

T-Mobile Czech Republic a.s.:

Presentation and financial results for 2003 according to IFRS





No. 1

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Our Future



Making the world **better** for you



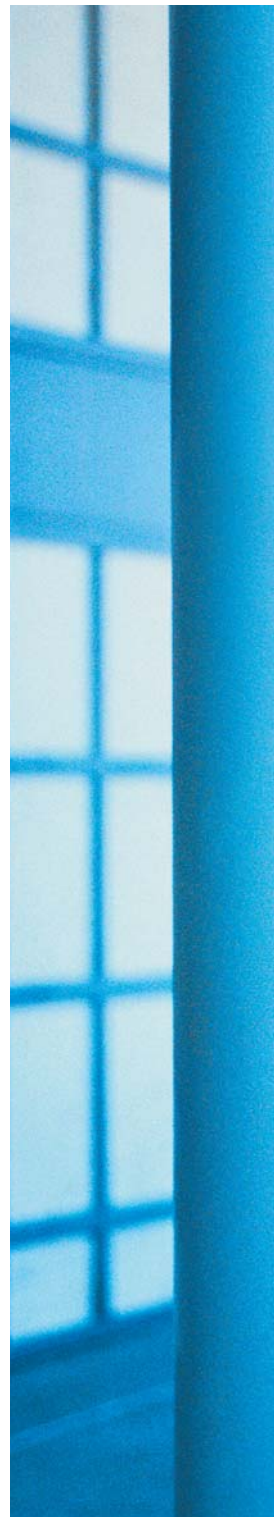




Providing **services** for everyone



Working as one **team**





Foreword from the Chairman of the Board

Dear Ladies and Gentlemen,

The time has come to look back on the results we have achieved in the past year. I am pleased to say that T-Mobile can be proud of having been very successful. Allow me to briefly comment on the most significant achievements.

Last year brought breakthroughs in several respects. The renaming to T-Mobile Czech Republic a.s. was a symbolic climax of the process of our full integration into the T-Mobile Group. In addition to a strong global brand and the opportunity to share knowledge and experience, this integration provides us with strong financial backing. To our customers, it brings an extensive portfolio of services working on a unified basis in all countries, not to mention maximum convenience while roaming.

Last year's results clearly show that our effort to continually improve our services and offer our customers comprehensive care has been a successful strategy. This is evident particularly in the development of the customer base. Last year, we succeeded in acquiring more than 400 thousand new clients, thus passing the 3.9 million mark in customer numbers. This clearly confirms that the direction we have taken to become the leader among mobile operators in the Czech market has been the right one. The company has also recorded outstanding financial indicators, achieving double-digit growth in all important areas compared to 2002.

The renaming to T-Mobile Czech Republic a.s. was a symbolic climax of the process of our full integration into the T-Mobile Group.

In recent years, the mobile market has been characterized by significant growth. Presently, with almost ninety-five Czechs out of a hundred owning a mobile phone and the competition becoming fierce, it is not possible to rely on increasing customer numbers only. The effort to retain customers and offer high-value services is gaining in importance. For the next period, our company has set the ambitious goal of becoming number one in the Czech market. I am convinced that also thanks to the international backing, the “One Company” concept across the T-Mobile Group and the commitment of all employees, we have all of the prerequisites for attaining this goal.



In spring this year, a new administrative building came into being in Prague – Rožtyly. By moving to this building, T-Mobile has obtained a respectable seat. I would like to wish the Company, not only in the new building, a lot of success.

A handwritten signature in black ink, reading "M. Günther".

Michael Günther

Chairman of the Board of T-Mobile Czech Republic a.s.

A look back at the Company's seven-year existence

1996

RadioMobil was established and the Paegas GSM network started operation. The number of new Paegas phone owners exceeded 30 thousand by the end of the year.

1997

In the prestigious CZECH TOP 100 survey, RadioMobil was named the most dynamically developing company of the year. By the end of 1997, a remarkable 173 thousand customers were using the new services, Internet connection and the first ever prepaid cards on the Czech market.

1998

RadioMobil introduced a number of groundbreaking innovations (Paegas Internet Call, Paegas Info, SIM Toolkit-based services) and was voted the most admired telecommunications company in the Czech 100 Best survey. Paegas became the first Czech operator to offer GSM Banking. In 1998, 373 thousand customers were using Paegas services, a 115% increase compared to 1997.

1999

At the annual conference organized by the GSM Association in Cannes, RadioMobil won the prize for Best Technological Innovation in the GSM Market. The Paegas network was one of the first in the world to enable users of prepaid Paegas Twist cards to send and receive short text messages. Another call centre began operation in a new building in Louny, providing services to 875 thousand customers by year's end.

2000

Transmitters in the 1800 MHz band went on air, making Paegas a dual-band network. Together with the German D1 network operated by T-Mobile, Paegas was the first operator worldwide to offer owners of Twist prepaid cards the opportunity to use GSM services in direct-dial, full-featured roaming in foreign networks. Combining Internet services and mobile phone capabilities, a new comprehensive portal, Paegas Click, was launched. By the end of the year, the number of Paegas users approached 1,865,000.

2001

In August, the system allowing high-speed data transfer, GPRS, was launched. RadioMobil increasingly focused on business customers, introducing a new sub-brand, Paegas Professional. RadioMobil's contribution to mobile market development was awarded with two prizes at the annual IT and telecommunications trade fair INVEX 2001: Paegas Navigator won The Best of Invex and for its ClickBox service, RadioMobil received the Crystal Disc award. In April, CMobil B.V. acquired a majority stake in RadioMobil. At the end of the year, RadioMobil obtained a licence to operate a third-generation network, UMTS. By the end of the year, 2.85 million customers were using RadioMobil services.

2002

The year in which the Company transformed its identity. In April, the process of changing the well-established Paegas brand to a new brand – T-Mobile was rolled out. The extensive rebranding project was successfully completed on 2 July. Membership in the international group brought a number of benefits to the Company and its customers. The new T-Mobile Regional Centre was officially opened in Hradec Králové in June. In the same month, the cornerstone of the new T-Mobile headquarters was laid in the Prague district of Rožtyly, with capacity for up to 1,900 employees. During the devastating floods that struck the Czech Republic in August, the T-Mobile network endured without any great difficulties. The Company offered help to people affected by the floods and donated considerable amounts to the funds set up for flood victims. Another successful project of 2002 was the flawless renumbering of all telephones in the Czech Republic. During the year's biggest event – the November NATO summit in Prague – T-Mobile came through without a hitch. The number of customers exceeded 3.5 million.

2003 – fully in T-Mobile colours

The T-Mobile brand was accepted very positively by the market. As early as at the beginning of the year, six months after its introduction, brand awareness was higher than that of its predecessor. The Company then took the last step in the process of integration into the global group. On 1 May, it changed its name to T-Mobile Czech Republic a. s.

The year 2003 was marked by the growing popularity of non-voice services. It was possible to start turning the vision of making mobile multimedia applications accessible to a wide range of customers into reality. The t-zones portal with new, extended and attractive content became the cornerstone of this branch of the business. The new messaging services, bringing information and entertainment, started to utilize MMS to a large extent. The ease-of-use of these services is supported by new phones, which offer a special softkey for access to t-zones. The emergence of these devices, designed exclusively for T-Mobile customers, has opened up a new dimension in mobile communications. T-Mobile MDA II, combining a mobile phone and a pocket PC in a single device, was named Product of the Year by an expert jury.

In terms of new customers, T-Mobile left its competitors behind for a second year in a row. As of 31 December, the number of T-Mobile users was over the 3.9 million mark.

In the second half of the year, T-Mobile adopted a new strategy of the international group, One Company. This concept involves, among other things, a “harmonization” of all national operators within the group, and focuses on a single goal – becoming an international leader in mobile services. T-Mobile’s global mission is: “We will be the most highly-regarded service company with the passion to provide the true freedom to move for everyone.”

“No. 1 – Our Future.” With this slogan, T-Mobile launched, in line with the One Company concept, its activities with the clear goal of becoming number one in the Czech market. A special tariff for students, a unique offer for foreigners, the possibility of making calls within the Virtual Private Network free of charge and other services were tailored to meet the needs of individual customer groups, setting off a real “tariff epidemic”. Less than two months later, the “tariff epidemic” also struck in the area of data services, bringing the most favourable mobile connection to the Internet.

The campaign under the umbrella name “Tariff Epidemic”, along with the successful Christmas offer, added the largest number of new clients to the existing customer base among Czech operators. In terms of new customers, T-Mobile left its competitors behind for a second year in a row. As of 31 December, the number of T-Mobile users was over the 3.9 million mark.

Selected services in 2003

Again in 2003, T-Mobile unveiled a number of innovative, technologically advanced services and continued to develop its existing ones. The boom in non-voice services, representative of the last period, significantly enriched the offer of products and services designed for all customer groups including contract, Twist and business customers.

Leisure and entertainment

The t-zones mobile portal is a fast source of up-to-date information and entertainment. t-sports has provided the fans of football and ice-hockey, the most popular sports in the Czech Republic, with live broadcasts, commentary, interviews, scores and statistics. t-guide has become an ideal guide for travellers, enabling users to look up the best travel connections, find restaurants, clubs or cinemas, and give advice on sports centres and tourist areas. It will even find the nearest doctor without the user having to enter his or her location.

Thanks to the Java platform, users can also study English: they just need the enthusiasm to learn and a mobile with a special application.

Not long ago, multimedia messaging was a privilege available only to owners of MMS-enabled phones, although even they were limited by the phone's capacity. Thanks to Media Album, now neither is an obstacle. Everyone can set up their own album through which multimedia messages can be sent, received, saved or otherwise administered. Everyone can create their own original greetings composed of pictures, videos, melodies and text, using their own motifs or content from a public gallery.

A phone requires originality. The new service called Screen Styles helps customize the phone's image in a unified style. The phone's menu, screen background and ringtone, along with access to other features on a single theme, can thus reflect the user's interests or mood. With Screen Styles, it is easy to evoke a hot summer day or dress a mobile up in football style.

Since their introduction, Java games have met with great popularity. Today's offer includes dozens of games bringing action, adventure and surprise, with the number of Java-supported phones constantly growing. The new HiScore service provides Java gaming fans with the opportunity to compare their results and compete for prizes. Thanks to the Java platform, users can also study English: they just need the enthusiasm to learn and a mobile with a special Java application. Learners can extend their vocabulary, learn new phrases on a particular topic and practice grammar.

Short text messages can now be easily sent to fixed lines as well.
It is not necessary to remember any special keywords.

... and other practical services

Welcome Greetings makes communication with voicemail more enjoyable for callers. Customers using this service can choose a special greeting and save it in their mailbox. The caller will then hear the selected greeting when forwarded to the voicemail box if the customer is not available. The service offers a wide selection of greetings, from humorous to absolutely serious ones.

Customers who have not activated the voicemail service or MobileBox can also keep track of missed calls during the time they had their phone switched off. The Missed Calls Register will deliver to them SMS information on callers who tried to reach them – including the phone number, date and time of the call.

MMS Info is an extension of the popular T-Mobile Info channel. Business and political news, sports updates and information on cultural events are delivered in the form of MMS, with text supplemented with a picture, for example a photograph.

Short text messages, until recently the domain of mobiles, can now be easily sent to fixed lines as well. It is not necessary to remember any special keywords. The user simply types in the text of the message and sends it to the given number. The fixed-line phone will either receive the message as text or the recipient will receive it in the form of a voice message.

Mobile Office Optimizer ensures efficient access to the corporate network, the Internet and Office applications from anywhere. When travelling, customers can send and receive e-mails, plan meetings and download files in the same way as they would in the office.

Mobile Internet

The new GPRS tariffs, unveiled at the end of April, offer the widest range of tariffs for GPRS data transfers in the market. There are thus suitable tariffs for all business, contract and Twist customers, from beginners to advanced users. In addition, significant savings can be achieved thanks to the combination of GPRSspeed and GPRSspeed Plus services and CS3 and CS4 coding schemes, which are unique in the Czech market.

In the middle of the year, T-Mobile launched a pilot operation of the T-Mobile HotSpot service. This convenient high-speed Internet access is based on wireless connection, so all the customer needs is a PDA or notebook which supports WLAN technology. For example, this service is an ideal solution for customers waiting at the airport or preparing for a meeting at a hotel.

Business clients

Within the corporate Intranet or Internet, every company can set up their own gateway allowing the sending and receiving of SMS messages. The private SMS gateway can not only be “dressed up” in corporate colours but also adjusted based on the customer’s requirements for communication with users. The gateway is, of course, connected to other corporate applications.

Mobile Office Optimizer ensures efficient access to the corporate network, the Internet and Office applications from anywhere. When travelling, customers can send and receive e-mails, plan meetings and download files in the same way as they would in the office. Thanks to optimization and compression, costs can be significantly reduced compared to standard transmission.

For clients “on the move”, the T-Mobile Communication Centre offers even easier access to GPRS data services. The special software can control the transmission speed and conveniently send text messages. It can be obtained easily as it is part of a standard package with the special T-Mobile data card.

Serving the public

Our business targets will always be in line with our obligations towards the society in which we live. Support for charity and non-profit projects forms an integral part of T-Mobile's activities in the Czech Republic. The Company's stable position and financial backing also help us take part in a number of important social, cultural and sports events.

Helping those who need it

Last year, T-Mobile became a "friendly partner" of a long-term project called "Světluška" to help people with severe sight disabilities. The proceeds of the fund-raising campaign went to support blind children, multihandicapped and people with sight disabilities in difficult life situations. There was also the unique "Computer for an Idea" competition for teachers, which focused on the use of mobile phones. The competition brought a number of excellent ideas, providing a basis for a unique and practical methodology collection.

We care about cultural development

Cultural events are an important item on the list of sponsorship activities. In late July, Prague's Letná plain became the focal point for rock fans from all over Europe and T-Mobile was there: the Company was the official sponsor of the Rolling Stones Forty Licks European Tour. Similarly to the previous years, further prestigious events such as the Prague German Language Theatre Festival and Prague Writers' Festival enjoyed financial support from T-Mobile last year. The traditional beauty pageant – Miss Czech Republic 2003 – also took place with T-Mobile's support, as had been the case several times in the past.

Support for charity and non-profit projects forms an integral part of T-Mobile's activities in the Czech Republic. The Company's stable position and financial backing also help us take part in a number of important social, cultural and sports events.

Sports for fitness and victory

The Company also pays a great deal of attention to supporting professional and amateur sports. T-Mobile has been a partner of the successful Czech national football team for several years. The climax of this partnership will be this year's major football event – UEFA EURO 2004, which is to take place in Portugal. For the second time, T-Mobile was one of the main partners of the greatest track-and-field event of the year – the Prague International Marathon. As in previous years, T-Mobile supported another series of the T-Mobile Golf Tour.

Regional responsibility

The Regional Centre, opened in mid-2002 in Hradec Králové, has made T-Mobile one of the main employers in the area. Various activities prove that the Company wants to be part of local life and contribute to its development. The wide range of activities includes support for Daneta – a private special school for children with combined disabilities, partnership in a sports event for the general public called City on Wheels and one of the area's major cultural events, Jazz Goes To Town. Further regional activities take place in Louny. T-Mobile is one of the largest employers in this area and its close ties to this region are evidenced, for example, by its support for the Vrchlický Theatre.

Our success builds on employees

Employees are one of the key factors for reaching the Company's targets. Therefore, T-Mobile gives all employees the opportunity to develop their talents and skills. It fully supports them in achieving outstanding results, a high level of quality and customer satisfaction. The Company strives to create a corporate culture in which determined, committed and intelligent people are the greatest contribution.

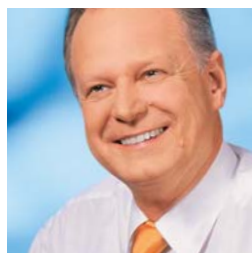
In human resources management, T-Mobile places great emphasis on the continuous education of its employees. An elaborate system offering software courses, foreign language studies and dozens of other training and development programs opens up a wide range of possibilities for development focused on technical and managerial skills. The effective human resources management is reflected in the variety of employee benefits which stimulate individual efforts and motivate potential employees.

The Company strives to create a corporate culture in which determined, committed and intelligent people are the greatest contribution.

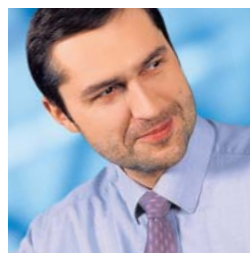
In terms of employee numbers, T-Mobile is one of the major employers in the Czech Republic, both in Prague and other locations. Several hundred people work in the Louny and Hradec Králové Regional Centres. During open house days regularly organized by the Company, visitors can get an idea of what it means to work at T-Mobile. The Company also presents itself as a sought-after employer at job fairs and T-Mobile Days.

In recent years, T-Mobile has established successful cooperation with technical universities. This partnership has proved to be mutually beneficial and was further deepened last year. In addition to co-operation in textbook publication at the Prague Czech Technical University, a GSM laboratory has been in operation at the Brno University of Technology for four years. Two new laboratories will be opened at the Prague Czech Technical University and the Ostrava Technical University this spring. This co-operation gives students the opportunity to gain invaluable practical experience and contact with state-of-the-art technologies. At the same time, the Company can obtain potential employees with a high degree of professional knowledge. T-Mobile is fully aware in every respect that human resources are the Company's most valuable asset.

Top management



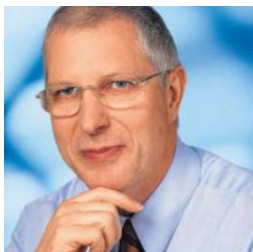
Roland Mahler
Managing Director



Otakar Král
Executive Vice President
Finance



Jiří Dvorjančanský
Executive Vice President
Marketing



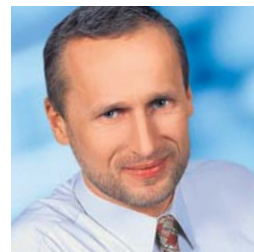
Heinz Schmid
Executive Vice President
Technology



Miroslav Rakowski
Executive Vice President
Sales



Michal Urválek
Executive Vice President
Human Resources



Martin Klopperk
Executive Vice President
Telecom Relations
and Strategy



Tomáš Růžička
Acting Executive
Vice President
Customer Service

T-Mobile on the way to becoming No. 1

Last year, T-Mobile started an important race. To be the first to cross the finish line means for T-Mobile to assume the leading position among mobile operators in the Czech market. We have talked with Managing Director Roland Mahler about the first successful steps and what awaits us in fulfilling this vision.

Mr. Mahler, if you were asked to look back at the past year, how would you characterize it?

I am very pleased that we succeeded in acquiring the largest number of new customers for a second time in a row. I am particularly proud of that, as the competition in the mobile market sharpened immensely last year. The customer base was not growing at such a high rate as in the previous years. Therefore, it was a great challenge to inspire customers to choose T-Mobile as their operator, to make them interested in our services.

What do you think motivated them most to decide for T-Mobile?

The fact that we were the first in the market to systematically offer products targeted at specific customer groups certainly contributed to their choice. Thanks to that, we have reassumed the role of an innovator, always bringing customers something new. Customers have appreciated our strategy based on the idea of making it simple and clear.

Can you name concrete examples?

I think that our Tariff Epidemic hit the mobile market like a tornado last autumn. The Rock'n'Roll and Student tariffs did excellently as part of the Tariff Epidemic. The Weekend+ tariff add-on and Tariff 20+20 also

brought positive results. Special offers helped us not only acquire new customers but also retain most existing ones. When adding the success in customers switching from prepaid cards to contracts, I am pleased to say that the results have met our expectations and some were even a surprise. The Christmas campaign also met with success. Similarly to the previous years, we decided for the tried-and-true form of offering unique products along with an attractive present.

Such trust from customers is a big responsibility, as is the drive to become number one in the Czech market.

Yes, "No. 1 – Our Future" is our long-term strategic program, which has two clear goals: within two years, we want to provide our services to the largest number of customers in the Czech mobile market, and overtake the competition in profit and revenues in four years' time. There are many reasons why we have started this program. It is a natural ambition of many individuals to win and be the best. For us, as a well-established number two in the market, this is a natural goal. Also from the customer point of view, one thing is certain: customers want to be with number one as well. Nevertheless, the main reason is our aspiration to become the best and most reliable operator for all users, both in terms of the appeal of the brand and in terms of the quality of products, services and customer care.

Talking about the brand – the T-Mobile brand should have three basic attributes: reliability, simplicity and inspiration. What can we imagine in connection with these attributes?

These key words should be clear from all of our communications towards customers. For example, the smallest but most visible

Only strong global operators will survive in the global market in the future.
And we can rely on being part of a strong global brand.
We thus have a strong starting position in this respect.

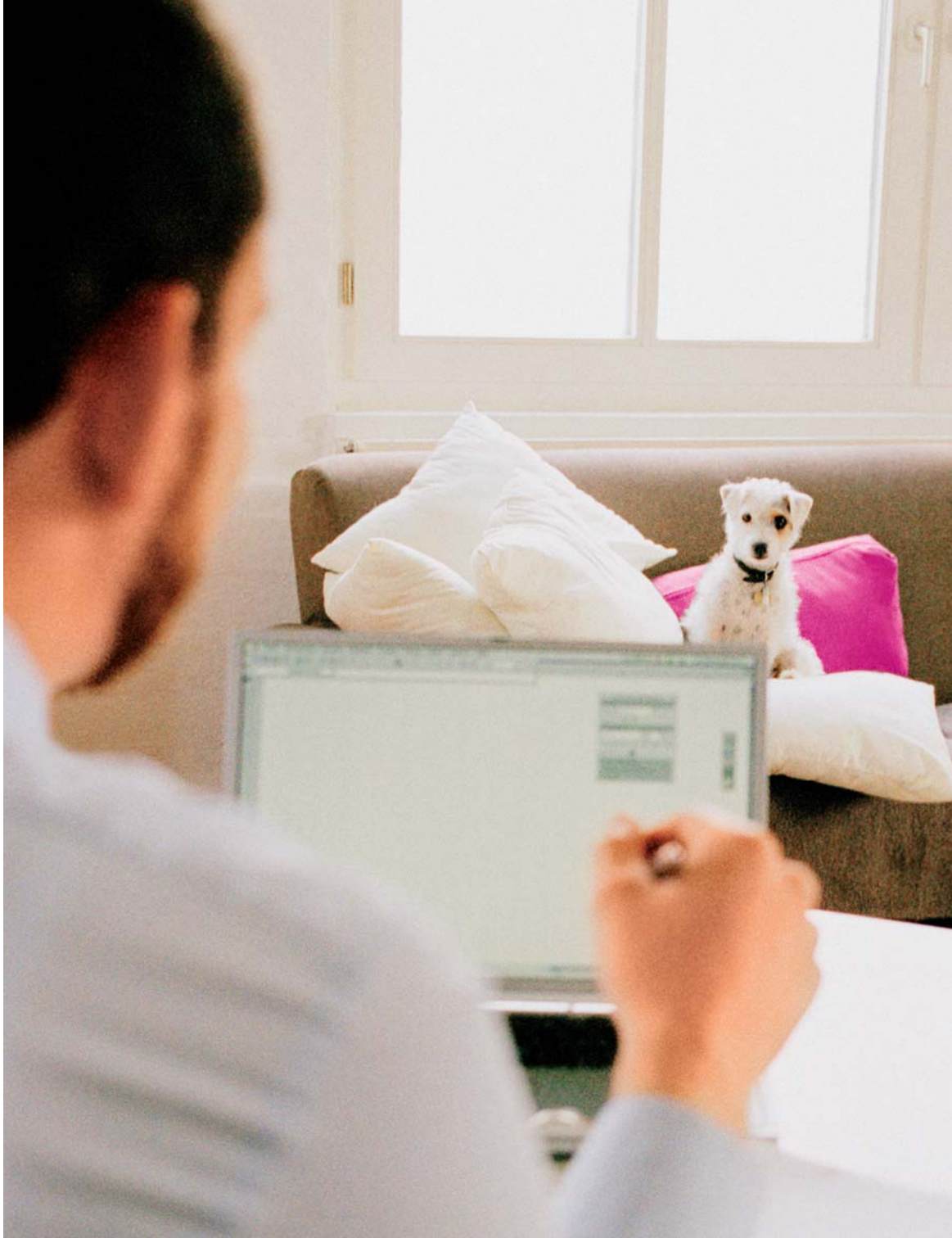
expression of this approach is the fact that our advertising campaign will be marked by the simplicity and inspiration which T-Mobile brings to telecommunications services. Reliability and the effort to make decision-making and problem-solving easier for customers should be obvious when dealing with a shop assistant in a Retail Shop as well when talking to an infoline operator.

Let us return to the goal you mentioned, which is certainly ambitious. What should help in achieving it?

It is certainly a combination of many things. We assume that only strong global operators will survive in the global market in the future. And we can rely on being part of a strong global brand. We thus have a strong starting position in this respect. We follow the "One Company" concept, which is an initiative adopted by the entire T-Mobile International Group. It means, among other things, a higher level of cooperation and harmonization of the organization and the brand and the strategic goals as well as a common corporate culture in all national companies within the Group. Other important aspects are the synergy of all processes, flawless communication and effective cost sharing. However, it goes without saying that the fulfilment of our programme will not be effortless; it is a Company-wide matter which involves all of us. Only if each of us considers it a matter of his or her personal interest will our Company become No. 1 and a symbol of reliability, simplicity and inspiration.

Thank you for the interview.







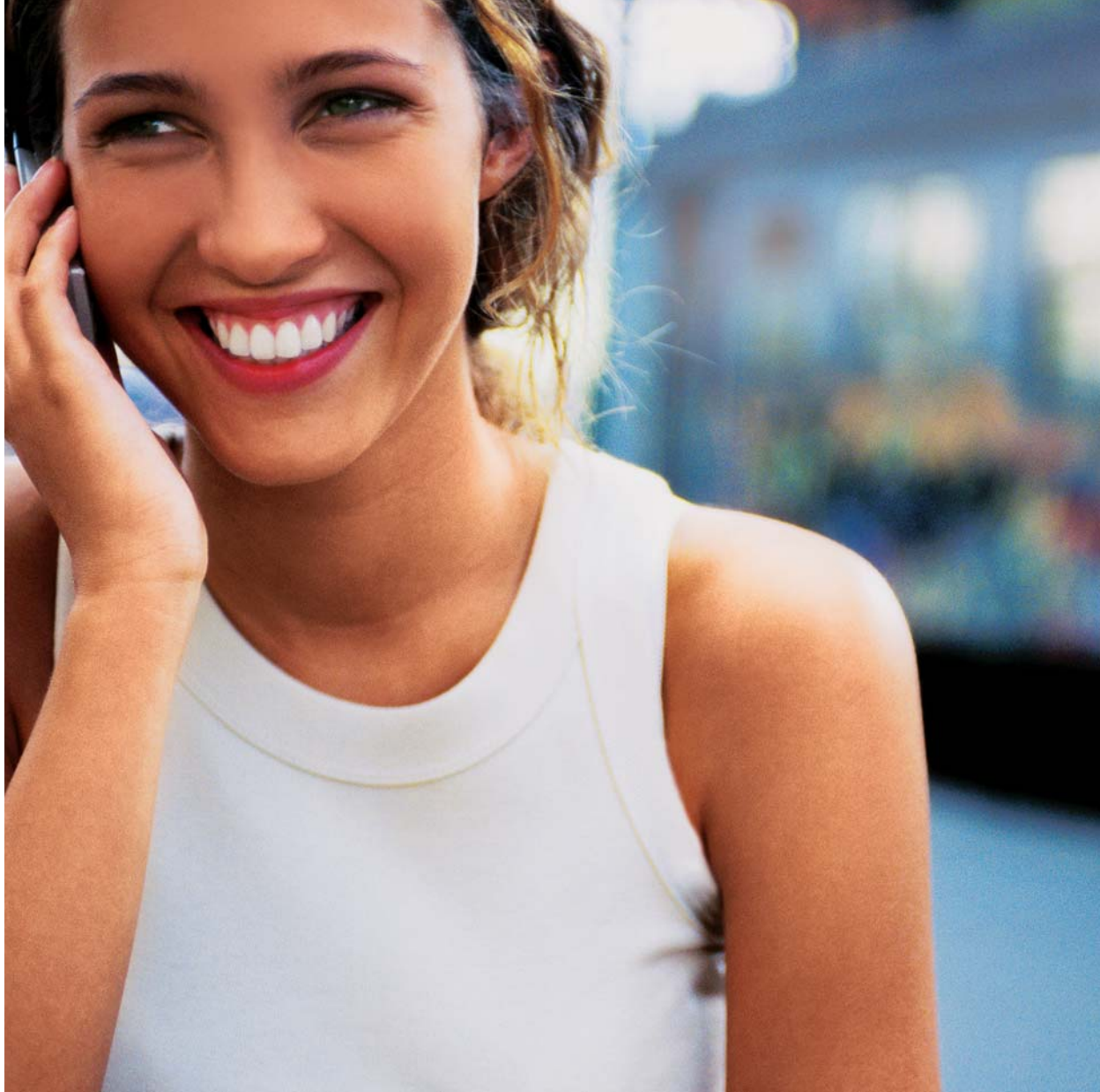
Customer **satisfaction** is our driving force





Number **one** in new customers





Victory is our future





Report of Independent Auditors

Report of Independent Auditors to the Shareholders of T-Mobile Czech Republic a.s.

We have audited the accompanying balance sheet of T-Mobile Czech Republic a.s. ("the Company") as at 31 December 2003, the related statements of income, changes in equity and cash flows for the year then ended ("the financial statements") presented in the Company Presentation and Financial Results for 2003 According to IFRS ("the Company Presentation") of the Company on pages 34-61. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with International Standards on Auditing. Those standards require that we plan and perform the audit to obtain reasonable assurance as to whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statements presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements present fairly, in all material respects, the financial position of T-Mobile Czech Republic a.s. as at 31 December 2003, and the results of its operations, its changes in equity and its cash flows for the year then ended in accordance with International Financial Reporting Standards.

We have examined whether the supplementary financial information included in the Company Presentation on pages 8-25 and 62-63 which does not form part of the financial statements for the year ended 31 December 2003, is consistent with the audited financial statements of the Company. In our opinion, all other supplementary information is consistent with the audited financial statements in all material respects.

16 February 2004

PricewaterhouseCoopers

PricewaterhouseCoopers Audit, s.r.o.
Prague, Czech Republic

PRICEWATERHOUSECOOPERS 

PricewaterhouseCoopers Audit, s.r.o., registered seat Kateřinská 40/466, 120 00 Praha 2, 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.

Financial Statements in Accordance with International Financial Reporting Standards

31 December 2003

BALANCE SHEET - ASSETS	Notes	31 December 2003 CZK'000	31 December 2002 CZK'000
CURRENT ASSETS			
Cash and Cash Equivalents	5	3,135,524	1,186,292
Accounts Receivable	6	2,194,286	2,464,450
Income Tax Receivable		-	263,913
Inventories	7	594,097	810,073
Other Current Assets	8	1,042,882	1,100,825
Prepaid Expenses		118,956	154,912
Total Current Assets		7,085,745	5,980,465
NON CURRENT ASSETS			
Property and Equipment	9	23,439,508	25,096,969
Intangible Assets	11	5,711,599	5,798,206
Long Term Other Assets		9,203	7,641
Total Non Current Assets		29,160,310	30,902,816
TOTAL ASSETS		36,246,055	36,883,281

BALANCE SHEET - LIABILITIES AND EQUITY	Notes	31 December 2003 CZK'000	31 December 2002 CZK'000
CURRENT LIABILITIES			
Trade and Other Payables	12	7,234,191	6,179,512
Income Tax Liability		972,491	-
Current Portion of Long Term Debt	13	5,015,840	1,280,790
Deferred Income	14	1,166,955	1,176,704
Bank Overdrafts and Loans	15	1,859,543	3,877,638
Total Current Liabilities		16,249,020	12,514,644
NON-CURRENT LIABILITIES			
Long Term Loans	15	-	2,123,077
Other Long Term Borrowings	15	45,321	5,056,269
Long Term Payables	16	672,655	2,355,804
Deferred Tax Liabilities	17	2,053,422	2,138,646
Total Non Current Liabilities		2,771,398	11,673,796
TOTAL LIABILITIES		19,020,418	24,188,440
EQUITY			
Share Capital		520,000	520,000
Share Premium	20	5,344,110	5,344,110
Statutory Reserve Fund		104,000	104,000
Retained Earnings		11,257,527	6,726,731
Total Equity		17,225,637	12,694,841
TOTAL LIABILITIES AND EQUITY		36,246,055	36,883,281

The financial information on pages 34-61 has been approved by the Company's Board of Directors for issue on 16 February 2004.

INCOME STATEMENT	Notes	2003 CZK'000	2002 CZK'000
Revenue	21	24,102,762	21,568,320
Other Operating Income		848,894	1,078,347
Cost of Goods and Services	22	(7,725,079)	(7,153,826)
Staff Costs	23	(1,598,887)	(1,399,834)
Depreciation and Amortization	24	(4,565,979)	(4,476,612)
Marketing and Selling Expenses		(1,330,451)	(1,464,840)
Other Operating Expenses	25	(3,599,882)	(3,130,261)
Profit from Operations		6,131,378	5,021,294
Finance Income and Expenses, Net	26	(525,637)	(761,750)
Profit before Tax		5,605,741	4,259,544
Income Tax Expense	27	(1,074,945)	(1,361,014)
Net Profit		4,530,796	2,898,530

STATEMENT OF CHANGES IN EQUITY	Share Capital CZK'000	Share Premium CZK'000	Statutory Reserve Fund CZK'000	Retained Earnings CZK'000	Total CZK'000
Balance at 31 December 2001	520,000	5,344,110	104,000	3,828,201	9,796,311
Net profit for the year	-	-	-	2,898,530	2,898,530
Balance at 31 December 2002	520,000	5,344,110	104,000	6,726,731	12,694,841
Net profit for the year	-	-	-	4,530,796	4,530,796
Balance at 31 December 2003	520,000	5,344,110	104,000	11,257,527	17,225,637

CASH FLOW STATEMENT	Notes	2003 CZK'000	2002 CZK'000
Cash flows from operating activities			
Income before tax		5,605,741	4,259,544
Adjustments to reconcile net income to net cash from operating activities:			
Depreciation and amortization	24	4,565,979	4,476,612
– Losses/(gains) on sale of fixed assets		95,429	(5,799)
– Provision for doubtful debts and inventories		70,340	196,660
– Foreign exchange losses, net		9,528	106,302
– Other provisions and non cash expenses		131,618	8,552
– Interest expense and similar items, net		497,901	655,448
Operating cash flows before working capital changes		10,976,536	9,697,319
Change in accounts receivable and other current assets		114,755	(462,294)
Change in inventories		355,577	339,134
Change in trade and other payables		324,704	1,021,457
Cash generated from operations		11,771,572	10,595,616
Interest paid, net		(410,381)	(655,448)
Income taxes received/(paid)		76,235	(778,392)
Net cash provided by operating activities		11,437,426	9,161,776
Cash flows from investing activities			
Purchase of tangible and intangible assets		(2,829,589)	(5,294,572)
Proceeds from sales of fixed assets		40,430	19,526
Net cash used in investing activities		(2,789,159)	(5,275,046)
Cash flows from financing activities			
(Repayment)/issuance of the shareholder's loan	15	(300,000)	300,000
Increase/(decrease) in short term borrowings	15	36,466	(51,980)
Decrease in long term debt		(6,435,501)	(4,111,339)
Net cash used in financing activities		(6,699,035)	(3,863,319)
Net increase in cash and cash equivalents		1,949,232	23,411
Cash and cash equivalents at the beginning of the period	5	1,186,292	1,162,881
Cash and cash equivalents at the end of the period	5	3,135,524	1,186,292

Notes to the Financial Statements

1. General Information

Establishment and Details of the Company

T-Mobile Czech Republic a.s. ("TMCZ" or "the Company"), located in Prague 2, Londýnská 730, was incorporated on 15 February 1996 as a joint stock company in the Czech Republic. It operates a public Global System for Mobile Communications ("GSM") network and provides mobile telecommunication services under the terms and conditions stated in the Authorization issued by the Ministry of Economy of the Czech Republic (no. 7660/96-611 of 25 March 1996).

The change of the Company's name RadioMobil a.s. to T-Mobile Czech Republic a.s. was entered in the Commercial Register at 1 May 2003.

Structure of the Company's Ownership

The shareholders of TMCZ as at 31 December 2003 are:

Shareholder	No. of shares (thousands)	Share in nominal share capital	
		CZK'000	%
CMobil B.V.	316	316,000	60.77
ČESKÉ RADIOKOMUNIKACE a.s.	204	204,000	39.23
Total	520	520,000	100.00

The ownership structure of the Company is governed by the stipulations of the Shareholders Agreement dated 3 December 2002, which replaced the Shareholder Agreement dated 19 October 2000, as amended by the Amendment to the Shareholder Agreement dated 22 July 2002. The ultimate shareholder of CMobil B.V. is Deutsche Telekom AG ("DTAG"), which controls CMobil B.V. via T-Mobile International A.G. ("TMO").

There have been no changes in the ownership structure during 2003.

Licenses and Trademarks

Based on an agreement entered into with the Czech Telecommunication Office ("CTO") effective 14 December 2001, the Company obtained the right to provide telecommunication services under the UMTS system. In accordance with the Act on Telecommunications No. 151/2000 Coll. as amended, CTO issued new licences for the establishment and operation of a public GSM network including the assignment of frequency bands of 2 x 10 MHz in the range of GSM 1800 MHz and the provision of public telecommunication services through the public telecommunication network. All three licenses have been issued through administrative proceedings for a period of 20 years. The resolution concerning the UMTS license was not legally effective at 31 December 2003 because legal proceedings concerning certain terms and conditions of the license had not been completed as at 31 December 2003.

At 5 December 2003, an amendment to the agreement entered into at 14 December 2001 with CTO was signed. The parties agreed to the premature repayment of the obligation resulting from the purchase of licenses (see Note 12 Trade and Other Payables) in exchange for postponing by one year to 1 January 2006 the date of commencing provision of public telecommunication services through UMTS network in Prague covering at least 90% of its area.

The annual report on the Company's fulfillment of the development and quality requirements of the T-Mobile network based on the Authorization issued in 1996 need not to be submitted for approval by the CTO for the year ended 2003 onwards as agreed with the CTO.

The Company has registered 21 trademarks and duly submitted applications for the registration of 6 additional trademarks in the Industrial Property Office Register.

Based on a sublicense agreement between the Company and TMO, the Company also has the right to use relevant trademarks registered in the Czech Republic by DTAG.

Statutory and Supervisory Bodies

The members of the Board of Directors at 31 December 2003 were as follows:

Mr Michael Günther	Chairman
Mr Mark Robert Donegan	Vice-Chairman
Mr Timotheus Höttges	Member
Mr Roland Mahler	Member
Mr Dominic Robert Redfern	Member
Mr Timothy James Lang Taylor	Member
Mr Thomas Georg Winkler	Member

Mr Fridbert Gerlach resigned on 17 February 2003 from his position as a member of the Board of Directors. The Company's Board of Directors duly discussed and approved this resignation.

The General Meeting held on 31 March 2003 elected Mr Timotheus Höttges as a new member of the Board of Directors effective 1 April 2003.

The members of the Supervisory Board at 31 December 2003 were as follows:

Mr Frank Stoffer	Chairman
Mr Kai Breuer	Member
Mr Václav Hladík	Member
Mrs Kateřina Švarinová	Member
Mr Tomáš Tomiczek	Member
Mr Antonius Joseph Zijlstra	Member

There have been no changes in the structure of the Supervisory Board during 2003.

The changes in the Board of Directors and the Supervisory Board during 2002 and 2003 were not reflected in the Commercial Register as at 31 December 2003.

2. Basis of Preparation

The financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") under the historical cost convention except as disclosed in accounting policies below.

3. Summary of Significant Accounting Policies

The principal accounting policies adopted in the preparation of these financial statements are set out below. The accounting policies remain unchanged from the previous year. Certain reclassifications have been made to the 2002 balances to be comparable with the 2003 presentation.

a) Entities Controlled

TMCZ does not control or significantly influence any other entity.

b) Use of Estimates

The preparation of financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from these estimates.

c) Foreign Currencies

Foreign currency transactions are accounted for at the exchange rates prevailing at the date of the transactions. Gains and losses resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies as of the balance sheet date are recognized in the income statement.

d) Cash Equivalents

Cash equivalents are highly liquid balances held at banks, balances due from banks, bank promissory notes and other short term financial investments.

e) Accounts Receivable

Trade receivables are carried at the original invoice amount less a provision made for the impairment of these receivables. A provision for impairment of trade receivables is established when there is objective evidence that the Company will not be able to collect all amounts due according to the original terms of the invoiced amount. The amount of the provisions is the difference between the carrying amount and the recoverable amount, this being the present value of expected cash flows, discounted at the market rate of interest for similar borrowers.

f) Inventories

Inventories, with the exception of the subsidized mobile telephone sets mentioned below, are stated at the lower of cost or net realizable amount. The cost comprises purchase cost and other costs incurred in bringing the materials into their present location and condition. These include freight, customs and storage costs during transportation. Provisions are recorded for obsolete, slow moving and damaged inventory and are deducted from the related inventory balances.

Cost is determined by the weighted average price method.

Mobile handsets are generally stated at acquisition price, although the actual selling price might be lower than cost in an effort to gain new customers and therefore, increase future revenues. Management estimates that the discounted future profit generated by each handset will exceed the loss upon sale of that handset.

Technical parts that are dismantled from base transmission stations and stored in the Company's technology warehouses are valued at the parts' net book value upon their dismantling.

g) Provisions and Accruals

Provisions are recognized when the Company has a present legal obligation as a result of past events and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate of the amount of the obligation can be made.

The Company recognizes an accrual for the estimated cost in connection with its loyalty program for customers, for those loyalty points which where earned and unused as at year end.

h) Financial Instruments

Financial Assets

The Company's principal financial assets are bank balances and cash and trade and other receivables. Trade and other receivables are stated at their nominal value and reduced by the appropriate allowances for estimated unrecoverable amounts.

Financial Liabilities

Financial liabilities are classified according to the substance of the contractual arrangements. Significant financial liabilities include interest-bearing bank loans and overdrafts, other loans and bonds, promissory notes, finance lease obligations and trade and other payables.

Finance charges, including premiums payable on settlement or redemption, are accounted for on an accrual basis and are added to the carrying amount of the instrument to the extent that they are not settled in the period in which they arise. Trade and other payables are stated at their nominal value.

Financial Derivatives

Information about accounting for derivative financial instruments and hedging activities is included in Note 4 "Financial Risk Management".

i) Property and Equipment

Property and equipment are stated at acquisition cost less depreciation. Acquisition costs are comprised of the purchase price, transportation cost, customs cost, installation cost and other relevant costs. Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, assets that necessarily take a substantial period of time to prepare for intended use or sale, are capitalized to those assets, until the time assets are substantially ready for their intended use or sale.

Depreciation is calculated on a straight-line method over an asset's estimated useful life as follows:

Land	Not depreciated
Buildings and leasehold improvements	20 years
Equipment:	
Vehicles, computers, office equipment	3-6 years
GSM Network equipment	8 years
Towers and poles	10 years

Repairs and maintenance costs are charged to the income statement as expenditures are incurred.

If the recoverable amount of an asset has declined below its carrying amount, the carrying amount is reduced to reflect the decline in value. In determining the recoverable amount of assets, expected cash flows are discounted to their present values.

The gain or loss arising from the disposal or retirement of an asset is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognized in the income statement.

The Company has recognized an asset retirement obligation which represents an estimate of the future cost of restoring its network sites in accordance with the terms of the lease contracts. The fair value of the liability is added to the carrying amount of the associated long-lived asset and is depreciated over the assets useful life. The liability is accreted to its present value each period through charges to income statement. If the obligation is settled for other than the carrying amount of the liability, a gain or loss on settlement is recognized.

j) Finance Leases

Leased property and equipment where TMCZ assumes substantially all the benefits and risks of ownership are classified as finance leases. Finance leases are capitalized at the estimated net present value of the underlying lease payments. The corresponding current and long term rental obligations, net of finance charges, are included as current and long term payables respectively. Finance charges are charged to the income statement over the lease period.

k) Operating Leases

Payments made under operating leases are charged to the income statement in equal installments over the period of the lease, except where an alternative method is more representative of the time pattern from which benefits are derived.

I) Intangible Assets

Intangible assets comprise the following:

- I. GSM Licenses, which represent the right to provide telecommunication services in the Czech Republic and to build and operate GSM telecommunication equipment, are accounted for at the purchase price from the Ministry of Economy of the Czech Republic. This amount has been capitalized and is being amortized over its useful life using the straight-line method. The useful life is considered to be 20 years.
- II. UMTS License, acquired in December 2001, represents the right to provide telecommunication services in the Czech Republic under the UMTS system. As at 31 December 2003, the UMTS license is not yet in use as the system is in the process of preparation for the commercial launch. Once in use, the license will be amortized over its license life.
- III. Software costs are amortized over the expected period of the benefit of the cost, which is four years. The costs include the cost of the license for use of software and cost of consulting services related to the implementation of the software. Costs of consulting services, which are incurred after the relevant subsystem of the software is put into routine operation, are charged to the income statement as incurred.
- IV. Development costs are recognized as intangible assets to the extent that such expenditure is expected to generate future economic benefits. Development costs represent studies for microwave connections within the GSM network performed by the external supplier. Development costs are amortized using the straight-line method over the period of time for which the study is expected to contribute to revenues, i.e. 4 years.

Borrowing cost directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are capitalized to those assets, until such time as the assets are substantially ready for their intended use or sale.

m) Revenues

Revenues include amounts invoiced for airtime, monthly subscription fees, service activation fees, charges for roaming calls and related services, such as the sale of handsets and other accessories. It excludes airtime amounts billed in advance and value added tax.

In instances when TMCZ sells mobile telephone handsets at a discount, the resulting losses are recognized at the date of sale.

Monthly subscription fees, charges on roaming calls and handset sales are recognized as revenue at the time it is earned (i.e. service or product provided).

Activation fees for prepaid card customers are deferred until the first use of the card by the customer. At the moment of the customer's first use, the activation fee is recognized as revenue. Airtime sold on prepaid cards is initially deferred and is recognized on a basis of consumption of prepaid airtime.

Activation fees for postpaid customers are recognized at the time the customer is activated within the network. Revenues from the airtime of postpaid customers are recorded based on the number of minutes processed, and are recorded when the traffic is processed and the communication services are rendered.

Interconnection revenues are recognized as earned, generally based on the invoiced amount. In cases where pricing agreements are not in place, revenues are recorded on the basis of management's best estimate, with any necessary adjustment being made in the period of settlement (see Note 29, Contingencies).

Interest income is accrued as earned, by reference to the principal outstanding and the applicable interest rate.

n) Cost of Goods and Services

Cost of goods and services includes costs of sold handsets and accessories, dealer's commissions and bonuses and costs of leased lines, roaming costs and interconnecting fees for delivering calls that terminate outside TMCZ's network. The costs are charged to income in the period in which the related revenue is recognized.

o) Marketing and Selling Expenses

All marketing and selling costs are charged to the income statement as incurred.

p) Employee Benefits

The Company does not have any post-employment benefits, termination benefits or equity compensation benefits.

q) Income Taxes

Income Tax expense is comprised of the current tax charge and the change in deferred tax. Deferred tax is determined based on differences between the carrying amount of assets and liabilities and the tax base of those same assets and liabilities, using the expected statutory tax rates for the anticipated year of reversal. Deferred income tax charged or credited in the income statement is measured as the change in the net deferred income tax asset or liability during the year. The principal temporary differences arise from tax and accounting depreciation on tangible and intangible assets, tax non-deductible provisions and revaluation of other assets and liabilities. Deferred tax assets are recognized to the extent that it is probable that taxable profit will be available against which deductible temporary differences can be utilized.

Deferred tax is charged or credited in the income statement, except when it relates to the items credited or charged directly to equity, in which case the deferred tax is also recorded through equity.

4. Financial Risk Management

Foreign Exchange and Interest Risk Management

The Company's activities expose it to a variety of financial risks, including the effects of variations in foreign currency exchange rates and interest rates. The Company's overall risk management policy focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on the financial performance of the Company. The Company uses derivative financial instruments such as forward foreign exchange contracts, options and interest rate swaps to hedge certain exposures.

Risk management is the responsibility of the Company's Treasury Department under policies and guidelines set by the Board of Directors of T-Mobile Czech Republic a.s. and approved by DTAG and TMO treasury departments.

The Company uses forward foreign exchange contracts and zero cost option structures in its management of the currency risks associated with its foreign currency supplier-customer relations and loans obtained in foreign currency.

The Company also uses interest rate swaps to hedge a portion of its interest rate risk arising from borrowings.

Concentrations of Credit Risk

The Company has no significant concentrations of credit risk. Derivative counterparties and cash transactions are limited to high credit quality financial institutions. The Company has policies that limit the amount of credit exposure to any one financial institution.

Liquidity Management

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. Due to the dynamic nature of the underlying businesses, the Company's Treasury Department aims at maintaining flexibility in funding by keeping committed credit lines available.

Accounting for Derivative Financial Instruments

Derivative financial instruments are initially recognized in the balance sheet at cost and subsequently are 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 the estimated future cash flows and assumptions that are based on market conditions existing at each balance sheet date.

Certain derivatives embedded in other financial instruments are treated as separate derivatives when the risks and characteristics are not closely related to those of the host contract and the host contract is not carried at fair value with unrealized gains and losses reported in the income statement for the year.

The Company's derivative transactions provide an economic hedge under the Company's risk management policies and guidelines. The Company has not opted to apply hedge accounting under the specific guidelines of IAS 39. Therefore, in accordance with IAS 39, the derivatives are not classified as hedging instruments. Changes in the fair value of derivatives which do not meet hedge accounting rules in accordance IAS 39 are immediately reported in the income statement.

5. Cash and Cash Equivalents

CZK'000	31. 12. 2003	31. 12. 2002
Cash at banks and in hand	154,384	1,186,292
Cash equivalents	2,981,140	-
Total	3, 135,524	1,186,292

Cash Equivalents at 31 December 2003 mainly consist of bank promissory notes. The promissory notes represent short term investments carried out for cash management purposes.

6. Accounts Receivable

CZK'000	31. 12. 2003	31. 12. 2002
Trade receivables	3,207,241	3,461,597
Advance payments	182,302	144,042
Trade receivables and advance payments	3,389,543	3,605,639
Less: Provision for doubtful debts	(1,538,383)	(1,377,473)
Trade receivables and advance payments (net)	1,851,160	2,228,166
Receivables from taxes not relating to income	265,111	187,961
Other receivables	78,015	48,323
Total	2,194,286	2,464,450

Trade receivables primarily relate to the GSM service customers, other telecommunication companies (interconnection charges) and independent dealers.

7. Inventories

CZK'000	31. 12. 2003	31. 12. 2002
Handsets and accessories for sale	266,086	401,949
Technical inventories (network spare parts)	405,726	568,005
Other inventories	35,188	43,593
Subtotal	707,000	1,013,547
Less: Provisions	(112,903)	(203,474)
Total	594,097	810,073

8. Other Current Assets

CZK'000	31. 12. 2003	31. 12. 2002
Accrued revenue	1,040,758	1,049,255
Positive fair value of derivatives	2,124	51,570
Total	1,042,882	1,100,825

Accrued revenue is attributable to GSM services provided to subscribers that were not invoiced as of year end and also accrued interconnection charges.

9. Property and Equipment

CZK'000	Buildings and land	Equipment and other fixed assets	Tangible fixed assets under construction and advances	Total
Cost				
31. 12. 2001	759,147	27,546,410	1,678,499	29,984,056
Additions *	478,395	5,143,828	-	5,622,223
Disposals	(11,662)	(808,548)	(333,187)	(1,153,397)
31. 12. 2002	1,225,880	31,881,690	1,345,312	34,452,882
Additions *	-	462,677	1,816,303	2,278,980
Recognition of asset retirement obligation	-	381,115	-	381,115
Disposals	(24,858)	(626,705)	(68,669)	(720,232)
Transfers	5,091,501	(3,621,428)	(1,546,318)	(76,245)
31. 12. 2003	6,292,523	28,477,349	1,546,628	36,316,500

* Additions and reclassifications of tangible fixed assets under construction and advances are presented as net additions.

CZK'000	Buildings and land	Equipment and other fixed assets	Tangible fixed assets under construction and advances	Total
Accumulated depreciation/Provisions				
31. 12. 2001	184,983	5,695,291	-	5,880,274
Depreciation	19,064	3,663,310	-	3,682,374
Provisions	54,733	-	160,000	214,733
Disposals	(3,756)	(417,712)	-	(421,468)
31. 12. 2002	255,024	8,940,889	160,000	9,355,913
Depreciation	702,442	3,228,683	-	3,931,125
Recognition of asset retirement obligation	-	131,628	-	131,628
Provisions	-	-	(103,000)	(103,000)
Disposals	(7,848)	(426,925)	-	(434,773)
Transfers	1,008,269	(1,012,170)	-	(3,901)
31.12.2003	1,957,887	10,862,105	57,000	12,876,992
Net book value				
31. 12. 2002	970,856	22,940,801	1,185,312	25,096,969
31. 12. 2003	4,334,636	17,615,244	1,489,628	23,439,508

Additions to equipment and other fixed assets are primarily a result of the development of the GSM network. The major part of disposals consists of removed network equipment reused in other locations or recognized as inventory until reused.

10. Financial Leases

Future lease liabilities relate to cars leased under financial lease contracts as of 31 December 2003 and are as follows:

CZK'000	2004	2005	2006 and after	Total
Payables including interest	84,591	30,153	16,687	131,431
Payables excluding interest	78,958	29,175	16,146	124,279

Current lease liabilities are included in Trade and Other Payables (see Note 12).

Non-current lease liabilities are included in Other Long Term Borrowings (see Note 15).

The total net book value of assets under financial leases as of 31 December 2003 is CZK 109 million (as of 31 December 2002: CZK 120 million) and is included under Equipment and other fixed assets.

11. Intangible Assets

CZK'000	Development Costs	Software	GSM and other licenses	Intangible fixed assets not in use and advances	Total
Acquisition cost					
31. 12. 2001	143,503	1,796,336	1,047,079	4,091,329	7,078,247
Additions*	25,543	553,109	8,791	256,375	843,818
Disposals	(3,099)	(5,897)	-	(28,627)	(37,623)
31. 12. 2002	165,947	2,343,548	1,055,870	4,319,077	7,884,442
Additions*	18,947	305,279	-	165,411	489,637
Disposals	-	(19,700)	-	(12,677)	(32,377)
Transfers	196,321	459,435	42,912	(622,947)	75,721
31. 12. 2003	381,215	3,088,562	1,098,782	3,848,864	8,417,423
Accumulated amortisation/Provisions					
31. 12. 2001	101,122	1,032,071	165,055	-	1,298,248
Amortization	46,112	695,295	52,831	-	794,238
Disposals	(1,635)	(4,615)	-	-	(6,250)
31. 12. 2002	145,599	1,722,751	217,886	-	2,086,236
Amortization	15,051	528,946	48,847	-	592,844
Provisions	-	-	-	42,010	42,010
Disposals	-	(18,643)	-	-	(18,643)
Transfers	(1,661)	4,084	954	-	3,377
31.12.2003	158,989	2,237,138	267,687	42,010	2,705,824
Net book value					
31. 12. 2002	20,348	620,797	837,984	4,319,077	5,798,206
31. 12. 2003	222,226	851,424	831,095	3,806,854	5,711,599

* Additions and reclassifications of intangible fixed assets under construction and advances are presented as net additions.

TMCZ purchased a UMTS license on 14 December 2001 in a public bid. The purchase price was CZK 3,861 million. As the highest bidder, TMCZ also obtained two new license bands of GSM 1800 MHz that were included in the price. The UMTS license itself has been valued at the price of CZK 3,535 million (amount of competing bid) and the two new bands of GSM 1800 MHz have been valued at CZK 326 million. The UMTS license is included in Intangible fixed assets not in use. Capitalized interest as at 31 December 2003 totaled CZK 251,309 thousand (as at 31 December 2002: CZK 225,646 thousand).

12. Trade and Other Payables

CZK'000	31. 12. 2003	31. 12. 2002
Trade payables	1,263,173	295,383
Derivatives due to be settled within 1 year	50	1,868,877
Uninvoiced capital expenditures – GSM network	470,702	555,816
Deposits and prepayments	166,093	278,763
Other taxes and social security	53,821	2,120
Financial lease liability (current)	78,958	62,979
Accruals for interconnection	458,630	735,671
Accruals for customer loyalty program	407,849	321,414
Other accruals	1,647,905	1,914,349
Bill of exchange to be paid	112,110	144,140
Payable to CTO (UMTS license)	2,574,900	–
Total	7,234,191	6,179,512

Deposits and prepayments include deposits received from customers for Company services.

Accruals mainly consist of uninvoiced deliveries of inventories and services.

At 31 December 2002, the Company had an accrual of CZK 407,849 thousand for estimated future costs related to the client loyalty program (31 December 2002: CZK 321,414 thousand).

TMCZ has an obligation to CTO under the conditions of the granted UMTS license. The original balance of CZK 2,861,000 thousand was initially payable in installments over a period of 10 years from the issuance date of the license.

According to the UMTS purchase agreement amendment (see Note 1) the original repayment schedule was replaced by an obligation to settle the amount in two equal installments of CZK 1,287,450 thousand payable in April and August 2004. The total outstanding amount as at 31 December 2003, CZK 2,574,900 thousand, is therefore classified as short term. According to the amendment, the liability would not bear any interest starting from 1 January 2003.

The long term outstanding balance as at 31 December 2002 represented 8 installments payable under the original agreement from 2004 to 2011 and was reported in Note 16, Long Term Payables. The short term portion of this obligation, payable originally in 2003, was included in the Current portion of long term debt account as at 31 December 2002.

13. Current Portion of Long Term Debt

The current portion of long term debt of CZK 5,015,840 thousand relates to the promissory notes of CZK 15,840 thousand (31 December 2002: CZK 994,690 thousand) due within 1 year of the balance sheet date and bonds of CZK 5,000,000 thousand due in 2004 (see Note 15).

14. Deferred Income

CZK'000	31. 12. 2003	31. 12. 2002
Deferred airtime related to prepaid customers	875,269	848,152
Deferred income from activation fees	152,923	192,256
Other deferred income	138,763	136,296
Total	1,166,955	1,176,704

15. Financing

Bank and Other Loans

Description	Maturity	Balance in original currency DEM'000	Balance as of 31. 12. 2003 CZK'000	Balance as of 31. 12. 2002 CZK'000
Bank overdraft	Sep/2004		4,705	-
Discounted loan			31,761	-
Short term syndicated loan	Jun/2003			
Tranche A		100,000	-	1,615,682
Tranche B		140,000	-	2,261,956
Shareholder's subordinated loan	Feb/2004		1,823,077	-
Total Bank Overdrafts, Bank and Other Loans (short term)			1,859,543	3,877,638
Shareholder's subordinated loan	May/2008		-	1,823,077
Subordinated long term loan*	Dec/2004		-	300,000
Total Bank and Other Loans (long term)			-	2,123,077

* The loan was available for withdrawal until 31 December 2002.

Bank Loan

A syndicate of 17 banks provided the syndicated loan on 17 June 1998 (total credit line of DEM 250,000 thousand). The joint arrangers were ABN AMRO Bank N.V., Bayerische Landesbank Girozentrale, Commerzbank Aktiengesellschaft, Credit Lyonnais Group, Deutsche Bank AG and Midland Bank plc. The loan was fully repaid on 17 June 2003.

The interest for tranche A was based on 6M EURIBOR interest, which was 3.3% p.a. at the day of settlement of the loan (as at 31 December 2002, it was 2.88% p.a.).

The interest for tranche B was based on 3M EURIBOR interest, which was 3.081% p.a. at the day of settlement of the loan (as at 31 December 2002, it was 3.09% p.a.).

The Company's property is not used as collateral with respect to the loans.

Shareholder's Loan

The Company was granted a subordinated loan in 2001 which has an outstanding balance of CZK 1,823,077 thousand at 31 December 2003. The debt has been provided by CMobil B.V., originally repayable in May 2008, and was partly used for financing the acquisition of the UMTS license.

The Company assumes that with the approval of the debt provider, it will repay the loan in 2004, prior to its original maturity. The loan is classified as short term as at 31 December 2003.

The debt has an interest rate of 3.07% p.a. (3M PRIBOR + 1%) as at 31 December 2003 (31 December 2002: 3.78% p.a.).

The subordinated loan with an outstanding balance of CZK 300,000 thousand as at 31 December 2002, provided by Deutsche Telekom International Finance B.V., a wholly owned subsidiary of DTAG, was fully repaid in 2003.

See also Note 19, Fair Value of Financial Assets and Liabilities.

Other Long Term Borrowings

CZK'000	31. 12. 2003	31. 12. 2002
Bonds issued	–	5,000,000
Long term part of the finance lease payables	45,321	56,269
Total	45,321	5,056,269

On 8 November 1999, the Company issued bonds on the local market with an interest rate of 8.20% p.a. (standard 30E/360) due at 8 November 2004. The aggregate nominal value of the bonds was CZK 3,000,000 thousand at the issue date with the option to issue further additional bonds up to the aggregate nominal value of CZK 5,000,000 thousand during the 18 month period after the issue date. The bonds are registered, uncertified and are publicly marketable. The nominal value of each bond is CZK 1,000,000. The issue rate of all of the bonds issued at the issue date was 99.85% of their nominal value.

On 30 April 2001, the Company issued additional bonds in the value of CZK 2,000,000 thousand due at 8 November 2004, reaching the aggregate nominal value of CZK 5,000,000 thousand. The bonds were also issued in the book-entry form and are publicly marketable. The nominal value of each bond is CZK 1,000 thousand. The issue rate of all additionally issued bonds was 106.42% of their nominal value.

Both issues were arranged and subscribed by the Joint Lead Managers ABN AMRO Bank N.V., Commerzbank Capital Markets (Eastern Europe) a.s. and Česká spořitelna, a.s.

Other Long Term Borrowings

A.	Type:	Bond RadioMobil 8.20/04 – I. tranche
	Form:	Bearer
	Substance:	Book-entry
	Number:	3,000
	Nominal value:	CZK 1,000,000
	Total volume of issue:	CZK 3,000,000,000
	ISIN:	CZ0003501140
	In 2001/2002 the bonds were traded on public markets:	Burza cenných papírů Praha, a.s. (Free market)
B.	Type:	Bond RadioMobil 8.20/04 – II. tranche
	Form:	Bearer
	Substance:	Book-entry
	Number:	2,000
	Nominal value:	CZK 1,000,000
	Total volume of issue:	CZK 2,000,000,000
	ISIN:	CZ0003501140
	In 2001/2002 the bonds were traded on public markets:	Burza cenných papírů Praha, a.s. (Free market)

The difference between the issue price and nominal value of the bonds is recognized as financial expense or income in the income statement on an accrual basis.

As the bonds mature in 2004, they are classified as short term at 31 December 2003 (see Note 13).

16. Long Term Payables

CZK'000	31. 12. 2003	31. 12. 2002
Long term promissory notes	-	15,447
Payable to the Czech state (UMTS license)	-	2,288,800
Asset retirement obligation	481,531	-
Other long term payables	191,124	51,557
Total	672,655	2,355,804

TMCZ issued long term promissory notes for financing a portion of the investment needs of the GSM network. The maturity of the promissory notes was usually 18 months from the issuance date. Notes are discounted at a rate based on 18M IRS + margin 0.55% p.a. As all promissory notes issued mature in 2004, they are classified as short term as at 31 December 2003 (see Note 13).

17. Deferred Tax Liabilities

The movement for the year in deferred tax liabilities was impacted by the change in statutory tax rates effective in 2004 and beyond. See Note 27 for more details. The movement can be analyzed as follows:

CZK'000	2003	2002
At 1 January	(2,138,646)	(1,257,543)
Impact of the changes in the tax rate on opening deferred tax balances	485,862	-
Current year movements in deferred tax	(400,638)	(881,103)
Total change in deferred tax - Note 27	85,224	(881,103)
At 31 December	(2,053,422)	(2,138,646)

Net deferred tax liabilities consist of the following:

CZK'000	31.12.2003	31.12.2002
Depreciation differences for fixed assets	(10,085,858)	(8,290,558)
Foreign exchange gains not taxable in the current period	-	-
Fair value of derivatives (Difference between tax and accounting values)	(2,073)	289,370
Provisions for receivables and inventories	455,023	522,332
Other accruals	1,096,029	479,999
Investment tax relief credits available	-	100,000
Base for deferred tax computation	(8,536,879)	(6,898,857)
Total Deferred Tax Liabilities *	(2,053,422)	(2,138,646)

* The tax rate used reflects the Company's estimation of the tax rate which will be in effect for the year the particular deferred items become realized.

18. Derivative Financial Instruments

Interest Rate Swaps

The Company entered into four five-year Interest Rate Swaps ("IRS") with a total nominal value of DEM 100 million in 1998 to hedge a part of the interest rate risk resulting from the DEM 250 million syndicated credit facility. Two IRS, each in the nominal value of DEM 25 million, were settled as of 30 December 2002. The 6M DEM LIBOR floating interest rate was effectively changed into a fixed average rate of 4.22% p.a. The two remaining instruments were settled in 2003.

In 2000, two IRS transactions with a total nominal value of CZK 400 million were entered into to change the fixed interest rate of 8.20% p.a. from a portion of the issued bonds into 6M PRIBOR + 0.52% average margin. These instruments with maturity in 2004 were settled in 2003.

In 2001, two IRS transactions with a total nominal value of DEM 60 million were entered into to change the floating interest rate of 3M EURIBOR + margin 0.425% on a syndicated loan into the fixed average rate of 5.01% p.a. These instruments were settled in 2003.

In 2002, two IRS transactions in the total amount of EUR 40,903 thousand (DEM 80 million) were entered into to complete the hedging of interest risk resulting from syndicate credit facility. The floating interest rate of 3M EURIBOR + margin 0.425% was swapped to a fixed average rate of 4.10% p.a. Together with the previously entered into swaps, the interest rate on the syndicate credit facility of DEM 240,000 thousand was fixed at the average rate of 4.73% p.a. These instruments were settled in 2003.

As at 31 December 2003, the Company does not have any open IRS. As at 31 December 2002, IRS with positive fair value are included in the Other Current Assets totaling CZK 39,843 thousand as at 31 December 2002. IRS with negative fair value as at 31 December 2002 of CZK 18,905 thousand are shown within Trade and Other Payables.

Forward Contracts

At 31 December 2003, the Company has open forward contracts with a nominal value of EUR 1,013 thousand (as at 31 December 2002: EUR 155,237 thousand). These transactions are used to manage currency risks with customer-supplier relations paid in EUR (DEM). All forward contracts at 31 December 2003 were initiated during the fiscal year ended 31 December 2003 (in 2002, forward contracts with a total nominal value of EUR 8,612 thousand). During 2003, forward contracts with a nominal value of EUR 155,237 thousand were settled (in 2002: EUR 134,586 thousand).

Open foreign exchange forward contracts (CZK'000)	31. 12. 2003	31. 12. 2002
Open forward exchange contracts hedging loan;		
Negative fair value	-	(1,531,649)
Open forward exchange contracts hedging other FX payables;		
Positive fair value	720	11,727
Negative fair value	(50)	(318,323)
Forward contracts total fair value	670	(1,838,245)

19. Fair Value of Financial Assets and Liabilities

The estimated fair value of financial assets and liabilities has been determined using the best available market information and appropriate valuation methodologies. However, considerable judgment is necessary to interpret the market data to develop the estimates of fair value. Accordingly, the estimates presented are not necessarily indicative of the amounts that the Company could realize in the current market or the value that ultimately will be received by the Company upon maturity or disposition. Therefore, because of the variety of valuation techniques, comparability of fair values among estimates may not be meaningful. The use of different market assumptions and/or estimation methodologies may have a material effect on the estimated fair value amount.

CZK'000	31. 12. 2003		31. 12. 2002	
	Carrying amount	Fair value	Carrying amount	Fair value
Financial assets				
Cash and Cash Equivalents	3,135,524	3,135,524	1,186,292	1,186,292
Accounts Receivable	2,194,286	2,194,286	2,464,450	2,464,450
Other Current Assets	1,042,882	1,042,882	1,100,825	1,100,825
Long Term Other Assets	9,203	9,203	7,641	7,641
Financial liabilities				
Trade and Other Payables, Current Portion of Long Term Debt, and Deferred Income	13,416,986	13,572,809	8,570,568	8,570,568
Bank Overdrafts and Loans	1,859,543	1,859,543	6,000,715	6,000,715
Other Long Term Borrowings	45,321	45,321	5,056,269	5,479,201
Long Term Payables	672,655	672,655	2,355,804	2,355,804

The fair value of these financial assets and liabilities (except where disclosed) approximate carrying value because of their immediate or short term maturity or floating interest rate.

20. Equity

The Company's shares, with a nominal value of CZK 1,000 each, are uncertified, registered and not publicly traded.

Share premiums of CZK 5,344,110 thousand were paid 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 Contract between the Ministry of Economy of the Czech Republic, CMobil B.V. and ČESKÉ RADIOKOMUNIKACE a.s., dated 25 March 1996. The GSM license to provide telecommunication services is a portion of the share premium.

The statutory reserve fund comprises funds the Company is required to retain according to current legislation. Use of the statutory reserve fund is limited by legislation and the Statutes of the Company and is not available for distribution to the shareholders.

Since the Company's incorporation, no dividends have been paid.

21. Revenues – Segment Reporting

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

For the year ended 31 December 2003:

CZK'000			
Business segment	Domestic	Foreign	Total
Sales of handsets	930,830	–	930,830
Sales of services	22,091,262	1,080,670	23,171,932
Total net revenue	23,022,092	1,080,670	24,102,762

For the year ended 31 December 2002:

CZK'000			
Business segment	Domestic	Foreign	Total
Sales of handsets	903,658	–	903,658
Sales of services	19,685,662	979,000	20,664,662
Total net revenue	20,589,320	979,000	21,568,320

The sale of handsets and network services are disclosed net of any sales discounts.

Based on the nature of the Company's business, it is not practicable to allocate the Company's assets and operating results between the above mentioned business segments.

22. Cost of Goods and Services

CZK'000		
	2003	2002
Costs of handsets and accessories	2,054,684	2,220,526
Interconnection charges and roaming	4,451,302	3,658,823
Leased lines	451,372	480,058
Dealers commissions and bonuses	64,745	286,408
Other	702,976	508,011
Total	7,725,079	7,153,826

23. Staff Costs

CZK'000	2003	2002
Board emoluments	1,821	1,714
Wages and salaries	1,119,036	999,697
Social security costs	418,595	360,561
Other staff costs	59,435	37,862
Total	1,598,887	1,399,834
Average number of employees	2,524	2,522

The number of employees is based on the average full time employees. The management classification includes executive members of the Board of Directors and directors of the Company.

Since 2002, the Company provides its employees with a contribution to supplementary pension insurance. In 2003, the total contribution provided was CZK 24,413 thousand (2002: CZK 10,090 thousand).

In 2003, the Company did not provide any loans to members of statutory bodies or the management. Company cars are made available for use by management for business and personal purposes (acquisition cost at 31 December 2003: CZK 48,623 thousand, at 31 December 2002: CZK 40,541 thousand).

No Company shares are owned by board members, the supervisory board members or employees.

24. Depreciation and Amortization

CZK'000	2003	2002
Amortization of GSM licenses	48,847	52,831
Amortization of other intangible fixed assets	586,007	741,407
Depreciation of tangible fixed assets	3,931,125	3,682,374
Total	4,565,979	4,476,612

25. Other Operating Expenses

CZK'000	2003	2002
Consulting, seconded experts, external management and other services	307,203	247,049
Increase in provision for bad debts	160,910	291,048
Increase/(decrease) in other provisions	(45,268)	362,561
Rent expenses	574,982	537,566
Repair and maintenance	752,155	775,935
Administrative and other operating expenses	1,849,900	916,102
Total	3,599,882	3,130,261

26. Finance Income and Expenses, Net

CZK'000	2003	2002
Income from short term investments	14,479	10,323
Interest income	53,688	76,694
Total financial income	68,167	87,017
Interest expense and other financial expenses	(584,546)	(742,465)
Foreign exchange losses, net	(9,258)	(106,302)
Total	(525,637)	(761,750)

27. Income Tax Expense

Income Tax Expense is comprised of the following:

CZK'000	2003	2002
Current tax	(1,160,169)	(479,911)
Deferred tax – Note 17	85,224	(881,103)
Income tax expense	(1,074,945)	(1,361,014)

The charge for the year can be reconciled to the profit before tax as follows:

CZK'000	2003	2002
Profit before tax	5,605,741	4,259,544
Tax by applying the statutory tax rate of 31%	(1,737,780)	(1,320,459)
Impact of the change in tax rate on opening deferred tax balances	485,862	–
Impact of the change in tax rate on current year deferred tax movements	117,214	–
Impact of:		
Non deductible expenses	(202,615)	(214,928)
Non taxable revenues	145,429	76,025
10% investment relief on investment in fixed assets in the current year	102,206	98,348
Other	14,739	–
Income tax expense	(1,074,945)	(1,361,014)

In December 2003, a new Czech corporate income tax rate structure was enacted effective from 1 January 2004.

The structure of the enacted corporate income tax rates is as follows:

Period	Corporate income tax rate
2004	28%
2005	26%
2006	24%

28. Related Party Transactions and Balances

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

CZK'000	2003	2002
ČESKÉ RADIOKOMUNIKACE a.s.:		
Purchase of services (leased lines and other)	425,768	370,704
GSM services sold	8,296	8,617
DTAG group:		
Roaming, interconnection and other related services purchased	383,670	336,036
Other services purchased	320,240	8,271
Roaming and other services sold	485,971	383,073
Rebranding reimbursement	83,800	323,754
Rebranding not settled as at the year end	23,769	42,155
Total related party purchases	1,129,678	715,011
Total related party sales	601,836	757,599

Related party receivables:

CZK'000	31. 12. 2003	31. 12. 2002
ČESKÉ RADIOKOMUNIKACE a.s.:		
GSM and other services	3,255	695
DTAG group:		
Roaming and other services sold	137,950	64,262
Total related party receivables	141,205	64,957

Related party payables:

CZK'000	31. 12. 2003	31. 12. 2002
ČESKÉ RADIOKOMUNIKACE a.s.:		
Leased lines and other rentals	47,368	-
DTAG group:		
Roaming and other services purchased	286,463	9,074
Total related party payables	333,831	9,074

Loans from related parties:

CZK'000	Maturity	Total financing line	Balance outstanding	
			31. 12. 2003	31. 12. 2002
CMobil B.V.:				
Shareholder's subordinated short term loan	20.2.2004	1,823,077	1,823,077	-
Total related parties (short term)			1,823,077	
CMobil B.V.:				
Shareholder's subordinated long term loan*	20.5.2008	1,823,077	-	1,823,077
Deutsche Telekom International Finance BV:				
Subordinated long term loan**	31.12.2004	1,176,923	-	300,000
Long term loan	31.12.2011	3,823,077	-	-
Total related party loans (long term)			-	2,123,077

* As at 31 December 2003, the loan was assumed to be repaid in 2004, therefore classified as short term.

** The loan was available until 31 December 2002.

In 2003, the total remuneration of the Board of Directors and Supervisory Board was CZK 1,821 thousand (2002: CZK 1,714 thousand).

The Company does not have any significant balances nor have entered into any significant transactions with the management or directors in 2003 and 2002.

29. Contingencies

The negotiation of 2001 interconnection fees with ČESKÝ TELECOM, a.s. and Český Mobil, a.s. is on-going. The results of the negotiation are uncertain and the final outcome may result in actual interconnection revenues and costs for 2001 that may significantly differ from the recorded amounts in the financial statements. Any resulting adjustments from the final settlement will be recorded in the period of settlement.

The value added tax audit carried out by the Financial Office for the years 1997 through 2001 has not been finalized as at 31 December 2003, or at the date of the approval of these financial statements. Based on the initial indications of the Financial Office, there is a risk of an additional tax assessment relating to the sales of prepaid phone sets. However, as there is no clear position yet taken by the Financial Office to allow for estimation of the exposure, and as the Company believes it is probable that no material assessment will ultimately result from the issues, there has been no provision recorded in the financial statements in relation to this pending inspection.

The Company is not aware of any major litigation that would require adjustment or disclosure in the financial statements as at 31 December 2003 other than that which was already adjusted as at 31 December 2003.

30. Commitments

As of 31 December 2003, the Company's future capital commitments with respect to the GSM network development, totaled CZK 411,133 thousand (as at 31 December 2002: CZK 154,107 thousand).

In December 2003, the construction of the new administrative building in Rožtyly was finished. Contractual commitments to Rožtyly Centrum a.s, the lessor, consist of annual rental fees of CZK 240,400 thousand and fees for rental related services. The total lease term contracted is 20 years.

The future lease payment commitments under operating leases arising from rental of microwave connection, other buildings, offices and GSM base stations are as follows:

CZK'000	31. 12. 2003	31. 12. 2002
Up to 1 year	789,194	934,817
Over 1 year	2,058,937	2,990,227
Total	2,848,131	3,925,044

The following commitment resulted from the provision of public telecommunication services specified in the Authorization issued by the Ministry of Economy of the Czech Republic on 25 March 1996:

With regards to state security and in connection with the provision of telecommunication services in the area covered by emergency status, the Company is obliged to fulfill obligations specified by the legislation to support the defense and security of the state and economic measures during a time of emergency status. The obligation has to be fulfilled in priority for state authorities, defense and rescue forces and other parties specified by legislation. This commitment has not changed during the fiscal year ended 31 December 2003.

31. Subsequent Events

There were no events, which have occurred subsequent to the year end that would have a material impact on the financial statements at 31 December 2003.

Report on the Business Activities and Status of Assets

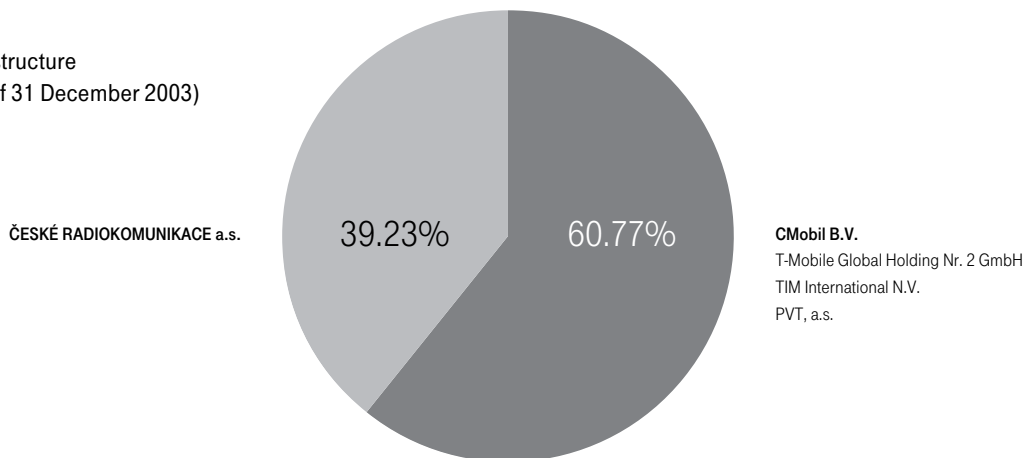
Report on the Business Activities of T-Mobile Czech Republic a.s. and the Status of its Assets for the Accounting Period of 2003 (in accordance with the provision of Section 192 (2) of Act No. 513/1991 Coll., the Commercial Code, as amended)

T-Mobile Czech Republic a.s. was established in 1996 (then called RadioMobil a.s.) and in the same year, it began offering mobile communications services under the name Paegas. In 2002, the Company changed its brand and subsequently its name. T-Mobile operates a public mobile communications network on the GSM standard in the 900 and 1800 MHz bands and is a holder of a licence to operate a third-generation network, UMTS. As of 31 December 2003, more than 3.9 million customers were using its services.

T-Mobile offers comprehensive services designed for everybody – standard users who use the phone exclusively as a means of communication, customers for whom the phone is a source of information and entertainment, and business clients with above-standard requirements. T-Mobile flexibly responds to trends in technological developments in this area and keeps pace with the international standards of technology and quality. The leading position of the Company in the area of innovation is confirmed by a number of national and international awards.

T-Mobile is currently the only Czech operator to be a member of a global telecommunications group – T-Mobile International, one of the four strategic divisions of Deutsche Telekom AG. T-Mobile International was named Best Global Mobile Operator by the jury of the World Communications Awards 2003 last October. The owners of T-Mobile Czech Republic a.s. are the CMobil B.V. consortium (T-Mobile Global Holding Nr. 2 GmbH, TIM International N.V., PVT, a.s.) with a 60.77% share and České radiokomunikace, a.s. with a 39.23% stake.

Shareholder structure
(effective as of 31 December 2003)



The T-Mobile network today covers over 99% of the Czech population and 99.98% of E-class roads in the Czech Republic. T-Mobile customers can use their mobile phones in the networks of more than 300 operators from almost 130 countries around the world. Since its establishment, the Company has placed emphasis on the quality of its services. Thanks to massive investment in network rollout and innovative solutions, it defines the direction for mobile communications in the Czech Republic. Last year, T-Mobile made investments totalling nearly 2.7 billion Czech crowns.

T-Mobile products are available to customers at almost fifty Retail Shops in all the larger Czech cities and towns. The distribution network also includes more than two thousand dealers' points of sale. Last year saw the introduction of Partner Shops which offer a level of care comparable with T-Mobile Retail Shops. Nineteen Partner Shops have been opened so far, with a similar number to open this year. Only the latest mobile phone models and brand-name accessories are offered to customers via the T-Mobile sales network. All T-Mobile retail shops and retail partners provide customers with accurate information and expert advice.

Customer care is one of T-Mobile's priorities. Its customer-oriented philosophy is based on the principle that each customer is of equal importance to T-Mobile. Along with the sales network, which is a basis for good relations between the customer and the Company, the system of customer care guarantees the highest quality of the services provided. During its existence, T-Mobile has established three customer service centres – in Prague, Louny and, most recently, in 2002, in Hradec Králové. Employees working there always try to understand the needs of clients in the shortest time possible and respond to them to the clients' maximum satisfaction.

The comprehensive care, flexibility and individual approach are also reflected in the concept of Data Showrooms launched by T-Mobile as the first operator in Prague and Ostrava to do so. These showrooms allow business and other customers to get closely familiar with data services, try them out and consult experts on the most suitable business solutions.

The Partner Programme has confirmed the mutually beneficial nature of cooperation in the recent period. Within this programme, T-Mobile provides companies and business people with a number of its technologically advanced services as a platform for developing their own products and services. Approximately two dozen unique solutions which partners offer to end users show that this concept is a real success.

Other important information concerning the business activities of T-Mobile and the status of its assets is specified in the financial statements, on pages 34-61 of the Annual Report.



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