company

### 7.2 No risks for Company result from relationships in Group of companies.

In Prague, 20 March 2014



Mark Klein

Chairman of the Board of Directors

In Prague, 20 March 2014



Milan Vašina

Member of the Board of Directors

# 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 Global Zwischenholding GmbH (Germany)

100,00%	T-Mobile Global Holding GmbH (Germany)
100,00%	T-Mobile Holdings Limited (United Kingdom)
	100,00% One 2 One Limited (United Kingdom)
	100,00% T-Mobile (UK) Limited (United Kingdom)
	100,00% T-Mobile (UK) Retail Limited (United Kingdom)
	100,00% T-Mobile Ltd. (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% EE Limited (United Kingdom)
	25,00% Digital Mobile Spectrum Limited (United Kingdom)
	100,00% EE Communications Ltd. (South Africa)
	100,00% Everything Everywhere Limited (United Kingdom)
	100,00% EE Pension Trustee Limited (United Kingdom)
	50,00% Mobile Broadband Network Ltd. (United Kingdom)
	33,33% Weve Limited (United Kingdom)
	100,00% EE Finance PLC (United Kingdom)
	100,00% Orange Personal Communications Services Ltd. (United Kingdom)
	100,00% EE (Group) Ltd. (United Kingdom)
	99,80% Orange Services India Private Ltd. (India)
	100,00% Orange FURBS Trustees Ltd. (United Kingdom)
	100,00% Orange Home UK Ltd. (United Kingdom)
	35,00% Midland Communications Distribution Ltd. (United Kingdom)
	26,00% Mainline Communications Group plc (United Kingdom)
100,00%	Deutsche Telekom Holding B.V. (Netherlands)
	66,79% T-Mobile US, Inc. (USA)
	100,00% T-Mobile USA, Inc. (USA)
	100,00% T-Mobile USA Tower LLC (USA)
	100,00% SunCom Wireless Holdings Inc. (USA)
	100,00% T-Mobile License, LLC (USA)
	100,00% T-Mobile South LLC (USA)
	100,00% GSV LLC (USA)
	100,00% T-Mobile Subsidiary IV Corporation (USA)
	100,00% VoiceStream Pittsburgh General Partner, Inc. (USA)
	100,00% TMUS Assurance Corporation (USA)
	100,00% T-Mobile PCS Holdings LLC (USA)
	100,00% T-Mobile West LLC (USA)
	100,00% T-Mobile Northeast LLC (USA)
	100,00% T-Mobile Central LLC (USA)
	100,00% Powertel/ Memphis, Inc. (USA)
	100,00% VoiceStream PCS I Iowa Corporation (USA)
	20,00% JVL Ventures LLC (USA)
	100,00% Metro PCS California, LLC (USA)
	100,00% Metro PCS Nevada, LLC (USA)

100,00% Metro PCS Texas, LLC (USA)  
 100,00% Metro PCS Florida, LLC (USA)  
 100,00% Metro PCS Georgia, LLC (USA)  
 100,00% Metro PCS Massachusetts, LLC (USA)  
 100,00% Metro PCS New York, LLC (USA)  
 100,00% Metro PCS Pennsylvania, LLC (USA)  
 100,00% Metro PCS Michigan, LLC (USA)  
 100,00% Metro PCS Networks, LLC (USA)

**100,00% Deutsche Telekom (UK) Limited (United Kingdom)**

100,00% T-Mobile International UK Pension Trustee Limited (United Kingdom)

**100,00% T-Mobile Global Holding Nr. 2 GmbH (Germany)**

100,00% CMobil B.V. (Netherlands)  
 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% Euronet Communications B.V. (Netherlands)  
 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-Infrastructur Holding GmbH (Austria)  
 100,00% T-Infrastructur Services GmbH (Austria)  
 60,77% T-Mobile Czech Republic a.s. (Czech Republic)  
 51,00 % Hrvatski Telekom d.d. (Croatia)  
 100,00 % Combis, usluge integracija informatickih tehnologija, d.o.o. (Croatia)  
 100,00 % COMBIS IT usluge d.o.o. (Serbia)  
 100,00 % COMBIS d.o.o. Sarajevo (Bosnia and Herzegovina)  
 100,00% Kabelsko distributivni sustav d.o.o. (Croatia)  
 100,00% Iskon Internet d.d. (Croatia)  
 100,00 % CA INTERNET d.d. (Croatia)  
 100,00 % REGICA.NET d.d. (Croatia)  
 39,10% Hrvatske telekomunikacije Mostar d.d. (Bosnia and Herzegovina)  
 30,29% Hrvatska posta d.o.o. (Bosnia and Herzegovina)  
 100,00% E-Tours d.o.o.  
 51,00% Slovak Telekom, a.s. (Slovakia)  
 100,00% DIGI SLOVAKIA s.r.o. (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)  
 59,21% 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)  
 51,00 % Makedonski Telekom AD Skopje (Macedonia)  
 100,00% T-Mobile Macedonia AD Skopje (Macedonia)  
 99,94% Novatel Ukraine LLC. i.l. (Ukraine)  
 100,00% Novatel EOOD (Bulgaria)  
 100,00% T-Mobile Service GmbH (Austria)  
 100,00% T-Mobile Polska S.A. (Poland)  
 25,00% 4MNO Sp.z.o.o. (Poland)  
 50,00% NetWorkS! Sp.z.o.o. (Poland)  
 100,00% Mobilna Sp.z.o.o. (Poland)

<b>100,00%</b>	<b>Deutsche Telekom Asia Pte Ltd (Singapore)</b>
20,21%	Devas Multimedia Pvt Ltd (India)
<b>40% +1</b>	<b>Hellenic Telecommunications Organization S.A. (OTE) (Greece)</b>
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)
	100,00% Cosmo Holding Albania Société Anonyme (Greece)
	85,00 % Albanian Mobile Communications Sh.a (AMC) (Albania)
	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 Globe International Solutions S.A. (Greece)
<b>100,00%</b>	<b>ClickandBuy Holding GmbH (Germany)</b>
100,00%	CBS GmbH (Germany)
100,00%	ClickandBuy International Ltd. (United Kingdom)
100,00%	Firstgate Holding AG (Switzerland)
	99,62% ClickandBuy Services India Private Ltd. (India)
<b>100,00%</b>	<b>Scout24 Holding GmbH (Germany)</b>
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 GmbH (Germany)
	100,00% SCOUT Business Services GmbH (Germany)
100,00%	Scout24 Services GmbH (Germany)
	77,90% Spontact GmbH (Germany)
100,00%	Scout24 AG (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)
	100,00% FMPP Verwaltungs-gesellschaft mbH (Germany)
	100,00% Friend Scout24 GmbH (Germany)
	100,00% JobScout24 International Holding AG (Switzerland)
	39,90% Immobilien Scout GmbH (Germany)
	41,38% Property Guru Pte Ltd. (Singapore)
100,00%	Immobilien Scout Deutschland GmbH (Germany)
	60,10% Immobilien Scout GmbH (Germany)
	41,38% Property Guru Pte Ltd. (Singapore)
<b>50,00%</b>	<b>BuyIn S.A. (Belgium)</b>
100,00%	BuyIn S.A.S. (France)
100,00%	BuyIn GmbH (Germany)
<b>100,00%</b>	<b>Deutsche Telekom Accounting GmbH (Germany)</b>
99,99%	Deutsche Telekom Shared Services s.r.o. (Slovakia)

100,00%	<b>Deutsche Telekom Business Services S.R.L. (Romania)</b>
100,00%	<b>T-Systems International GmbH (Germany)</b>
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 Polska Sp. z o.o. (Poland)
100,00%	T-Systems CIS (Rusko)
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)
32,40%	TeleOp Gesellschaft mit beschränkter Haftung (Germany)
100,00%	T-Systems, informacijski sistemi, d.o.o.(Slovenia)
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 Individual Desktop Solutions GmbH (Germany)
100,00%	GEMAPPS Gesellschaft für mobile Lösungen mbH (Germany)
99,98%	T-Systems Luxembourg S.A. (Luxemburg)
100,00%	IT 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 GesmbH (Austria)
100,00%	T-Systems P.R. China Ltd (Hongkong)
20,00%	HWW- Höchstleistungsrechner für Wissenschaft und Wirtschaft GmbH(Germany)
100,00%	T-Systems GEI GmbH (Germany)
100,00%	T-Systems Singapore Pte. Ltd. (Singapor)
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 Solutions for Research GmbH (Germany)
100,00%	T-Systems Bulgaria EOOD
95,00%	T-Systems ICT Romania S.R.L.
100,00 %	PreHCM Services GmbH



