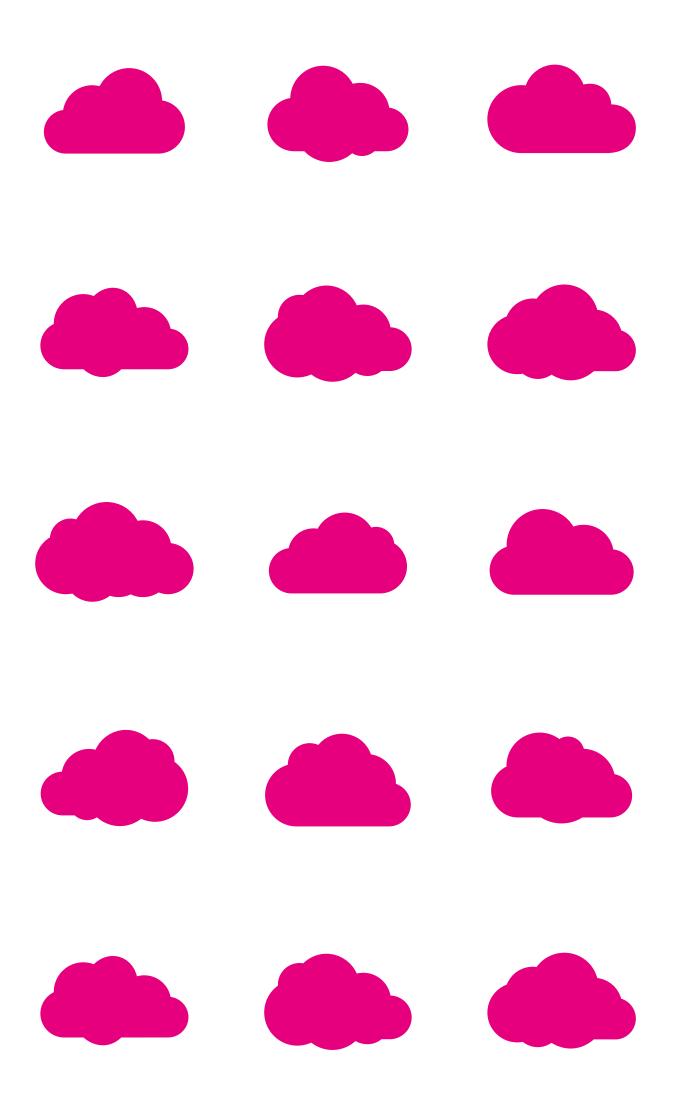
T-MOBILE CZECH REPUBLIC a.s. ANNUAL REPORT 2016











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FOREWORD



he year 2016 brought another increase in mobile data consumption: compared to the previous year, the total volume of data transmitted in the T-Mobile network increased by 82%. As having an offer of converged products and solutions is becoming a precondition for com-

petitiveness on the current telecommunications market, last year we focused on merging the activities of T-Mobile Czech Republic a.s. and Slovak Telekom, a.s., among other things. Our customers will thus have a possibility to take advantage of T-Mobile's strong position on the mobile market in the Czech Republic and Slovak Telekom's position in fixed-line services and converged telecommunications products.

In the segment of residential customers, we focused our offer on internet access for households in 2016. As part of the offer, we launched IP TV (under the name of T-Mobile TV) and three new Internet bez drátu ("Wireless Internet") plans, which enables creation of a home Wi-Fi network by means of LTE or 3G signal, among other propositions. In addition, we introduced new data roaming bundles for the EU Zone and increased data allowances available within the prepaid Twist service.

Following the successful integration with T-Systems Czech Republic a.s. and GTS Czech s.r.o., which was carried out in the past two years, we brought a unified B2B offer of services to the market last year, which includes IT solutions, systems integration, the densest metropolitan fibre-optic network in Prague and other products reflecting the demands of our customers and their business needs. T-Mobile has thus become a strong and stable partner in ICT. The portfolio places emphasis on security, data centres, IT and telecommunications services complemented with personalised customer care.

Last year, our investments in technologies and services totalled nearly CZK 5 billion. We continued the rollout of the LTE network according to Deutsche Telekom Group's international quality and security standards. At the end of the year, our fastest mobile internet service covered 96% of the Czech Republic's population, an increase of 14 percentage points over the previous year. We also expanded our coverage with LTE Advanced technology, which makes it possible to achieve higher data speeds than with standard LTE. By means of the Single RAN concept, which combines the technologies used by all our mobile networks in one universal solution, we continued to further simplify the radio network architecture and facilitated the rollout of LTE also in areas covered with the 3G network.

We reaffirmed our role as a leading innovator among the operators in the Czech Republic by launching the unique Smart Car solution, which reads data from the user's car and sends information about driving behaviour, movement, breakdowns and safety to the application in a mobile phone. Additionally, in partnership with SimpleCell Networks, we achieved coverage of nearly 90% of the Czech Republic's population with the SIGFOX IoT network for the so called Internet of things.

As a socially responsible company, we continuously engaged in socially and environmentally beneficial activities. The sixth edition of the T-Mobile Takeoffs (T-Mobile Rozjezdy) competition, through which we support owners of small startup businesses, was held last year. Within the T-Mobile Fund we supported small non-profit organisations. In May, we got involved in the Sea Hero Quest project developed by our parent company and introduced a mobile game of the same name. The game was played by 2.5 million people worldwide, who thus also provided scientists with the largest collection of data on human spatial navigation to date, which will significantly accelerate research and treatment of dementia. As a partner of the Czech Olympic team, we participated in the organisation of the second edition of the T-Mobile Olympic Run.

One of the proofs that we do our work well is the figure of six million – the highest number of active SIM cards of all operators in the Czech Republic. I would like to extend my heartfelt thanks to all our customers for placing confidence in us and assure them that their satisfaction is our priority. I would also like to thank my colleagues and our business partners for their pro-customer approach and strong commitment. It is thanks to them that T-Mobile Czech Republic has maintained its position as the number-one operator on the mobile market in the Czech Republic.

hulu Adino

Milan Vašina Chief Executive Officer, T-Mobile Czech Republic a.s. and Slovak Telekom, a.s.

IN 2016, WE SUPPORTED START-UP BUSINESSES THROUGH THE SIXTH ANNUAL T-MOBILE TAKEOFFS PROJECT

À TOTAL OF CZK 2,990,464 WAS DISTRIBUTED AMONG 34 ORGANISATIONS WITHIN THE **T-MOBILE LET'S TALK TO EACH OTHER** GRANT

WE ARE SOCIALLY RESPONSIBLE WE PARTICIPAT IN THE GIVING TUES A GLOBAL DAY

WE PARTICIPATED IN THE **GIVING TUESDAY**, A GLOBAL DAY OF VOLUNTEERING AND PHILANTHROPY esponsibility towards the world around us and the society which we live in is an integral part of everything that we do. We are the founding member of the UN Global Compact national network in the Czech Republic. We adhere to the fair principles of doing business, we help

beneficial applications and services to see the light of day, and support non-profit organisations, small businesses and individuals. We are involved as volunteers in a number of places across the Czech Republic, transferring our experience and knowledge and helping in emergency and crisis situations.

As in previous years, we were active in the area of social responsibility also in 2016. We organised two discussion meetings on this subject that were intended for CSR managers, business owners, executives and directors, the expert public and representatives of the non-profit sector, among other events.

The sixth edition of the T-Mobile Takeoffs (T-Mobile Rozjezdy) competition was held last year. In this project, we support owners of small start-up businesses, particularly those from groups of the population that are at risk of unemployment: parents with small children, recent graduates, long-term unemployed and disabled and elderly people. Our objective is to support business projects that will not only generate profit but will also contribute to the communities. The support provided via T-Mobile Takeoffs consists not only of the prizes awarded within the competition but also the expert assistance. A summary of the figures for the sixth edition of the Takeoffs shows that there were 409 registered projects, 41 regional winners, ten specialist workshops across the entire Czech Republic and more than 500 participants.

T-Mobile's activities in the area of corporate social responsibility can be divided into several pillars: MLUVME SPOLU ("Let's Talk to Each Other"), POMÁHEJME SI ("Let's Help Each Other"), ROZVÍJEJME SE ("Let's Develop"), VYMYSLEME TO ("Let's Think It Up"), ROZJEĎME TO ("Let's Start it Up") and PRO SVĚT ("For the World"). T-Mobile's Let's Talk to Each Other grant programme focuses on supporting small nonprofit organisations that are active in local communities. Its key themes are communication, cooperation and integration. Within the one-year programme, T-Mobile distributed nearly CZK 2,990,464 to support 34 selected projects. The LET'S HELP EACH OTHER pillar is intended solely for the Company's employees and supports their volunteering and charitable activities and social responsibility. The traditional activities include the Den pro dobrý skutek ("One Day for People in Need") (a programme, through which employees can spend one workday per year volunteering in non-profit organisations), selection of the Volunteer of the Year and Pomáhejme příběhům ("Supporting Stories"), an internal fundraising campaign. The fourth edition of this campaign was organised in 2016 to raise funds for people in difficult life situations who live in the vicinity of our employees. A total of CZK 1,431,900 was raised to support those in need.

The main activity within the LET'S DEVELOP pillar is the longterm educational programme called the T-Mobile Academy. In 2016, seven non-profit organisations took part in the programme, within which they received free specialist consultations and coaching and could attend specialist seminars free of charge for one year. Training was provided by T-Mobile employees, who were happy to share their knowledge and expertise with people from foundations and civic associations. In addition to the Academy, the Company continued organising regular workshops for the non-profit sector, which focused, for example, on PR and human resources.

Within the LET'S THINK IT UP pillar, we support the development of mobile applications and other on-line solutions that are useful for the society. For example, such applications and solutions help people who are disadvantaged in a certain aspect, improve our environment or change the world for the better in any other manner. For example, we initiated the creation of a special category – Application for a Better World – within the Mobile Application of the Year contest.

In 2016, we took part in Giving Tuesday, a global volunteering and philanthropy day, for the first time. We participated in this activity namely through the above-mentioned Supporting Stories fundraising campaign; in addition, our employees contributed more than 400 hours of their time by volunteering. By selling coffee and tea at the Company's headquarters, we raised more than CZK 36,000 for an organisation that helps children and adults who have suffered burns, and by collecting clothing we supported a retirement home for elderly. T-MOBILE'S COOPERATION WITH SLOVAK TELEKOM BRINGS THE FIRST RESULTS

WITHIN THE INTEGRATION, WE HAVE FOCUSED ON THE FOLLOWING AREAS:

SETUP OF A NEW GOVERNANCE MODEL AND A JOINT STRATEGY FOR THE CZECH/SLOVAK ORGANISATIONI EXPANSION OF THE PORTFOLIO OF SERVICES FOR B2B CUSTOMERS ACTIVE ON BOTH MARKETS he managerial combination of T-Mobile and Slovak Telekom gives us an opportunity to strengthen our position as the leading telecommunications player on the combined Czech and Slovak markets. We are taking advantage of both T-Mobile's strong position on the mobile market in the Czech Republic and Slovak Telekom's position in fixed-line services and converged telecommunica-

Following the creation of a joint organisational structure in the middle of the year, we focused on finalising the governance model and setting up internal processes for important decisions taken within both companies.

tions products.

In the business area, we prepared a joint Christmas campaign in autumn, where the offers in the Czech Republic and Slovakia were based on the same principles.

In B2B, we launched activities aimed at addressing customers that are active on both markets with an offer of both international B2B products and appropriate local products for their branches in the other country. We commenced activities for sharing expertise and know-how for working with customers in both business divisions.

In the HR area, we have been unifying principles and policies for our customers; in the area of finance, we have been streamlining and consolidating processes for the effective functioning of our company and defining synergies where savings can be achieved, including economies of scale and savings achieved on the basis of renegotiating contracts with our partners.

In the upcoming years, we will focus on consolidation in the areas of technologies, IT, applications, network elements, transmission networks and data centres.

The year 2016 was marked by preserving business continuity and delivery of the first results; 2017-2018 will be marked by transformation and process consolidation of both companies into the target model.

UNIFORM APPROACH WITH RESPECT TO B2C PRODUCTS AND STRATEGY USE OF SLOVAK TELEKOM'S FMC SOLUTIONS AND SERVICES ON THE CZECH MARKET

SYNERGIES IN INVESTMENT AND OPERATING COSTS WE STRENGTHEN COOPERATION WITH STUDENTS

> WE SUPPORT THE HEALTH OF OUR EMPLOYEES AND OTHERS

WE CARE ABOUT OUR PEOPLE

WE SUPPORT THE HEALTH OF OUR EMPLOYEES AND OTHERS s at 31 December 2016, our company had 3,376 employees with an average age of 37, of whom 65% were men and 35% women. Approximately one third of them used the possibility of occasionally working from home, which we support as one of our flexible working arrangements. In 2016, 205 employees took maternity or parental leave. We stay in touch with such employees via our online EchoFamily platform and endeavour to make their return to work as easy as possible.

We care about our employees' health; it is not without reason that we were awarded the Healthy Company title. The year 2016 was filled with activities aimed at prevention and raising awareness in the area of physical and mental health. We organised twelve Health Days in Prague and in the regions where T-Mobile operates, during which our employees attended development workshops, fitness lessons, had their blood pressure and body fat measured and enjoyed free massages. T-Mobile University, an internal development platform, offered 42 health workshops to our employees in 2016, and 306 colleagues used the opportunity to receive a flu vaccination. More than 1,000 employees continued to use the services of a private healthcare provider paid for by T-Mobile for themselves and their families. We did not forget about our colleagues in the regions either; a total of 320 of them used the special offer of health support and prevention programmes and chose one of the nine dedicated programmes. As we care not only about the health of our employees but also that of others, in 2016 we again offered the possibility of registering as a bone marrow donor. The Czech Stem Cell Registry in Prague thus gained 14 new donors.

We are happy to help on all fronts. Last year, we started to focus more on cooperation with students. Within the T-Mobile Campus development platform, we offer students an opportunity to better prepare for their future careers. We do not keep our expertise and know-how to ourselves and we thus organise development workshops for students, provide career guidance, organise specialised lectures at colleges and universities as well as visits to our offices and help with writing theses. In 2016, in partnership with two other companies – Microsoft and ExxonMobil, we organised the Girls, Skill Up! conference intended for female university students, the objective of which was to show that girls and women have their place in technology companies. The event featured inspirational speakers and interesting workshops and was a great networking opportunity. In 2016, we continued our membership in the Alliance for Youth, which is an organisation committed to helping young people find work and thus gain relevant job experience. This year, T-Mobile came up with the idea of using the synergies of Alliance members and organised the Big Step event together with three partner companies (Nestlé, IBM and ČEZ). The purpose of this two-day event, which was focused on the theme of innovation, was to interactively present to students the field of innovation at four companies operating in different sectors. We believe that these and our other activities contributed towards T-Mobile's earning the first-place ranking in the 2016 Top Employers in the Telecommunications Sector survey, in which students vote.

At the beginning of 2016, we launched closer cooperation between T-Mobile Czech Republic and Slovak Telecom, thus giving employees an opportunity to work in international teams, often supervised by a manager remotely, and get to know a new culture, solve more complex problems and learn new things on the job. We realised that a shared environment brings about not only new opportunities but also poses new challenges. To make sure that this cooperation goes smoothly, we support our colleagues during the adaptation process. We keep pace with the times and thus use modern digital tools and technologies (WebEx, Jabber, Polycom, audio/video conferences, etc.) to help us in our everyday activities. These tools and technologies have brought us more flexibility for planning our work and private lives. They also motivate us to find ways to do things differently and require even closer cooperation.

We also have to thank our employees for our position as a preferred employer on the market. This year marked the 20th anniversary of the founding of our company, on the occasion of which we organised a special Kryštof Kemp for our colleagues in summer, to which everybody could take their partners and children, and we also invited our Slovak colleagues, as sharing our joy is important for us.

WE RECEIVED A NUMBER OF AWARDS IN 2016

COMMUNICATION IS FUN FOR US

WE HAVE THE BIGGEST NUMBER OF FANS ON FACEBOOK AMONG OPERATORS

ooperation with the great actor Ivan Trojan on our marketing communication continued for the third year. His role as a secret service agent was replaced by the role of a senior doctor in a hospital environment. This concept of TV commercials built on the long-term popularity of previous campaigns among viewers.

As in the previous two years, we notched up the Superbrands award within this worldwide programme involving independent brand valuation. We also received two Zlatá pecka ("Golden Stone") awards for the "Ještěr" ("Lizard") and "Pec nám spadla" ("Our Stove Fell Down") TV commercials from the "Ve vašich službách" ("At Your Service") campaign. Other awards that are worth mentioning include, for example, the Effie award for the local version of the international Sea Hero Quest campaign and the Most Trusted Brand award, which we received based on a survey conducted among Czech customers. Of no less importance, our 2016 Summer Olympics application, which we had prepared in cooperation with the Czech Olympic Committee, scored highly in the Mobile Application of the Year contest, ranking first in the New Application category and third in the Marketing Inspiration category.

Our Facebook profile had the largest community of fans among Czech operators – at the end of the year, we were followed by more than 200,000 fans. Videos on our YouTube channel achieve fantastic viewing figures; for example, the video featuring our new T-Mobile TV service attracted more than 2.6 million viewers. In addition, we are now also active on other social media, such as Instagram and Snapchat.

WE BEGAN TO ACTIVELY COMMUNICATE ON INSTAGRAM

WE INTRODUCED THE UNIQUE SMART CAR SERVICE

WE ARE CONTINUING TO EXPAND OUR OFFER

WE FOCUSED ON INTERNET ACCESS FOR HOUSEHOLDS ur offer in the segment of residential customers was focused on internet access for households in 2016. The new "Internet na doma" ("Home Internet") concept brought three new Internet bez drátu ("Wireless Internet") plans that supplemented the two

existing Pevný internet ("Fixed-Line Internet") plans.

IP TV is a service that is closely connected with internet access and which we launched at the beginning of April under the name of T-Mobile TV. Apart from three plans offering different numbers of channels, including those in HD quality, this service features, among other things, the possibility of viewing programmes up to 48 hours after their original air time, a recording function and a 30-day satisfaction guarantee.

We have long supported the best applications and last year was no exception in that respect. In cooperation with the Czech Olympic Committee, we prepared and launched the 2016 Summer Olympics application on the occasion of the Summer Olympic Games in Rio de Janeiro. The application was downloaded by nearly 100,000 sports fans.

In May, we got involved in the Sea Hero Quest project developed by our parent company Deutsche Telekom and introduced a mobile game of the same name. The game was played by 2.5 million people worldwide, thus providing scientists with the largest collection of data on human spatial navigation, which will significantly accelerate research and treatment of dementia. The Czech Republic ranked third worldwide with 180,000 downloads (after the United States and China).

Within a campaign aimed at boosting sales of devices from our distribution network, we offered mobile devices (smartphones, tablets and notebooks) for special prices between the middle of August and the end of September. This successful campaign was followed by the Christmas campaign, within which customers could, among other things, purchase selected pairs of Samsung and Huawei handsets for the price of one. This campaign also met with a very positive response.

In November, we reaffirmed our role as a leading innovator among the operators in the Czech Republic and launched the unique Chytré auto ("Smart Car") solution. By means of a small box equipped with a SIM card and inserted into a car's OBD port, this solution reads data from the car and sends information about driving behaviour, movement, breakdowns and safety to the Motion application in a mobile phone.

Of course, we did not forget about our corporate customers, to whom we also offered new services. In summer, we offered them a virtual data centre. The users of this service are no longer limited by physical IT infrastructure – together with applications, they can virtualise it and use IT resources without having to make expensive investments. In September, we introduced five variants of products and services intended for the Electronic Sales Register (ESR), including a special data plan offering unlimited data for communication with the central ESR system.

WE LAUNCHED THE IP TV SERVICE UNDER THE NAME OF T-MOBILE TV WE INCREASED THE DATA ALLOWANCE UNDER THE PREPAID TWIST BUNDLES

WE INTRODUCED EU ROAMING AND NEW DATA ROAMING BUNDLES WE ORGANISED AN EXHIBITION AND INITIATED THE PUBLICATION OF A BOOK ON THE OCCASION OF OUR 20TH ANNIVERSARY

THE BEST FOR OUR CUSTOMERS

n the last day of April, we introduced EU Roaming, a new principle for billing roaming services in the EU countries under which calls, sending of text messages and use of data services are charged according to the same prices as in the Czech Repub-

lic, plus a surcharge for each unit consumed. To support the use of mobile internet abroad even more, in April we also introduced new data roaming bundles for the EU Zone, which offered a larger data allowance for a more attractive price as compared with the existing bundles – one MB of data under the new bundles cost less than with the EU Roaming service.

The conditions of data services were also further improved for users of the prepaid Twist card. We increased the data allowance under the Twist internet na týden ("Twist Internet for a Week") and Twist internet na týden+ ("Twist Internet for a Week+") bundles by 20% while their existing prices remained unchanged. In August, we presented a revamped Twist service connected with a reward for credit top-up, which was called V síti ("In the Network"). The reward consists in unlimited calls to all T-Mobile numbers and an extra 100 MB of data valid for 30 days after customers top up their credit with CZK 300 or more.

For parents with an activated monthly plan who have children that use the prepaid Twist service, we introduced the Školák ("Schoolchild") bundle with the Surfie application in August. The bundle offers parents the certainty of staying in contact with their children even if they have zero credit as well as a possibility of very easily keeping tabs on and administering their accounts directly from the parents' My T-Mobile self-service portal. The application enables parents to track the location of their children and protect them against inappropriate internet content. We continued our partnership with the Czech Olympic Committee, Czech national football team, the rock band Kryštof and the Rock for People music festival. With the first of the partners mentioned above, we organised the second edition of the T-Mobile Olympic Run, which again achieved record results, as it featured 51 runs across the entire Czech Republic and attracted more than 52,000 runners who contributed more than CZK 220,000 to the Czech Olympic Foundation. In the area of culture, we also took part in preparing a new production of Leonard Bernstein's famous Mass in the Czech Republic.

On the occasion of the 20th anniversary of our entry into the Czech market, we initiated the publication of a book simply entitled 2036, with the subtitle Tomáš Sedláček and guests: how we will live in twenty years, which met with great success among readers, and we organised an exhibition titled "Of Phones and Man" in cooperation with the National Technical Museum. In a fun and interactive way, the exhibition shows how people's lives have changed in the past several decades thanks to telecommunications technologies. We also presented another gift to our customers on the occasion of our anniversary – during the first weekend of October, they could repeatedly increase their data allowance in the My T-Mobile self-service application free of charge.

KAKTUS



The Kaktus brand achieved good results last year, with its revenues increasing by nearly one third. During its three years on the market, the brand has built a clear profile by which it differentiates itself from other virtual operators. In comparison with competing brands, Kaktus is a relevant brand for young people. Kaktus is often associated with such terms as fun, shared experience, freedom, creativity and being laid-back. Kaktus's brand awareness is the second highest on the market among virtual operators (the December figures show that the brand awareness of Tesco Mobile is 85% among respondents, followed by Kaktus with 80% and SAZKA with 77%). WE ACHIEVED A COVERAGE OF 96% OF THE CZECH REPUBLIC'S POPULATION WITH THE LTE NETWORK

WE APPLIED/ INSTALLED THE SINGLE RAN CONCEPT ON 979 TRANSMITTERS

WE ARE IMPROVING COVERAGE, INCREASING SPEEDS AND INNOVATING n 2016, we continued the massive rollout of the LTE network. We put 1,421 new transmitters into operation. At the end of the year, our fastest mobile internet technology covered 96% of the population of the Czech Republic (which is by 14 p.p. more as compared with the previous year), i.e. 3,103 cities and towns (approximately by one third more than in 2015). On top of that, we fulfilled the obligation arising from the LTE frequency auction to cover 50% of the total area of the motorway system in the Czech Republic earlier than was stipulated.

The year before the previous year, we started with the implementing of the Single RAN concept, which combines 2G, 3G and LTE technologies in one universal solution. Last year, we installed this concept on 979 transmitters, which helped us further simplify the radio network architecture and facilitate the rollout of LTE also in areas covered with the 3G network (using the 2100 MHz band).

We also continued to expand our coverage with LTE Advanced (LTE-A) technology, which combines two bands by means of the Carrier aggregation function. At the end of last year, our network included 1,225 LTE-A transmitters, which is nearly 380% more than in the previous year. The vast majority of these transmitters, which aggregate the 800 MHz and 2100 MHz bands, are located in the western part of the Czech Republic and in Brno; several dozen transmitters were put into operation in the centre of Prague in the 800 MHz plus 1800 MHz

configuration. Last year we added Prague's district of Petrovice to the three locations in which we had already launched LTE-A combining three bandwidths and offering download speeds of up to 375 Mbps.

We continued to steadily reaffirm our role as a leading innovator among Czech operators. Through our parent company Deutsche Telekom, we participated in the preparation of a standard for embedded SIM cards (eSIMs) and, following its completion in November 2016, we immediately began developing a system to support devices equipped with eSIMs. We installed four special LTE transmitters that were necessary in order to cover the Czech Republic with the prepared European Aviation Network, which is the first system in the world to combine a satellite network with a ground-based LTE network, thus enabling in-flight high-speed internet access. The Wi-Fi calling service, which we were the first operator in the Czech Republic to commercially launch in 2015 for business customers, was made available to all contract customers as well as prepaid card users.

Based on the successful result of the trial operation of the SIGFOX network for the Internet of Things, we began gradually covering the entire territory of the Czech Republic in cooperation with our partner, the Canadian-based company SimpleCell Networks. At the end of last year, the SIGFOX network covered 89% of the population and 85% of the territory of the Czech Republic.

WE PUT INTO OPERATION 1,421 NEW TRANSMITTERS In Prague, 22 March 2017

Ilias Drakopoulos Chairman of the Board of Directors

Robert Hauber Vice-chairman of the Board of Directors





REPORT ON RELATIONS

of company T-Mobile Czech Republic a.s.

In accordance with Section 82 of Act on Corporations for the Year 2016

The Board of Directors of T-Mobile CzechRepublic a.s., having its registered office at Tomíčkova 2144/1, 148 00 Praha 4, company registration number 649 49 681, which is registered in the Commercial Register administered by the Municipal Court in Prague, Section B, File No. 3787 ("**the Company**" or "**TMCZ**") prepared the following Report on the Relationships in accordance with Section 82 of Act No. 90/2012 Coll., Act on Corporations ("**the Act on Corporations**"), in respect of the accounting period of the year 2016 ("**the Accounting Period**").

1. RELATIONSHIPS STRUCTURE

1.1

According to the available information of the Board of Directors of the Company acting with due managerial care, the Company formed part of the group of Deutsche Telekom AG ("DTAG") ("**the Group of companies**") during the accounting period. Information concerning parties in the Group of companies are presented as per 31 December 2016, based on the information of Boardof Directors of the Company acting with due managerial care. The overview contains the entities controlled by DTAG, when the Company had business relationships with these entities during the accounting period, as well as some entities which stand in the structure of the Group of companies either above or below the aforementioned entities. Relationships structure in the Group of companies is shown in the Appendix 1.

1.1.1 CONTROLLING PARTY

Deutsche Telekom AG, having its registered office at Friedrich-Ebert-Allee 140, Bonn, Nordrhein-Westfalen, 53113 Germany ("the Controlling party") indirectly controls the Company via Deutsche Telekom Europe Holding GmbH (Germany) as 100% shareholder of Deutsche Telekom Europe Holding B.V. (the Netherlands) as a 100% shareholder of Deutsche Telekom Europe B.V. (the Netherlands), which owns 100 % of the Company.

2. THE COMPANY ROLE IN THE GROUP OF COMPANIES

The Company is the integrated operator: in addition to mobile and fix telecommunication services it provides a wide portfolio of IT services and system integration solutions to business customers. In the long term the Company is focused on the quality of provided services. Since its establishment the Company emphasizes the excellent customer care and fair approach to business partners, employees and environment.

3. FORM AND MEANS OF CONTROL

The Controlling party indirectly controls the Company via Deutsche Telekom Europe Holding GmbH, which was in the Accounting period the sole owner of Deutsche Telekom Europe Holding B.V., which was in the Accounting period the sole owner of Deutsche Telekom Europe B.V., which owns 100% of the Company. The Company is controlled primarily by decision-making of the sole shareholder of the Company in the powers of the General Meeting of the Company.

The Company carries out its activities in line with the globally developed and focused business, financial, investment, and other plans of the DTAG group. Decisions on the day-to-day activities and business of the Company (e.g. budgets, marketing, HR policy, etc.) fall naturally within the autonomous power of the Company while taking into account the DTAG group's global policy.

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

4.1 CONTRACTS CONCLUDED BETWEEN THE COMPANY AND THE CONTROLLING PARTY. New contracts concluded in 2016:

Partner	Services / goods – original version	Services / goods - translation	No. of contract of Company
Deutsche Telekom AG	Amendment No. 11 to Agreement on Global Roaming eXchange (GRX)	Amendment No. 11 to Agreement on Global Roaming eXchange (GRX)	010109-111-00
Deutsche Telekom AG	Amendment No. 12 – GRX Services	Amendment No. 12 – GRX Services	010109-112-00
Deutsche Telekom AG	Annex 2 – Service Agreement – SLA Inbound 2016 TMCZ Service Provider TDG Service	Annex 2 – Service Agreement – SLA Inbound 2016 TMCZ Service Provider TDG Service	013243-116-00
Deutsche Telekom AG	Service Arrangement 2016 -X-Charges TMCZ Inbound under the Framework Cooperation	Service Arrangement 2016 -X-Charges TMCZ Inbound under the Framework Cooperation	013243-117-00
Deutsche Telekom AG	Amendment No. 2 to the Agreement on Commercial Roaming Broker Services	Amendment No. 2 to the Agreement on Commercial Roaming Broker Services	022191-102-00
Deutsche Telekom AG	Amendment No. 1 to Management Agreement for International MNC Services	Amendment No. 1 to Management Agreement for International MNC Services	022522-101-00
Deutsche Telekom AG	Annex – Service Arrangement T-Systems/Telekom IT/EU Solution 2013	Annex – Service Arrangement T-Systems/Telekom IT/EU Solution 2013	022888-109-00
Deutsche Telekom AG	Service Arrangement – Musketeer Program	Service Arrangement – Musketeer Program	022888-120-00
Deutsche Telekom AG	Service Arrangement (Outbound cross charges)	Service Arrangement (Outbound cross charges)	022888-121-00
Deutsche Telekom AG	Annex – Service Arrangement – Product Roadmap 2016	Annex – Service Arrangement – Product Roadmap 2016	022888-122-00
Deutsche Telekom AG	Service Arrangement 2015 – Group Technology (Outbound cross charges)	Service Arrangement 2015 – Group Technology (Outbound cross charges)	022888-123-00
Deutsche Telekom AG	Annex to the Framework Cooperation and Service Agreement (Procurement 2016)	Annex to the Framework Cooperation and Service Agreement (Procurement 2016)	022888-124-00
Deutsche Telekom AG	Service Arrangement 2016 – Group Innovation (GI) Connected Devices (GI-COD) Services	Service Arrangement 2016 – Group Innovation (GI) Connected Devices (GI-COD) Services	022888-125-00
Deutsche Telekom AG	Annex – Service agreement for TMCZ Outbound x-charges Com.roaming,shops,EWC,ICCA	Annex – Service agreement for TMCZ Outbound x-charges Com.roaming,shops,EWC,ICCA	022888-126-00
Deutsche Telekom AG	Annex – Service Arrangement – Centralized Capacity Planning Service	Annex – Service Arrangement – Centralized Capacity Planning Service	022888-127-00
Deutsche Telekom AG	Term Sheet 2016 – Regarding services for Telepresence	Term Sheet 2016 - Regarding services for Telepresence	023403-201-00
Deutsche Telekom AG	Supplementary Agreement to the Project Service Agreement for the Provision of the Next Generation Voice Mail System	Supplementary Agreement to the Project Service Agreement for the Provision of the Next Generation Voice Mail System	024075-000-00
Deutsche Telekom AG	Annex to the Agreement Project Service Agreement	Annex to the Agreement Project Service Agreement	024100-101-00
Deutsche Telekom AG	IFRS Project Term Sheet 2016 – IFRS15 Central Engine (RevenueRecognition)	IFRS Project Term Sheet 2016 – IFRS15 Central Engine (RevenueRecognition)	024100-212-00
Deutsche Telekom AG	Sideletter to iPhone Contract of Adherence to the iPhone Agreement between Apple	Sideletter to iPhone Contract of Adherence to the iPhone Agreement between Apple	024364-201-00
Deutsche Telekom AG	Service Arrangement – SLA Outbound Services 2016, TMCZ Service Receiver, TD Serv	Service Arrangement – SLA Outbound Services 2016, TMCZ Service Receiver, TD Serv	024410-103-00
Deutsche Telekom AG	Service Level Agreement (SLA) – Handset Capability Server (HCS)	Service Level Agreement (SLA) – Handset Capability Server (HCS)	024410-104-00
Deutsche Telekom AG	Non-Disclosure Agreement – NDA – pro DTAG Group Procurement (souvisí s CDP)	Non-Disclosure Agreement – NDA – pro DTAG Group Procurement (souvisí s CDP)	025336-000-00
Deutsche Telekom AG	Software Cost Allocation Agreement – PR0028752 – TIBCO ELA (2012 and thereafter)	Software Cost Allocation Agreement – PR0028752 – TIBCO ELA (2012 and thereafter)	026063-000-00
Deutsche Telekom AG	Modified Agreement – Annex of Data Fields (Ind. Agreement – pers. data – Perform	Modified Agreement – Annex of Data Fields (Ind. Agreement – pers. data – Perform	026070-201-00
Deutsche Telekom AG	Service Agreement CZ - DT regarding Pan IP FTEs	Service Agreement CZ – DT regarding Pan IP FTEs	026089-000-00
Deutsche Telekom AG	Service Agreement DT MNC	Service Agreement DT MNC	026192-000-00
Deutsche Telekom AG	Service Agreement – Amendment No. 1	Service Agreement – Amendment No. 1	026192-101-00

Partner	Services / goods – original version	Services / goods – translation	No. of contract of Company
Deutsche Telekom AG	iCN DTAG Security Agreement Corporate Network (SACoN)	iCN DTAG Security Agreement Corporate Network (SACoN)	026365-000-00
Deutsche Telekom AG	Agreement for Commissioned Data Processing (Application SPPM (ICTO 12147) with its portfolios PFM- Tool and PFM@IT)	Agreement for Commissioned Data Processing (Application SPPM (ICTO 12147) with its portfolios PFM-Tool and PFM@ IT)	026387-000-00
Deutsche Telekom AG	Agreement on Regional ACGC Services – projekt EAN	Agreement on Regional ACGC Services – projekt EAN	026469-000-00
Deutsche Telekom AG	Agreement for Commissioned Data Processing	Agreement for Commissioned Data Processing	026562-000-00
Deutsche Telekom AG	Agreement on Discounts for Inter-Operator Tariffs	Agreement on Discounts for Inter-Operator Tariffs	026609-000-00
Deutsche Telekom AG	Prolongation Agreement Infrastructure Services for T-Mobile CZ	Prolongation Agreement Infrastructure Services for T-Mobile CZ	880052-103-00
Deutsche Telekom AG	Individual Agreement on the commissioned processing of personal data within the EU/EEA	Individual Agreement on the commissioned processing of personal data within the EU/EEA	880080-202-00

Contracts that were effective during 2016:

Partner	Services / goods	Services / goods – translation	No. of contract of Company
Deutsche Telekom AG	Non – Disclosure Agreement	Non – Disclosure Agreement	0000156/2006-SMnp
Deutsche Telekom AG	International Carrier Interconnection– Deutsche Telekom network through Deutsche Telekom Point of Presence in Prague for International Telecommunications Services viac PSTN/ISDN	International Carrier Interconnection – Deutsche Telekom network through Deutsche Telekom Point of Presence in Prague for International Telecommunications Services viac PSTN/ISDN	0000230/2007-SMws
Deutsche Telekom AG	Agreement on – Circuit Solution EoM	Agreement on – Circuit Solution EoM	0000289/2011-SMna
Deutsche Telekom AG	Non-Disclosure and Confidentiality Agreement	Non-Disclosure and Confidentiality Agreement	001070-000-00
Deutsche Telekom AG	Letter of Understanding	Letter of Understanding	010003-000-00
Deutsche Telekom AG	Sublicenční smlouva (rebranding)	Sublicence agreement (rebranding)	010091-000-00
Deutsche Telekom AG	Dodatek č. 1 k dílčí smlouvě	Amendment No. 1 to the Sublicence Agreement	010091-201-01
Deutsche Telekom AG	Letter of Understanding	Letter of Understanding	010091-202-00
Deutsche Telekom AG	Amendment no. 8 to Agreement on Global Roaming eXchange (GRX) (No. T-Systems 2002/622)	Amendment no. 8 to Agreement on Global Roaming eXchange (GRX) (No. T-Systems 2002/622)	010109-108-00
Deutsche Telekom AG	Amendment No. 9	Amendment No. 9	010109-109-00
Deutsche Telekom AG	Amendment No. 10 to Agreement on Global Roaming eXchange (GRX)	Amendment No. 10 to Agreement on Global Roaming eXchange (GRX)	010109-110-00
Deutsche Telekom AG	Framework agreement on supply of products and related services	Framework agreement on supply of products and related services	010246-000-00
Deutsche Telekom AG	UMTS Frame Agreement	UMTS Frame Agreement	010322-000-00
Deutsche Telekom AG	Amendment No. 5 – roamingová signalizace	Amendment No. 5 – roaming signalization	010340-105-00
Deutsche Telekom AG	Amendment 6 – Agreement on application of Agreement on Signalling-for-International-Roaming (SPR Serices)	Amendment 6 – Agreement on application of Agreement on Signalling-for-International-Roaming (SPR Serices)	010340-106-00
Deutsche Telekom AG	Amendment No. 7 – Signalling for international roaming – Diameter/4G	Amendment No. 7 – Signalling for international roaming – Diameter/4G	010340-107-00
Deutsche Telekom AG	Amendment No. 8 – Signalling for international roaming – SS7 based Steering	Amendment No. 8 – Signalling for international roaming – SS7 based Steering	010340-108-00
Deutsche Telekom AG	Rámcová smlouva – Inbound	Framework Agreement – Inbound	010562-000-00
Deutsche Telekom AG	Service Arrangement - Strategy & Portfolio Management	Service Arrangement – Strategy & Portfolio Management	010562-201-00
Deutsche Telekom AG	Service Arrangement – Management IT Applications	Service Arrangement – Management IT Applications	010562-202-00
Deutsche Telekom AG	Service Arrangement – ERP & Corporate Systems	Service Arrangement – ERP & Corporate Systems	010562-203-00
Deutsche Telekom AG	Service Arrangement – Managemnt IT Operations	Service Arrangement – Managemnt IT Operations	010562-204-00
Deutsche Telekom AG	Service Arrangement – End user Marketing	Service Arrangement – End user Marketing	010562-205-00
Deutsche Telekom AG	Service Arrangement – System Engineering	Service Arrangement – System Engineering	010562-206-00
Deutsche Telekom AG	Service Arrangement – System Engineering	Service Arrangement – System Engineering	010562-207-00
Deutsche Telekom AG	Service Arrangement – Network Deployment & Operations Management	Service Arrangement – Network Deployment & Operations Management	010562-208-00

Partner	Services / goods	Services / goods – translation	No. of contract of Company
Deutsche Telekom AG	Service Arrangement – Network Deployment & Operations Management	Service Arrangement – Network Deployment & Operations Management	010562-209-00
Deutsche Telekom AG	Framework Cooperation and Service Agreement – Outbound Direct Charging	Framework Cooperation and Service Agreement – Outbound Direct Charging	010563-000-00
Deutsche Telekom AG	Service Arrangement – ERP & Corporate Systems	Service Arrangement - ERP & Corporate Systems	010563-201-00
Deutsche Telekom AG	Framework Cooperation and Service Agreement – – Outbound	Framework Cooperation and Service Agreement – - Outbound	010564-000-00
Deutsche Telekom AG	Sideletter to the Framework Cooperation and Service Ag. (Outbound/Allocation)	Sideletter to the Framework Cooperation and Service Ag. (Outbound/Allocation)	010564-101-00
Deutsche Telekom AG	Service Arrangement – Global Products	Service Arrangement – Global Products	010564-201-00
Deutsche Telekom AG	Service Arrangement – Payment	Service Arrangement – Payment	010564-202-00
Deutsche Telekom AG	Service Arrangement – IT Department	Service Arrangement – IT Department	010564-203-00
Deutsche Telekom AG	Service Arrangement – Marketing Department	Service Arrangement – Marketing Department	010564-204-00
Deutsche Telekom AG	Service Arrangement – Network Technology Office	Service Arrangement - Network Technology Office	010564-205-00
Deutsche Telekom AG	Service Arrangement – IT Strategy & Portfolio Management	Service Arrangement – IT Strategy & Portfolio Management	010564-206-00
Deutsche Telekom AG	Service Arrangement – Process Alignment & Quality Management	Service Arrangement – Process Alignment & Quality Management	010564-207-00
Deutsche Telekom AG	Service Arrangement – Management IT Applications	Service Arrangement – Management IT Applications	010564-208-00
Deutsche Telekom AG	Service Arrangement – Management IT Operations	Service Arrangement – Management IT Operations	010564-209-00
Deutsche Telekom AG	Service Arrangement – Marketing Coordination	Service Arrangement – Marketing Coordination	010564-210-00
Deutsche Telekom AG	Service Arrangement – Marketing Coordination	Service Arrangement – Marketing Coordination	010564-211-00
Deutsche Telekom AG	Service Arrangement – Product Management	Service Arrangement – Product Management	010564-212-00
Deutsche Telekom AG	Service Arrangement – End User Marketing	Service Arrangement – End User Marketing	010564-213-00
Deutsche Telekom AG	Service Arrangement – End User Marketing	Service Arrangement – End User Marketing	010564-214-00
Deutsche Telekom AG	Service Arrangement – Wholesale Marketing	Service Arrangement – Wholesale Marketing	010564-215-00
Deutsche Telekom AG	Service Arrangement – Wholesale Marketing	Service Arrangement – Wholesale Marketing	010564-216-00
Deutsche Telekom AG	Service Arrangement - European Terminal Management	Service Arrangement – European Terminal Management	010564-217-00
Deutsche Telekom AG	Service Arrangement – Systems Engineering	Service Arrangement – Systems Engineering	010564-218-00
Deutsche Telekom AG	Service Arrangement – Systems Engineering	Service Arrangement – Systems Engineering	010564-219-00
Deutsche Telekom AG	Service Arrangement – Network Deployment and Operations Management	Service Arrangement – Network Deployment and Operations Management	010564-220-00
Deutsche Telekom AG	Service Arrangement – Network Deployment and Operations Management	Service Arrangement – Network Deployment and Operations Management	010564-221-00
Deutsche Telekom AG	Service Arrangement – Technology and Development	Service Arrangement – Technology and Development	010564-222-00
Deutsche Telekom AG	Service Arrangement – Supplier Management	Service Arrangement – Supplier Management	010564-223-00
Deutsche Telekom AG	Service Arrangement – Network Budgeting Performance	Service Arrangement – Network Budgeting Performance	010564-224-00
Deutsche Telekom AG	Declaration of consent (souhlas s přístupem do TMCZ databáze)	Declaration of consent (consent to access to the TMCZ database)	010817-000-00
Deutsche Telekom AG	Sublicence of TIBCO Software License Agreement	Sublicence of TIBCO Software License Agreement	011269-000-00
Deutsche Telekom AG	Loan Agreement	Loan Agreement	012236-000-00
Deutsche Telekom AG	Agreement – poskytnutí záruky ze strany TMO pro Siemens AG	Agreement – provision of guarantee by TMO for Siemens AG	012309-000-00
Deutsche Telekom AG	Services Agreement – MBS	Services Agreement – MBS	012467-000-00
Deutsche Telekom AG	Letter of Affirmation – Licence Chordiant Marketing Director	Letter of Affirmation – Licence Chordiant Marketing Director	012761-000-00
Deutsche Telekom AG	T-Zones Agreement	T-Zones Agreement	012876-000-00
Deutsche Telekom AG	dodatek č. 1 (t-zones)	Amendment No. 1 (t-zones)	012876-101-00
Deutsche Telekom AG	Letter of Variation – Dodatek č. 2 ke sml. na T-Zones – discount pro r. 2006	Letter of Variation – Amendment No. 2 T-Zones Agreement – discount for 2006	012876-102-00
Deutsche Telekom AG	Dodatek č. 3 – Addendum to T-Zones Agreement – contract update	Amendment No.3 to T-Zones Agreement – contract update	012876-103-00

Partner	Services / goods	Services / goods – translation	No. of contract of Company
Deutsche Telekom AG	Letter of Variation – T-Zones agreement dodatek	Letter of Variation – T-Zones agreement amendment	012876-104-00
Deutsche Telekom AG	Agreement – suretyship (Bürgschaft) Nortel GPRS	Agreement – suretyship (Bürgschaft) Nortel GPRS	012958-000-00
Deutsche Telekom AG	Framework cooperation and service agreement – Inbound	Framework cooperation and service agreement – Inbound	013243-000-00
Deutsche Telekom AG	Inbound (aktualizace Annex 2 - Service Arrangement 2005)	Inbound (update of Annex 2 – Service Arrangement 2005)	013243-101-00
Deutsche Telekom AG	Inbound (změna přílohy č. 2 – Service Arrangement 2006)	Inbound (update of Annex 2 – Service Arrangement 2006)	013243-102-00
Deutsche Telekom AG	Inbound service arrangement 2007	Inbound service arrangement 2007	013243-103-00
Deutsche Telekom AG	Service Arrangement 2008 (Inbound (annex 2 valid for 08))	Service Arrangement 2008 (Inbound (annex 2 valid for 08))	013243-104-00
Deutsche Telekom AG	Service Arrangement 2009	Service Arrangement 2009	013243-105-00
Deutsche Telekom AG	Service Arrangement 2010 – Annex 2 (Inbound Contract)	Service Arrangement 2010 – Annex 2 (Inbound Contract)	013243-106-00
Deutsche Telekom AG	Service Arrangement 2011 – X-charges inbound 2011 under the Framework Cooperation	Service Arrangement 2011 – X-charges inbound 2011 under the Framework Cooperation	013243-107-00
Deutsche Telekom AG	Service Arrangement 2013 (Inbound – Annex 2 – Product Development 2013)	Service Arrangement 2013 (Inbound – Annex 2 – Product Development 2013)	013243-108-00
Deutsche Telekom AG	SLA Inbound 2014 TMCZ Service Provider TDG Service Receiver	SLA Inbound 2014 TMCZ Service Provider TDG Service Receiver	013243-109-00
Deutsche Telekom AG	Service Arrangement – Annex Service Agreement TMCZ EUHQ 2014	Service Arrangement – Annex Service Agreement TMCZ EUHQ 2014	013243-110-00
Deutsche Telekom AG	Annex Service Agreement TMCZ EUHQ2013	Annex Service Agreement TMCZ EUHQ2013	013243-111-00
Deutsche Telekom AG	Annex Service Agreement – SLA Inbound 2015 TMCZ Service Provider TDG Service Receiver	Annex Service Agreement – SLA Inbound 2015 TMCZ Service Provider TDG Service Receiver	013243-112-00
Deutsche Telekom AG	Service Arrangement 2014 GHS (Procurement)	Service Arrangement 2014 GHS (Procurement)	013243-113-00
Deutsche Telekom AG	Service Arrangement 2015 GHS (Procurement)	Service Arrangement 2015 GHS (Procurement)	013243-114-00
Deutsche Telekom AG	Annex 2 – Service Arrangement 2015 – Inbound Service Agreement	Annex 2 – Service Arrangement 2015 – Inbound Service Agreement	013243-115-00
Deutsche Telekom AG	Framework Cooperation and Service Agreement (Outbound/Allocation)	Framework Cooperation and Service Agreement (Outbound/Allocation)	013244-000-00
Deutsche Telekom AG	Sideletter to the Cooperation and Service Agreement (Outbound/Allocation)	Sideletter to the Cooperation and Service Agreement (Outbound/Allocation)	013244-101-00
Deutsche Telekom AG	Outbound (změna Annexu 2 – Service Arrangement 2005)	Outbound Service Arrangement 2005 – Annex no. 2 modification	013244-102-00
Deutsche Telekom AG	Outbound (změna přílohy č. 2 – Service Arrangement pro rok 2006)	Outbound Service Arrangement 2006 – Annex no. 2 modification	013244-103-00
Deutsche Telekom AG	Outbound Service Arrangement 2007	Outbound Service Arrangement 2007	013244-104-00
Deutsche Telekom AG	Service Arrangement 2008 (Outbound) – změna přílohy č. 2	Service Arrangement 2008 (Outbound) – Annex no. 2 modification	013244-105-00
Deutsche Telekom AG	Service arrangement 2009	Service arrangement 2009	013244-106-00
Deutsche Telekom AG	Service Arrangement 2010 – Annex 2 (Outbound Contract)	Service Arrangement 2010 – Annex 2 (Outbound Contract)	013244-107-00
Deutsche Telekom AG	Sideletter on Chordiant Project – Terms of use of the CMD software	Sideletter on Chordiant Project – Terms of use of the CMD software	013956-000-00
Deutsche Telekom AG	Service Agreement concerning the Administration of MTIP in the Deutsche Telekom	Service Agreement concerning the Administration of MTIP in the Deutsche Telekom	014145-000-00
Deutsche Telekom AG	Service Agreement – Interoperator Discount Services ("IOT-services")	Service Agreement – Interoperator Discount Services ("IOT-services")	014585-000-00
Deutsche Telekom AG	Dodatek č. 1 – nové znění přílohy č. 1 (rozdělění discountů)	Amendment no. 1 – new version of annex no. 1 (discounts allocation)	014585-101-00
Deutsche Telekom AG	Suretyship Agreement (Nortel)	Suretyship Agreement (Nortel)	015123-000-00
Deutsche Telekom AG	Agreement on the unification of payment terms – application Inhouse Cash	Agreement on the unification of payment terms – application Inhouse Cash	015941-000-00

Partner	Services / goods	Services / goods - translation	No. of contract of Company
Deutsche Telekom AG	Amendment No. 1 to the Agreement on the unification of Payments Terms	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	Amendment No. 2 to the Agreement on the unification of Payment Terms	015941-102-00
Deutsche Telekom AG	Variation to Unification of Payment Terms Agreement	Variation to Unification of Payment Terms Agreement	015941-103-00
Deutsche Telekom AG	Inhouse Banking Side Agreement (Side Letter to UPT Agreement)	Inhouse Banking Side Agreement (Side Letter to UPT Agreement)	015941-201-00
Deutsche Telekom AG	Service Agreement (auditing services – x-charge)	Service Agreement (auditing services – x-charge)	016189-000-00
Deutsche Telekom AG	Sublicense Agreement (Intel)	Sublicense Agreement (Intel)	016228-000-00
Deutsche Telekom AG	Master Agreement – Hedging Activities	Master Agreement – Hedging Activities	016323-000-00
Deutsche Telekom AG	Agreement on Bilateral MMS eXchange	Agreement on Bilateral MMS eXchange	016451-000-00
Deutsche Telekom AG	Service Agreement for the provision of Marketing Services	Service Agreement for the provision of Marketing Services	016889-000-00
Deutsche Telekom AG	Amendment No. 1 to the Service Agr Service Description, Cost Allocation Scheme	Amendment No. 1 to the Service Agr Service Description, Cost Allocation Scheme	016889-101-00
Deutsche Telekom AG	Deed of Adherence (projekt Munice 2)	Deed of Adherence (project Munice 2)	017569-000-00
Deutsche Telekom AG	Smlouva o zachování důvěrnosti informací (NDA) -výměn info. ZigBee na SIM kartě	Non-disclosure agreement – exchange of information ZigBee on Sim card	017808-000-00
Deutsche Telekom AG	Roaming Agreement for Public Wireless Lan Services (Germany)	Roaming Agreement for Public Wireless Lan Services (Germany)	017982-000-00
Deutsche Telekom AG	Deed of Adherence-přistoupení TMCZ ke Global Framework Ag. (GFA) č.990030-000-00	Deed of Adherence of TMCZ to Global Framework Ag. (GFA) no. 990030-000-00	018945-000-00
Deutsche Telekom AG	Smlouva o zachování důvěrnosti informací (NDA) – Project 2G Modernization	Non-disclosure agreement – Project 2G Modernization	018965-000-00
Deutsche Telekom AG	Smlouva o zachování důvěrnosti informací (NDA)– Project 2G Modernization	Non-disclosure agreement – Project 2G Modernization	019043-000-00
Deutsche Telekom AG	Smlouva o zachování důvěrnosti informací (NDA)– Project 2G Modernization	Non-disclosure agreement – Project 2G Modernization	019044-000-00
Deutsche Telekom AG	Smlouva o zachování důvěrnosti informací (NDA)– Project 2G Modernization	Non-disclosure agreement – Project 2G Modernization	019045-000-00
Deutsche Telekom AG	Smlouva o zachování důvěrnosti informací (NDA)– Project 2G Modernization	Non-disclosure agreement – Project 2G Modernization	019046-000-00
Deutsche Telekom AG	Smlouva o zachování důvěrnosti informací (NDA) – Project 2G Modernization	Non-disclosure agreement – Project 2G Modernization	019052-000-00
Deutsche Telekom AG	EBS General Service Agreement	EBS General Service Agreement	019184-000-00
Deutsche Telekom AG	Service Package to the EBS General Service Agreement	Service Package to the EBS General Service Agreement	019184-201-00
Deutsche Telekom AG	Settlement Agreement – mezinárodní provoz_vyrovnání	Settlement Agreement - international trafic_compensation	019199-000-00
Deutsche Telekom AG	Deed of Adherence to the Framework Ag. for the Supply of Network Infrastructure	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 Agreement	Project Specific Annex (PSA) GGSN & SGSN – Commercial Conditions to the Frame Agreement	019704-000-00
Deutsche Telekom AG	Master Agreement for Derivates and Investment Contracts	Master Agreement for Derivates and Investment Contracts	019894-000-00
Deutsche Telekom AG	Sideletter	Sideletter	019895-000-00
Deutsche Telekom AG	Amendment to the Side Letter to the Master Agreement for Derivates and Inv. Con.	Amendment to the Side Letter to the Master Agreement for Derivates and Inv. Con.	019895-101-00
Deutsche Telekom AG	WiFi Roaming Solution Agreement	WiFi Roaming Solution Agreement	020075-000-00
Deutsche Telekom AG	Amendment No. 1 to the WiFi Roaming Solution Agreement	Amendment No. 1 to the WiFi Roaming Solution Agreement	020075-101-00
Deutsche Telekom AG	Service Agreement – Interoperator Discount Contracts	Service Agreement – Interoperator Discount Contracts	021094-000-00
eutsche Telekom AG	Confidentiality Agreement	Confidentiality Agreement	021267-000-00
Deutsche Telekom AG	License Agreement – Software concerning the predictive modeling	License Agreement – Software concerning the predictive modeling	021411-000-00
Deutsche Telekom AG	Agreement on the processing of personal data	Agreement on the processing of personal data	021442-000-00

Partner	Services / goods	Services / goods - translation	No. of contract of Company
Deutsche Telekom AG	Project Specific Annex RU20/OSS5.2	Project Specific Annex RU20/OSS5.2	021581-000-00
Deutsche Telekom AG	Project Service Agreement for cIBS – common Interconnect Billing System	Project Service Agreement for cIBS – common Interconnect Billing System	021810-000-00
Deutsche Telekom AG	Co-operation Agreement for Joint LTE-TD Evaluation Trial	Co-operation Agreement for Joint LTE-TD Evaluation Trial	021821-000-00
Deutsche Telekom AG	Project Service Agreement for RMC (PSA) for the new IT Enabler RMC (T-Rex)	Project Service Agreement for RMC (PSA) for the new IT Enabler RMC (T-Rex)	021911-000-00
Deutsche Telekom AG	Agreement on processing of data and information with condidentiality clause	Agreement on processing of data and information with confidentiality clause	022098-000-00
Deutsche Telekom AG	Contractual Agreement for change of delivery model for ng iBMD (Jellyfish)	Contractual Agreement for change of delivery model for ng iBMD (Jellyfish)	022173-000-00
Deutsche Telekom AG	Agreement on Commercial Roaming Broker Services	Agreement on Commercial Roaming Broker Services	022191-000-00
Deutsche Telekom AG	Amendment Letter No. 1 to the Agreement on Commercial Roaming Broker Services	Amendment Letter No. 1 to the Agreement on Commercial Roaming Broker Services	022191-101-00
Deutsche Telekom AG	Amendment Letter No. 3 to the Agreement on Commercial Roaming Broker Services	Amendment Letter No. 3 to the Agreement on Commercial Roaming Broker Services	022191-103-00
Deutsche Telekom AG	Cooperation Agreement	Cooperation Agreement	022250-000-00
Deutsche Telekom AG	Delivery of Software and the Performance of Services in Connection with ngCRM	Delivery of Software and the Performance of Services in Connection with ngCRM	022281-000-00
Deutsche Telekom AG	Supplement No. 1 – Delivery of Software and the Performance of Services in Connection with ngCRM	Supplement No. 1 – Delivery of Software and the Performance of Services in Connection with ngCRM	022281-101-00
Deutsche Telekom AG	Supplement No. 1 to Project Service Agreement (PSA) - ngCRM system	Supplement No. 1 to Project Service Agreement (PSA) – ngCRM system	022281-102-00
Deutsche Telekom AG	SERVICE Agreement Network Technology	SERVICE Agreement Network Technology	022467-000-00
Deutsche Telekom AG	SUBLICENSE AGREEMENt for the Software for IVR Campaigning/Banner	SUBLICENSE AGREEMENT for the Software for IVR Campaigning/Banner	022483-000-00
Deutsche Telekom AG	Management Agreement for international MNC Services	Management Agreement for international MNC Services	022522-000-00
Deutsche Telekom AG	Agreement for the Provision of Capacity	Agreement for the Provision of Capacity	022696-000-00
Deutsche Telekom AG	Supplementary Agreement to the Sublincence Agreement	Supplementary Agreement to the Sublincence Agreement	022780-000-00
Deutsche Telekom AG	iPad License Acknowledgement of Adherence to Wireless Service License – iPad TMC	iPad License Acknowledgement of Adherence to Wireless Service License – iPad TMC	022870-000-00
Deutsche Telekom AG	Angry Birds International Campaign	Angry Birds International Campaign	022875-000-00
Deutsche Telekom AG	Framework cooperation and service agreement – X-charges	Framework cooperation and service agreement – X-charges	022888-000-00
Deutsche Telekom AG	Annex No. 022888-104-00 Service arrangement EU HQ	Annex No. 022888-104-00 Service arrangement EU HQ	022888-104-00
Deutsche Telekom AG	Annex to FA – Service Arrangement – X- charges 2012- Products and Innovation annex	Annex to FA – Service Arrangement – X- charges 2012- Products and Innovation annex	022888-105-00
Deutsche Telekom AG	Service Arrangement - Cross Charging 2013	Service Arrangement – Cross Charging 2013	022888-106-00
Deutsche Telekom AG	Annex Service Arrangement – P&I Payment Products	Annex Service Arrangement – P&I Payment Products	022888-112-00
Deutsche Telekom AG	Annex – Service Arrangement – Group Technology 2014	Annex – Service Arrangement – Group Technology 2014	022888-115-00
Deutsche Telekom AG	Annex Service Arrangement – Board Area Europe	Annex Service Arrangement – Board Area Europe	022888-116-00
Deutsche Telekom AG	Annex to the Framework Cooperation and Service Agreement-Service Arrangement Group Procurement	Annex to the Framework Cooperation and Service Agreement-Service Arrangement Group Procurement	022888-118-00
Deutsche Telekom AG	Termination of the part of Service Arrangement 2015 Amendment No. 1	Termination of the part of Service Arrangement 2015 Amendment No. 1	022888-401-00
Deutsche Telekom AG	Letter of Intent – IT Data Assurance Shared Service Centre (SSC)	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	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	Amendment No. 1 – Interim letter – Joint Venture	022972-101-00
Deutsche Telekom AG	Deed of Adherence (Vertragsbeitritt – to Contract 990053-000-00)	Deed of Adherence (Vertragsbeitritt – to Contract 990053- 000-00)	023021-000-00

Partner	Services / goods	Services / goods - translation	No. of contract of Company
Deutsche Telekom AG	Side Letter to the Framework Cooperation and Service Agreement	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 SAP Licence Management Services	Enrolment to the Frame Agreement for the supply of CCC SAP Services including SAP Licence Management Services	023213-000-00
Deutsche Telekom AG	Tax Indemnity Agreement	Tax Indemnity Agreement	023340-000-00
Deutsche Telekom AG	Framework Cooperation and Service agreement	Framework Cooperation and Service agreement	023382-000-00
Deutsche Telekom AG	Co-operation agreement for joint smart Ite evaluation trial	Co-operation agreement for joint smart Ite evaluation trial	023418-000-00
Peutsche Telekom AG	Confidentiality Obligation for Clean Team Members	Confidentiality Obligation for Clean Team Members	023435-000-00
Deutsche Telekom AG	Letter of intent – OSS	Letter of intent – OSS	023451-000-00
Deutsche Telekom AG	Cooperation Agreement	Cooperation Agreement	023481-000-00
Deutsche Telekom AG	Cooperation Agreement – INTRA GROUP COMPLIANCE AGREEMENT	Cooperation Agreement – INTRA GROUP COMPLIANCE AGREEMENT	023496-000-00
Deutsche Telekom AG	Letter of Adherence ("LoA") – Ringback Tones Services	Letter of Adherence ("LoA") – Ringback Tones Services	023507-000-00
Deutsche Telekom AG	Global M2M Service cooperation – Joining Agreement	Global M2M Service cooperation – Joining Agreement	023543-000-00
Deutsche Telekom AG	Frame Agreement for Commissioned Personal Data Processing	Frame Agreement for Commissioned Personal Data Processing	023692-000-00
Deutsche Telekom AG	CDP Individual Agreeement on commissioned processing of personal data GPBI (BDSG)	CDP Individual Agreeement on commissioned processing of personal data GPBI (BDSG)	023692-201-00
Deutsche Telekom AG	CDP Individual Agreement on commissioned processing of personal data – S2C	CDP Individual Agreement on commissioned processing of personal data – S2C	023692-202-00
Deutsche Telekom AG	CDP Individual Agreement on commissioned processing of personal data OCP (OneCom)	CDP Individual Agreement on commissioned processing of personal data OCP (OneCom)	023692-203-00
Deutsche Telekom AG	Individual Agreement on the commissioned processing of personal data	Individual Agreement on the commissioned processing of personal data	023727-000-00
Deutsche Telekom AG	Agreement on the purchase of a videoconferencing system	Agreement on the purchase of a videoconferencing system	023771-000-00
Deutsche Telekom AG	Letter of Intent 2013	Letter of Intent 2013	023803-000-00
Deutsche Telekom AG	Letter of Adherence – Callertunes service Real Networks	Letter of Adherence - Callertunes service Real Networks	023864-000-00
Deutsche Telekom AG	Service Arrangement P&I products core telco products and media 2013	Service Arrangement P&I products core telco products and media 2013	024087-000-00
Deutsche Telekom AG	Agreement For Commissioned Data Processing	Agreement For Commissioned Data Processing	024202-000-00
Deutsche Telekom AG	Cooperation and Service agreement – Ring back tones	Cooperation and Service agreement – Ring back tones	024204-000-00
Deutsche Telekom AG	Retail and Marketing Funds Agreement	Retail and Marketing Funds Agreement	024307-000-00
Deutsche Telekom AG	"m-wall" (POS presentation) Agreement	"m-wall" (POS presentation) Agreement	024308-000-00
Deutsche Telekom AG	Annex 1 to Service Arrangement – Product Roadmap 2015	Annex 1 to Service Arrangement – Product Roadmap 2015	024334-101-00
Deutsche Telekom AG	Annex – Service Arranagement – Compensation in the area of M2M for 2015	Annex – Service Arrangement – Compensation in the area of M2M for 2015	024334-102-00
Deutsche Telekom AG	Main Contract on IP Transit	Main Contract on IP Transit	024335-000-00
Deutsche Telekom AG	Agreement on the processing of personal data in International Sharepoint	Agreement on the processing of personal data in International Sharepoint	024360-000-00
Deutsche Telekom AG	Contract on Deutsche Telekom ICSS Mobile Services – DINr3, Services enabling IP/MPLS platform	Contract on Deutsche Telekom ICSS Mobile Services – DINr3, Services enabling IP/MPLS platform	024362-000-00
Deutsche Telekom AG	Amendment No. 1 to the Contract on Deutsche Telekom ICSS 024362-000-00	Amendment No. 1 to the Contract on Deutsche Telekom ICSS 024362-000-00	024362-101-00
Deutsche Telekom AG	iPhone Contract of Adherence to the iPhone Agreement between Apple and DT	iPhone Contract of Adherence to the iPhone Agreement between Apple and DT	024364-000-00
Deutsche Telekom AG	Service Arrangement – SLA Outbound Services 2015	Service Arrangement – SLA Outbound Services 2015	024410-102-00
Deutsche Telekom AG	Trial Agreement for Joint Active Antenna System (ASS) Trial	Trial Agreement for Joint Active Antenna System (ASS) Trial	024515-000-00
Deutsche Telekom AG	Agreement for Provisioning of Integration Services for MyWallet	Agreement for Provisioning of Integration Services for MyWallet	024546-000-00

Partner	Services / goods	Services / goods - translation	No. of contract of Company
Deutsche Telekom AG	Agreement for Commissioned Data Processing	Agreement for Commissioned Data Processing	024565-000-00
Deutsche Telekom AG	Agreement on application of Global Intranet GPRS Roaming eXchange (GRX)	Agreement on application of Global Intranet GPRS Roaming eXchange (GRX)	024807-000-00
Deutsche Telekom AG	Agreement on the commissioned processing of personal data (Non-compliance list)	Agreement on the commissioned processing of personal data (Non-compliance list)	024809-000-00
Deutsche Telekom AG	M-Wall & Shop Window Digit (POS presentation) Agreement	M-Wall & Shop Window Digit (POS presentation) Agreement	024975-000-00
Deutsche Telekom AG	Global Strategic Retail Partnership – Marketing Funds Agreement	Global Strategic Retail Partnership – Marketing Funds Agreement	025120-000-00
Deutsche Telekom AG	Letter of Intent	Letter of Intent	025121-000-00
Deutsche Telekom AG	EMIR Agreement for Dealing	EMIR Agreement for Dealing	025163-000-00
Deutsche Telekom AG	Interim Letter Agreement (ILA) – GPBI access to NatCo procurement data	Interim Letter Agreement (ILA) – GPBI access to NatCo procurement data	025332-000-00
Deutsche Telekom AG	Non-Disclosure Agreement – NDA – pro DTAG Group Procurement (souvisí s CDP)	Non-Disclosure Agreement – NDA – DTAG Group Procurement (connected with CDP)	025336-000-00
Deutsche Telekom AG	Bilateral SMS + Transit Contract	Bilateral SMS + Transit Contract	025440-000-00
Deutsche Telekom AG	Agreement for Commissioned Data Processing in TMPC and ReMaiD	Agreement for Commissioned Data Processing in TMPC and ReMaiD	025557-000-00
Deutsche Telekom AG	Supplementary Agreement – MNC Services	Supplementary Agreement – MNC Services	025558-000-00
Deutsche Telekom AG	CDP Frame Agreement for CoE Data Transparency – DTAG as controller	CDP Frame Agreement for CoE Data Transparency – DTAG as controller	025586-000-00
Deutsche Telekom AG	Cooperation Agreement	Cooperation Agreement	025746-000-00
Deutsche Telekom AG	Purchase Agreement – nákup HW	Purchase Agreement – purchase of HW	025837-000-00
Deutsche Telekom AG	Agreement on commissioned processing of personal data protection	Agreement on commissioned processing of personal data protection	025859-000-00
Deutsche Telekom AG	Individual Agreement on the commissioned processing of pers.data – Performance M	Individual Agreement on the commissioned processing of pers.data – Performance M	026070-000-00
Deutsche Telekom AG	Service Level Agreement (SLA) – T-Parking: UQBATE – Funding transfer	Service Level Agreement (SLA) – T-Parking: UQBATE – Funding transfer	026079-000-00
Deutsche Telekom AG	Service Agreement CZ – DT regarding Pan IP FTEs	Service Agreement CZ – DT regarding Pan IP FTEs	026089-000-00
Deutsche Telekom AG	Clima Frame Agreement	Clima Frame Agreement	2013/0080
Deutsche Telekom AG	Individual loan contract	Individual loan contract	2013/0229
Deutsche Telekom AG	Business Agreement concerning the Telekom Global Net transport oriented services	Business Agreement concerning the Telekom Global Net transport oriented services	2013/0357
Deutsche Telekom AG	Annex to Business Agreement concerning the Telekom Global Net	Annex to Business Agreement concerning the Telekom Global Net	2013/0637
Deutsche Telekom AG	Commissioned Data Processing	Commissioned Data Processing	2013/0790

4.2 CONTRACTS CONCLUDED BETWEEN THE COMPANY AND OTHER ENTITIES CONTROLLED BY THE CONTROLLING PARTY Contracts concluded in 2016

Partner	Services / goods - original version	Services / goods - translation	No. of contract of Company
COSMOTE Mobile Telecommunications S.A.	Confidentiality and Privacy Agreement DRSSC/Cosmote – Penetračního Testování COS	Confidentiality and Privacy Agreement DRSSC/Cosmote – Penetration testing COS	024541-000-00
DeTeFleetServices GmbH	Master Leasing Agreement – pronájem vozidel	Master Leasing Agreement – rental of vehicles	026671-000-00
DeTeFleetServices GmbH	Leasing contract – operativní leasing	Leasing contract - operating lease	026697-000-00
DeTeFleetServices GmbH	Leasing contract/Leasingová zmluva – Kovář Stanislav	Leasing contract – Kovář Stanislav	026744-000-00
Deutsche Telekom Europe B.V.	Pan-Net Master Frame Agreement TMCZ	Pan-Net Master Frame Agreement TMCZ	026623-000-00
Deutsche Telekom Pan- Net s.r.o	Service Agreement – DRSSC Services for Pan-Net	Service Agreement – DRSSC Services for Pan-Net	026754-000-00

Partner	Services / goods – original version	Services / goods – translation	No. of contract of Company
Deutsche Telekom Pan- Net Czech Repu	Pan-Net Service Agreement	Pan-Net Service Agreement	026481-000-00
Deutsche Telekom Pan- Net Czech Repu	Annex 2 to Pan-Net – Service Arrangement Concerning the Provision of Financial S	Annex 2 to Pan-Net – Service Arrangement Concerning the Provision of Financial S	026481-201-00
Deutsche Telekom Pan- Net s.r.o.	Confirmation of Request for Transfer of Legacy Internet Resources – DTPanNET SK	Confirmation of Request for Transfer of Legacy Internet Resources – DTPanNET SK	026491-000-00
Deutsche Telekom Shared Services s.	Amendment No. 3 – úprava rozsahu a ceny nákupních služeb pro rok 2016	Amendment No. 3 – adjustment range and prices of shopping services for 2016	024259-103-00
GTS Hungary Távközlési Kft.	Service Arrangement – RCTIO Framework Cooperation and Service Agreement	Service Arrangement – RCTIO Framework Cooperation and Service Agreement	025427-201-00
GTS Hungary Távközlési Kft.	Agreement – Pwc service fee	Agreement – Pwc service fee	026656-000-00
GTS Telecom	Service Arrangement – Intercompany IT services recharging	Service Arrangement – Intercompany IT services recharging	025471-201-00
GTS Telecom S.R.L.	Intercompany Master Service Agreement	Intercompany Master Service Agreement	026040-000-00
Magyar Telekom Plc, GTS Hungary Ltd.,.	Intercompany Master Service Agreement	Intercompany Master Service Agreement	026196-000-00
MAGYARCOM SZOLGÁLTATÓ KOMMUNIKÁCIÓS	Service Agreement – nákup support services pro zákazníky ICSS	Service Agreement – purchase of support services for customers ICSS	026177-000-00
PosAm, spol. s r.o.	Smlouva o zachování důvěrnosti informací (NDA)	Non-Disclosure Agreement(NDA)	026689-000-00
Slovak Telekom, a.s.	Framework hiring out of labour agreement	Framework hiring out of labour agreement	026183-000-00
Slovak Telekom, a.s.	Dohoda o ochraně důvěrných informací – NDA	Non-Disclosure Agreement – NDA	026197-000-00
Slovak Telekom, a.s.	Smlouva o zpracování osobních údajů	Contract for the processing of personal data	026198-000-00
Slovak Telekom, a.s.	Framework hiring out of labour agreement	Framework hiring out of labour agreement	026475-000-00
Slovak Telekom, a.s.	Kupní smlouva – prodej vozidla do ST 2AR 8700	The purchase contract – the sale of the vehicle to ST 2AR 8700	026494-000-00
Slovak Telekom, a.s.	Kupní smlouva – odprodej vozidla do ST 3AM 0522	The purchase contract – sale of vehicles to AT 3AM 0522	026495-000-00
I-Mobile Austria GmbH	Project specific offer – Bellpro – M2M servisní platforma	Project specific offer – Bellpro – M2M service platform	025577-201-00
Г-Mobile HotSpot GmbH	Amendment No. 1	Amendment No. 1	022303-101-00
T-Mobile HotSpot GmbH	Amendment No. 2 – rozšíření Inflight WiFi pokrytí o další aerolinky	Amendment No. 2 – Inflight WiFi coverage expansion by other airlines	022303-102-00
T-Mobile Polska S.A.	Accession Deed to the International Telecommunication Services Master Agreement (No. exGTS 0000016/2	Accession Deed to the International Telecommunication Services Master Agreement (No. exGTS 0000016/2	025716-000-00
T-Mobile Polska S.A.	Frame contract for Security services delivery from DRSSC to TMPL	Frame contract for Security services delivery from DRSSC to TMPL	026487-000-00
T-Mobile Polska S.A.	Service arrangement for Security services delivery from DRSSC to TMPL	Service arrangement for Security services delivery from DRSSC to TMPL	026487-201-00
T-Mobile Polska S.A.	Frame contract for Security services delivery from TMPL to DRSSC	Frame contract for Security services delivery from TMPL to DRSSC	026488-000-00
T-Mobile Polska S.A.	Service arrangement for Security services delivery from TMPL to DRSSC	Service arrangement for Security services delivery from TMPL to DRSSC	026488-201-00
T-Mobile Polska S.A.	Service Arrangement -in Connection with an International IMS Service Centre-Voic	Service Arrangement -in Connection with an International IMS Service Centre-Voic	025011-201-00
T-Mobile Polska S.A.	Appendix No. 1 – Service Arrangement – TMCZ provider – IT services recharging	Appendix No. 1 – Service Arrangement – TMCZ provider – IT services recharging	025182-201-00
T-Mobile Polska S.A.	Service Agreement -TMPL Provider-Intercompany IT services recharging	Service Agreement -TMPL Provider-Intercompany IT services recharging	025182-202-00
T-Mobile Polska S.A.	Agreement on the provision of rental vehicles – pronájem vozidla	Agreement on the provision of rental vehicles - car rental	025880-000-00
T-Mobile Polska S.A.	Telecommunications Services Agreement No. TA18119	Telecommunications Services Agreement No. TA18119	026242-000-00
T-Systems Belgium NV	Reciprocal Confidentiality Agreement – NDA	Reciprocal Confidentiality Agreement – NDA	026688-000-00
T-Systems France SAS	Agreement Concerning the Transfer of Assets	Agreement Concerning the Transfer of Assets	026303-000-00
T-Systems France SAS	Internal Service Agreement – Managed Connectivity (MC) Services for Société Géné	Internal Service Agreement – Managed Connectivity (MC) Services for Société Géné	026332-000-00

Partner	Services / goods – original version	Services / goods – translation	No. of contract of Company
T-Systems Hungary	Project Service Agreement – Provision of Services in Connection with Communicati	Project Service Agreement – Provision of Services in Connection with Communicati	025780-000-00
T-Systems International GmbH	Agreement Concerning the Transfer of Assets	Agreement Concerning the Transfer of Assets	026718-000-00
T-Systems International GmbH	Service Agreement – TESTA NG	Service Agreement – TESTA NG	026717-000-00
T-Systems International GmbH	Service Agreement for Program Management services for program Sonar	Service Agreement for Program Management services for program Sonar	880052-201-00

Contracts that were effective during 2016

Partner	Services / goods – original version	Services / goods – translation	No. of contract of Company
A1 Telekom Austria AG, O2 Czech Republic a.s.	NDA pro výměnu RF dat s A1 Telekom Austria pro účely příhraniční koordinace LTE cell	Non-Disclosure Agreement	025645-000-00
Actelis Networks Israel Ltd.	MUTUAL NON-DISCLOSURE AGREEMENT	Mutual non-disclosure agreement	0000015/2008-SMfd
Antel Germany GmbH	General terms and conditions_VIX	General terms and conditions_VIX	0000002/2010-SmNAD
Antel Germany GmbH	LOAN FACILITY AGREEMENT	LOAN FACILITY AGREEMENT	0000009/2005-SMfd
Antel Germany GmbH	Nákup materiálu	Purchase of material	0000013/2011-SMfd
BUYIN SA	Amendment No. 1 to Participation Agreement – Joint Venture	Amendment No. 1 to Participation Agreement – Joint Venture	023174-101-00
BUYIN SA	Service Agreement x-charging	Service Agreement x-charging	024643-000-00
CARDUELIS B.V.	Carduelis B.V. – smlouva o převodu práv a povinností	Carduelis B.V. – agreement on transfer of rights and obligations	0000045/2005-SMws
CARDUELIS B.V.	Individual Service Agreement	Individual Service Agreement	0000065/2007-SMws
CE Colo Czech s.r.o.	Kupní smlouna na vozidlo Škoda	Purchase agreement for Škoda	0000001/2013-SMfa
CE Colo Czech s.r.o.	Kupní smlouva na vozidlo	Purchase agreement for car	0000002/2013-SMfa
CE Colo Czech s.r.o.	Kupní smlouva Volkswagen Passat Variant	Purchase agreement for Volkswagen Passat Variant	0000008/2012-SMfa
CE Colo Czech s.r.o.	Dodatek č.6 – Smlouva o poskytování housingových služeb č. C-TH/144/08/S	Amendment no. 6 – Housing services agreement	0000463/2008-SMna
CE Colo Czech s.r.o.	Dodatek č.7 – Smlouva o poskytování housingových služeb č. C-TH/144/08/S	Amendment no. 7 - Housing services agreement	0000463/2008-SMna
CE Colo Czech s.r.o.	Dodatek č.8 – Smlouva o poskytování housingových služeb č. C-TH/144/08/S	Amendment no. 8 – Housing services agreement	0000463/2008-SMna
CE Colo Czech s.r.o.	Dodatek č.9 – Smlouva o poskytování housingových služeb č. C-TH/144/08/S	Amendment no. 9 – Housing services agreement	0000463/2008-SMna
CE Colo Czech s.r.o.	Dodatek č.10 – Smlouva o poskytování housingových služeb č. C-TH/144/08/S	Amendment no. 10 – Housing services agreement	0000463/2008-SMna
CE Colo Czech s.r.o.	Smlouva o kontaktních osobách pro veškeré transakce a úkony a uspořádání	Contract for the contact persons for all transactions and operations and organization	025159-000-00
Ce Colo Czech s.r.o.	Smlouva o poskytování pracovnělékařských služeb a nadstandardní zdravotní péče	Service Agreement for the provision of labour-medical services and premium medical healthcare	025210-000-00
CE Colo Czech s.r.o.	Smlouva o postoupení práv a povinností ze smluv RWE	Agreement on the Assignment of Rights and Obligations related to agreements with RWE	025324-000-00
Ce Colo Czech s.r.o.	Smlouva o zachování důvěrnosti informací – NDA	Non-Disclosure Agreement – NDA	025382-000-00
Ce Colo Czech s.r.o.	Smlouva o zpracování osobních údajů	Contract for the processing of personal data	025383-000-00
CE Colo Czech s.r.o.	Smlouva o zvláštním běžném účtu	Contract for special current account	025452-000-00
CE Colo Czech s.r.o.	Rámcová smlouva o koupi, prodeji a užití poukázek (mezi CE Colo a Endered)	Framework agreement for the purchase, sale and use of vouchers	025830-000-00
CE Colo Czech s.r.o., Carduelis B.V., GTS Central European Holding B.V.	Share Purchase Agreement – Neptune (sale of GTS)	Share Purchase Agreement – Neptune (sale of GTS)	025202-000-00
CE Colo Czech s.r.o., GTS Central European Holding B.V., Carduelis B.V.	First Amendment Agreement to Share Purchase Agreemen – Neptune	First Amendment Agreement to Share Purchase Agreemen – Neptune	025202-101-00

Partner	Services / goods - original version	Services / goods – translation	No. of contract of Company
COSMOTE – Mobile Telecommunications	Confidentiality and Privacy Agreement	Confidentiality and Privacy Agreement	024265-000-00
COSMOTE Mobile Telecommunications S.A.	International Telecommunication Services Agreement	International Telecommunication Services Agreement	0000192/2007-SMws
Cosmote Mobile Telecommunications S.A.	International Roaming Agreement - Croatia	International Roaming Agreement – Croatia	021841-000-00
Cosmote Mobile Telecommunications S.A.	Non-Disclosure Agreement (NDA)	Non-Disclosure Agreement (NDA)	023943-000-00
Crnogorski Telekom a.d. Podgorica	International Roaming Agreement – Montenegro	International Roaming Agreement – Montenegro	026007-000-00
Detecon International GmbH	Subcontract to the Project "K-028393 TR CS Security Operations Center"	Subcontract to the Project "K-028393 TR CS Security Operations Center"	025690-000-00
Deutsche Telekom (UK) ∟imited	Content Reseller Agreement	Content Reseller Agreement	001406-000-00
Deutsche Telekom (UK) _imited	Dodatek č. 6 – MTV Engagement Form	Amendment no. 6 – MTV Engagement Form	001406-106-00
Deutsche Telekom (UK) Limited	Dodatek č. 7 – Universal Content	Amendment no. 7 – Universal Content	001406-107-00
Deutsche Telekom (UK) Limited	Engagement Form no. 10 (Trigenix Screen Styles)	Engagement Form no. 10 (Trigenix Screen Styles)	001406-110-00
Deutsche Telekom (UK) Limited	Engagement Form – dodatek č. 13 – CONTENT	Engagement Form – Amendment no. 10 – Content	001406-113-00
Deutsche Telekom (UK) Limited	Engagement Form – Universal – Melody	Engagement Form – Universal – Melody	001406-116-00
Deutsche Telekom (UK) Limited	Engagement Form – Universal – Mono and Poly Marketing	Engagement Form – Universal – Mono and Poly Marketing	001406-117-00
Deutsche Telekom (UK) Limited	Engagement Form – Sony Content (dodatek 22)	Engagement Form – Sony Content (Amendment no. 22)	001406-122-00
Deutsche Telekom (UK) Limited	Dodatek č. 23 – Fox Studios Content – MMS obsah	Amendment no.23 – Fox Studios Content – MMS content	001406-123-00
Deutsche Telekom (UK) Limited	Dodatek č. 24 – Disney Content – MMS obsah	Amendment no. 24 - Disney Content - MMS Content	001406-124-00
Deutsche Telekom (UK) Limited	Dodatek č. 25 – Java od spol. Turner – CONTENT	Amendment no. 25 – Java from the company Turner – CONTENT	001406-125-00
Deutsche Telekom (UK) Limited	Engagement Form – Chipandales – CONTENT	Engagement Form – Chipandales – CONTENT	001406-126-00
Deutsche Telekom (UK) Limited	Engagement Form – Penthouse – CONTENT	Engagement Form – Penthouse – CONTENT	001406-127-00
Deutsche Telekom (UK) Limited	Dodatek č. 28 – Engagement Form – Warner Music Content	Amendment no. 28 – Engagement Form – Warner Music Content	001406-128-00
Deutsche Telekom (UK) Limited	Dodatek č. 29 – Engagement Form – iFone Content	Amendment no. 29 – Engagement Form – iFone Content	001406-129-00
Deutsche Telekom (UK) Limited	Dodatek č. 30 – Engagement Form – Arvato Content	Amendment no. 30 – Engagement Form – Arvato Content	001406-130-00
Deutsche Telekom (UK) Limited	Dodatek č. 31 – Engagement Form – Blue Sphere Content	Amendment no. 31 – Engagement Form – Blue Sphere Content	001406-131-00
Deutsche Telekom (UK) Limited	Dodatek č. 32 – Engagement Form – mForma Content	Amendment no. 32 – Engagement Form – mForma Content	001406-132-00
Deutsche Telekom (UK) Limited	Dodatek č. 33 – Engagement form – Jamdat Content	Amendment no. 33 – Engagement form – Jamdat Content	001406-133-00
Deutsche Telekom (UK) ∟imited	Dodatek č. 34 – Engagement Form – Gameloft Content	Amendment no. 34 – Engagement Form – Gameloft Content	001406-134-00
Deutsche Telekom (UK) Limited	Dodatek č. 35 – Engagement Form – Living Mobile Content	Amendment no. 35 – Engagement Form – Living Mobile Content	001406-135-00
Deutsche Telekom (UK) _imited	Dodatek č. 36 – Engagement Form – Mobile Scope Content	Amendment no. 36 – Engagement Form – Mobile Scope Content	001406-136-00

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Partner	Services / goods - original version	Services / goods - translation	No. of contract of Company
Deutsche Telekom (UK) Limited	Dodatek č. 37 – Engagement Form – Sumea Content	Amendment no. 37 - Engagement Form - Sumea Content	001406-137-00
Deutsche Telekom (UK) Limited	Dodatek č. 38 – Engagement Form – HandyGames Content	Amendment no. 38 – Engagement Form – HandyGames Content	001406-138-00
Deutsche Telekom (UK) Limited	Dodatek č. 39 – Engagement Form – Digital Bridges Content	Amendment no. 39 – Engagement Form – Digital Bridges Content	001406-139-00
Deutsche Telekom (UK) Limited	Engagement Form no. 40 – India Games Content	Engagement Form no. 40 – India Games Content	001406-140-00
Deutsche Telekom (UK) Limited	Engagement Form no. 41 – Advanced Mobile Applications	Engagement Form no. 41 - Advanced Mobile Applications	001406-141-00
Deutsche Telekom (UK) Limited	Engagement form No. 42 – Eurofun (Madagascar) Content	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)	Engagement Form 43 – I-play/Digital Bridges – Non-EA Titles (content)	001406-143-00
Deutsche Telekom (UK) Limited	Engagement Form – Eurofun (Madagascar) Content	Engagement Form – Eurofun (Madagascar) Content	001406-144-00
Deutsche Telekom (UK) Limited	Engagement Form – wait4u (amendment 45)	Engagement Form - wait4u (amendment 45)	001406-145-00
Deutsche Telekom (UK) Limited	Engagement Form No. 46 – Sony Pictures	Engagement Form no. 46 – Sony Pictures	001406-146-00
Deutsche Telekom (UK) Limited	Engagement Form – Glu Mobile Content	Engagement Form – Glu Mobile Content	001406-147-00
Deutsche Telekom (UK) Limited	Engagement Form – Player-X Content	Engagement Form – Player-X Content	001406-149-00
Deutsche Telekom (UK) Limited	Engagement Form – Rockpool Games Content	Engagement Form – Rockpool Games Content	001406-150-00
Deutsche Telekom (UK) Limited	Engagement Form – THQ Wireless International Games Content	Engagement Form – THQ Wireless International Games Content	001406-151-00
Deutsche Telekom (UK) Limited	Engagement Form – OJOM Content	Engagement Form – OJOM Content	001406-152-00
Deutsche Telekom (UK) Limited	Dodatek č. 53 – Engagement form (video download – Mobix Content)	Amendment no. 53 – Engagement form (video download – Mobix Content)	001406-153-00
Deutsche Telekom (UK) Limited	Engagement Form – Infospace (Elkware GmbH) – Infospace Content	Engagement Form – Infospace (Elkware GmbH) – Infospace Content	001406-154-00
Deutsche Telekom (UK) Limited	Engagement Form – Electronic Arts Games (EA Content)	Engagement Form – Electronic Arts Games (EA Content)	001406-155-00
Deutsche Telekom (UK) Limited	Engagement Form (C2M) – Transactional Content	Engagement Form (C2M) – Transactional Content	001406-156-00
Deutsche Telekom (UK) Limited	International Download Centre Access and Managed Services Ag.	International Download Centre Access and Managed Services Ag.	001407-000-00
Deutsche Telekom (UK) Limited	MCS Service Agreement	MCS Service Agreement	012075-000-00
Deutsche Telekom (UK) Limited	Service Agreement for Provision of Interim Solution for Caller Tunes (Melody)	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 (IneSS)	Amendment 1 to Project service agreement for International eSales Solution (IneSS)	019713-101-00
Deutsche Telekom (UK) Limited	Content Resale and Partner Services Agreement	Content Resale and Partner Services Agreement	020475-000-00
Deutsche Telekom (UK) Limited	Engagement Form (Czech Republic) – Android Services	Engagement Form (Czech Republic) – Android Services	020475-101-00
Deutsche Telekom (UK) Limited	Engagement Form (Czech Republic); Blackberry Services	Engagement Form (Czech Republic); Blackberry Services	020475-102-00
Deutsche Telekom (UK) Limited	Engagement Form (Czech Republic); Microsoft Services	Engagement Form (Czech Republic); Microsoft Services	020475-103-00
Deutsche Telekom (UK) Limited	Engagement Form (Czech Republic) – Facebook Services	Engagement Form (Czech Republic) – Facebook Services	020475-104-00

Partner	Services / goods – original version	Services / goods – translation	No. of contract of Company
Deutsche Telekom (UK) Limited	Engagement Form (Czech Republic) – Boku longlist	Engagement Form (Czech Republic) – Boku longlist	020475-105-00
Deutsche Telekom (UK) Limited	Engagement Form (Czech Republic) – Gameloft	Engagement Form (Czech Republic) – Gameloft	020475-106-00
Deutsche Telekom (UK) Limited	Engagement form - MindMatics	Engagement form – MindMatics	020475-107-00
Deutsche Telekom (UK) Limited	Engagement Form (Czech Republic) – Samsung	Engagement Form (Czech Republic) – Samsung	020475-108-00
Deutsche Telekom (UK) Limited	Engagement Form (Czech Republic) – provided by PayPal (Europe) SARL ET CIE S.C.A	Engagement Form (Czech Republic) – provided by PayPal (Europe) SARL ET CIE S.C.A	020475-109-00
Deutsche Telekom (UK) Limited	Engagement Form (Czech Republic) – Fortumo	Engagement Form (Czech Republic) – Fortumo	020475-110-00
Deutsche Telekom (UK) Limited	Engagement Form (Czech Republic) – Dimoco	Engagement Form (Czech Republic) – Dimoco	020475-111-00
Deutsche Telekom (UK) ∟imited	Engagement Form (Czech Republic) – AIRBNB	Engagement Form (Czech Republic) – AIRBNB	020475-112-00
Deutsche Telekom (UK) Limited	Cross Charging Services Agreement	Cross Charging Services Agreement	020909-000-00
Deutsche Telekom (UK) Limited	Addendum No. 1 – Cross charging agreement for additional services – SDP Partner	Addendum No. 1 – Cross charging agreement for additional services – SDP Partner	020909-101-00
Deutsche Telekom (UK) Limited	Amendment No. 1 to the project service agreement for personal touchpooints and stores	Amendment No. 1 to the project service agreement for personal touchpooints and stores	023392-101-00
Deutsche Telekom (UK) Limited	Project Service Agreement for the Provision of DTUK Services	Project Service Agreement for the Provision of DTUK Services	024682-000-00
Deutsche Telekom Business Services	Frame Agreement for Commisioned Data Processing – project ARAMIS	Frame Agreement for Commisioned Data Processing – project ARAMIS	024890-000-00
Deutsche Telekom Business Services	Individual Agreement on the commissioned processing of personal data (Aramis)	Individual Agreement on the commissioned processing of personal data (Aramis)	024891-000-00
Deutsche Telekom Business Services	Rámcová smlouva DTBS Shared Services Centrum pro HR procesy v Bukurešti	Frame contract DTBS Shared Services Centrum for HR processes in Bucurest	025175-000-00
Deutsche Telekom Business Services	Service Arrangement for the Delivery of Inquiry Management Services	Service Arrangement for the Delivery of Inquiry Management Services	025175-201-00
Deutsche Telekom Business Services	Service Arrangement for the Delivery of Employee Data Administration Services -	Service Arrangement for the Delivery of Employee Data Administration Services -	025175-202-00
Deutsche Telekom Europe B.V., Netherlands	Amendment No. 1 – Clarification to Loan Agreement	Amendment No. 1 – Clarification to Loan Agreement	015106-101-00
Deutsche Telekom Europe Holding B.V	Pan-Net mVAS Framework Agreement	Pan-Net mVAS Framework Agreement	025941-000-00
Deutsche Telekom Shared Services s.	Amendment No. 2 – změny ceny	Amendment No. 2 – price change	024259-102-00
Deutsche Telekom Shared Services s.	Agreement for Commissioned Data Processing – SAP access	Agreement for Commissioned Data Processing – SAP access	024430-000-00
Deutsche Telekom Shared Services s.	Commissioned Data Processing, as of 8.3.2013	Commissioned Data Processing, as of 8.3.2013	2013/0166
Deutsche Telekom Training GmbH	Agreement on the Processing of Personal Data Under Contract Pursuant	Agreement on the Processing of Personal Data Under Contract Pursuant	022411-000-00
EE Limited	International GSM Roaming Agreement	International GSM Roaming Agreement	000338-000-00
EE Limited	Addendum to the International GSM Roaming Agreement – Inter Operator Discounts	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	Supplementary IOT Ag. for Bilateral Ag. on the Inter Operator Tariff	000338-201-00
EE Limited	Framework Contract of Sale – odprodej servisních karet SAU	Framework Contract of Sale – service cards (SAU) sale	012533-000-00
EE Limited	Sub-licence Agreement (Rolling Stones concert)	Sub-licence Agreement (Rolling Stones concert)	014442-000-00
EE Limited	Roaming Agreement for Public Wireless LAN Services (WLAN)	Roaming Agreement for Public Wireless LAN Services (WLAN)	016881-000-00

Partner	Services / goods – original version	Services / goods - translation	No. of contract of Company
EE Limited	Project Service Agreement for International eSales Solution (IneSS) in TMCZ	Project Service Agreement for International eSales Solution (IneSS) in TMCZ	019713-000-00
EE Limited	Licence agreement	Licence agreement	020996-000-00
EE Limited	Project Service Agreement (operation of International Transmission Network)	Project Service Agreement (operation of International Transmission Network)	021147-000-00
EE Limited	Mutual Long Form Non-Disclosure Agreement	Mutual Long Form Non-Disclosure Agreement	024251-000-00
EE Limited	International Roaming Agreement – the UK, GBROR, GBRME	International Roaming Agreement – the UK, GBROR, GBRME	024352-000-00
GTS Central European Holding B.V.	Individual contract – interconnection services	Individual contract - interconnection services	0000016/2006-SMws
GTS Central European Holding B.V.	Agreement in Relation to Repayment of Intra-Group Loan	Agreement in Relation to Repayment of Intra-Group Loan	0000019/2012-SMfd
GTS Central European Holding B.V.	Agreement in Relation to Repayment of Intra-Group Loan	Agreement in Relation to Repayment of Intra-Group Loan	0000020/2012-SMfd
GTS Central European Holding B.V.	Agreement in Relation to Repayment of Intra-Group Loan	Agreement in Relation to Repayment of Intra-Group Loan	0000022/2012-SMfd
GTS Central European Holding B.V.	Agreement in Relation to Repayment of Intra-Group Loan	Agreement in Relation to Repayment of Intra-Group Loan	0000027/2012-SMfd
GTS Hungary Távközlési Kft.	International Telecommunication Service	International Telecommunication Service	0000007/2010-SMws
GTS Hungary Távközlési Kft.	Contract of subdelivery	Contract of subdelivery	0000019/2008-SmCSC
GTS Hungary Távközlési Kft.	Fourth Amendment to the Master Services Agreement	Fourth Amendment to the Master Services Agreement	0000022/2011-SMws
GTS Hungary Távközlési Kft.	Service Agreement	Service agreement	0000045/2011-SMws
GTS Hungary Távközlési Kft.	Outsourcing Service Agreement	Outsourcing Service Agreement	0000051/2011-SMws
GTS Hungary Távközlési Kft.	Smlouva IFS ISCS 04 2008	Agreement IFS ISCS 04 2008	0000059/2011-SMws
GTS Hungary Távközlési Kft.	Service Agreement for GTS NET a.s and GTS Magyarország Távkozlési Kft.	Service Agreement for GTS NET a.s and GTS Magyarország Távkozlési Kft.	0000063/2007-SMws
GTS Hungary Távközlési Kft.	Amendment Nr.1 to the Service Agreement for GTS NET a.s and GTS Magyarország Távkozlési Kft.	Amendment Nr.1 to the Service Agreement for GTS NET a.s and GTS Magyarország Távkozlési Kft.	0000063/2007-SMws
GTS Hungary Távközlési Kft.	RCTIO Framework Cooperation and Service Agreement	RCTIO Framework Cooperation and Service Agreement	025427-000-00
GTS Hungary Távkozlesi Kft., GTS Poland sp. z o.o., GTS Telecom S.R.L.	Cooperation Agreement	Cooperation Agreement	025746-000-00
GTS Novera a.s.	Smlouva č. GTS – 01 o poskytování telekomunikačních služeb	Service arrangement GTS-01 on telecommunication services	0000004/2003-CS
GTS Novera a.s.	Smlouva o lokálním peeringu	Agreement on the local peering	0000015/2006-SMin
GTS Novera a.s.	Dodatek smlouvy o poskytování telekomunikačních služeb	Amendment to service arrangement on telecommunication services	0000019/2005-SMws
GTS Poland Sp. z o.o.	Contract of subdelivery	Contract of subdelivery	0000018/2008-SmCSC
GTS Poland Sp. z o.o.	Agreement on the Assignment of Rights and Obligations	Agreement on the Assignment of Rights and Obligations	0000029/2011-SMws
GTS Poland Sp. z o.o.	Agreement on the Assignment of Rights and Obligations	Agreement on the Assignment of Rights and Obligations	0000030/2011-SMws
GTS Poland Sp. z o.o.	Shared Cost and Free Phone Pricelist	Shared Cost and Free Phone Pricelist	0000036/2011-SMws
GTS Poland Sp. z o.o.	Service Agreement	Service agreement	0000044/2011-SMws
GTS Poland Sp. z o.o.	Agreement on the assignment of rights and obligations	Agreement on the assignment of rights and obligations	0000056/2014-SMna
GTS Poland Sp. z o.o.	Shared Cost and Free Pricelist	Shared Cost and Free Pricelist	0000060/2011-SMws
GTS Poland Sp. z o.o.	Reciprocal Telecommunications Services Agreement	Reciprocal Telecommunications Services Agreement	0000064/2007-SMws
GTS Poland Sp. z o.o.	AGREEMENT ON THE ASSIGNMENT OF RIGHTS AND OBLIGATIONS	Agreement on the assignment of rights and obligations	0000098/2012-SMna
GTS Poland Sp. z o.o.	Agreement on the assignment of rights and obligations	Agreement on the assignment of rights and obligations	0000207/2011-SMna

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GTS Poland Sp. z o.o.	Agreement on the assignment of rights and obligations	Agreement on the assignment of rights and obligations	0000208/2011-SMna
GTS Telecom S.R.L.	RCTIO Framework Cooperation and Service Agreement	RCTIO Framework Cooperation and Service Agreement	025471-000-00
GTS Telecom SRL	AGREEMENT between GTS Czech and GTS Telecom	Agreement between GTS Czech and GTS Telecom	0000001/2013-SMfd
GTS Telecom SRL	International Telecommunication Service	International Telecommunication Service	0000008/2010-SMws
GTS Telecom SRL	Contract of subdelivery	Contract of subdelivery	0000020/2008-SmCSC
GTS Telecom SRL	Agreement on the Assignment of Rights and Obligations	Agreement on the Assignment of Rights and Obligations	0000032/2011-SMws
GTS Telecom SRL	Agreement on the Assignment of Rights and Obligations	Agreement on the Assignment of Rights and Obligations	0000033/2011-SMws
GTS Telecom SRL	Annex 1 to the Agreement for the provision and operation of international freephone service and international shared cost services	Annex 1 to the Agreement for the provision and operation of international freephone service and international shared cost services	0000035/2011-SMws
GTS Telecom SRL	Service Agreement	Service Agreement	0000043/2011-SMws
GTS Telecom SRL	Voice Reseller Master Agreement Romania	Voice Reseller Master Agreement Romania	0000055/2011-SMws
GTS Telecom SRL	Agreement on the Assignment of Rights and Obligations	Agreement on the Assignment of Rights and Obligations	0000209/2011-SMna
Hrvatski Telekom d.d.	Non-Disclosure Statement	Non-Disclosure Statement	024770-000-00
Hrvatski Telekom d.d.	Service Agreement No. ICT-03/2015	Service Agreement No. ICT-03/2015	025538-000-00
HT – Hrvatski Telekom d.d.	Agreement on telecommunication network's interconnection	Agreement on telecommunication network's interconnection	0000031/2008-SMws
HT – Hrvatski Telekom d.d.	Confidentiality Agreement	Confidentiality Agreement	0000288/2007-SMws
lskon Internet d.d.	Agreement on the Assignment of Rights and Obligations	Agreement on the Assignment of Rights and Obligations	0000163/2011-SMna
Magyar Telekom Telecommunications Public Limited Company	Telecommunications Services Agreement – Matáv Hungarian Telecommunications Company Ltd.	Telecommunications Services Agreement – Matáv Hungarian Telecommunications Company Ltd.	0000146/2007-SMws
Magyar Telekom Telecommunications Public Limited Company	International GSM Roaming Agreement – Hungary	International GSM Roaming Agreement – Hungary	011437-000-00
Magyar Telekom Telecommunications Public Limited Company	Addendum 2 to the International GSM Roaming Agreement Inter Operator Discounts	Addendum 2 to the International GSM Roaming Agreement Inter Operator Discounts	011437-102-00
Magyar Telekom Telecommunications Public Limited Company	Supplementary Discount Agreement for Bilateral discount on the Inter Operator Tariff (IOT)	Supplementary Discount Agreement for Bilateral discount on the Inter Operator Tariff (IOT)	011437-201-00
Magyar Telekom Telecommunications Public Limited Company	Supplementary IOT Ag. for Bilateral Ag. on the Inter Operator Tariff	Supplementary IOT Ag. for Bilateral Ag. on the Inter Operator Tariff	011437-202-00
Magyar Telekom Telecommunications Public Limited Company	Roaming Agreement for Public Wireless Lan Services (Hungary)	Roaming Agreement for Public Wireless Lan Services (Hungary)	018026-000-00
Magyar Telekom Telecommunications Public Limited Company	Amendment No.1 to the Roaming Agreement fot Public Wireless Lan Services	Amendment No.1 to the Roaming Agreement fot Public Wireless Lan Services	018026-101-00
Makedonski Telekom AD - Skopje	Project Service Agreement – SSL Certificate Service	Project Service Agreement – SSL Certificate Service	024384-000-00
Makedonski Telekom AD – Skopje	International Roaming Agreement	International Roaming Agreement	000362-000-00
Makedonski Telekom AD Skopje	Project Service Agreement – DRSSC SSL Certification Service	Project Service Agreement – DRSSC SSL Certification Service	024383-000-00
Motionlogic GmbH	Cooperation Agreement	Cooperation Agreement	025515-000-00
Nexmo, Inc.	Interconnect Agreement – Nexmo, Inc.	Interconnect Agreement – Nexmo, Inc.	0000001/2014-SMws
Nexmo, Inc.	Agreement on the Provison of Wholesale SMS tranzit Services – Nexmo, Inc.	Agreement on the Provison of Wholesale SMS tranzit Services – Nexmo, Inc.	0000002/2013-SmlWh
Nexmo, Inc.	Interconnect Agreement – Nexmo	Interconnect Agreement – Nexmo	0000062/2013-SMws
Orange Personal CommunicationLtd.	International GSM Roaming Agreement	International GSM Roaming Agreement	000335-000-00

Partner	Services / goods - original version	Services / goods - translation	No. of contract of Company
OTE INTERNATIONAL SOLUTIONS S.A.	Mutual Non-Disclosure Agreemnet – OTE	Mutual Non-Disclosure Agreemnet – OTE	0000129/2007-SMws
Slovak Telekom, a. s.	Agreement on Termination - Slovak Telekom	Agreement on Termination – Slovak Telekom	0000031/2010-SMws
Slovak Telekom, a. s.	Addendum no 1 _IP addresses - Agreement on Termination - Slovak Telekom	Addendum no 1 _IP addresses - Agreement on Termination - Slovak Telekom	0000031/2010-SMws
Slovak Telekom, a. s.	Smlouva o spolupraci při poskytování telekomunikačních služeb	Cooperation agreement for providing telecommunication services	0000035/2007-SMws
Slovak Telekom, a. s.	Interconnection Agreement between T-Mobile Slovakia and GTS NOVERA a.s.	Interconnection Agreement between T-Mobile Slovakia and GTS NOVERA a.s.	0000046/2007-SMws
Slovak Telekom, a. s.	Smlouva o lokálním peeringu	Local peering agreement	0000049/2006-SMin
Slovak Telekom, a. s.	Smlouva o peeringu	Peering agreement	0000079/2006-SMin
Slovak Telekom, a. s.	International Telecommunication Services Agreement	International Telecommunication Services Agreement	0000170/2006-SMnp
Slovak Telekom, a.s.	International GSM Roaming Agreement – Slovensko	International GSM Roaming Agreement – Slovensko	000178-000-00
Slovak Telekom, a.s.	Supplementary IOT Agreement	Supplementary IOT Agreement	000178-201-00
Slovak Telekom, a.s.	Licenční smlouva	Licence agreement	010428-000-00
Slovak Telekom, a.s.	Interconnection Agreement	Interconnection Agreement	016452-000-00
Slovak Telekom, a.s.	Roaming Agreement for Public Wireless Lan Services	Roaming Agreement for Public Wireless Lan Services	017447-000-00
Slovak Telekom, a.s.	Addendum Letter to Acquistion Due Diligence Contract – Project Poletucha	Addendum Letter to Acquistion Due Diligence Contract – Project Poletucha	022795-101-00
Slovak Telekom, a.s.	NDA – project Vltava – potential outsourcing of planning, built and maintenance	NDA – project Vltava – potential outsourcing of planning, built and maintenance	023268-000-00
Slovak Telekom, a.s.	Kupní smlouva – nábytek pro vybavení prodejen	Purchase agreement – equipment for shops	023489-000-00
Slovak Telekom, a.s.	Kupní smlouva – nákup nábytku pro refreshe Partnerských prodejen T-Mobile	Purchase agreement for equipment for partner shops	023718-000-00
Slovak Telekom, a.s.	Kupní smlouva – nákup nábytku pro partnerské prodejny TMCZ	Purchase agreement for equipment for partner shops	023814-000-00
Slovak Telekom, a.s.	Kupní smlouva na použitý nábytek z SK pro PP	Purchase agreement for used equipment from SK for partner shops	024574-000-00
Slovak Telekom, a.s.	Memorandum of Understanding	Memorandum of Understanding	024591-000-00
Slovak Telekom, a.s.	International Roaming Agreement	International Roaming Agreement	026001-000-00
SunCom Wireless Operating	International Roaming Agreement (USA)	International Roaming Agreement (USA)	019734-000-00
Telekom Albania SH.A	International Roaming Agreement – Albánie	International Roaming Agreement – Albánie	021365-000-00
Telekom Deutschland (DT Technik)	Planning Arrangement for coordination of LTE cells in the border area of Czech Republic	Planning Arrangement for coordination of LTE cells in the border area of Czech Republic	025533-000-00
Telekom Deutschland GmbH	Interconnection Agreement	Interconnection Agreement	001776-000-00
Telekom Deutschland GmbH	Dodatek č. 1 – doplnění příloh	Amendment no. 1 to the Interconnection Agreement	001776-101-00
Telekom Deutschland GmbH	Dodatek č. 2	Amendment no. 2 to the Interconnection Agreement	001776-102-00
Telekom Deutschland GmbH	Modification no. 3 of the Interconnection Agreement	Modification no. 3 of the Interconnection Agreement	001776-103-00
Telekom Deutschland GmbH	Dodatek 4 – Modification of the Interconnection Agreement	Amendment no. 4 of the Interconnection Agreement	001776-104-00
Telekom Deutschland GmbH	Dodatek č. 5 – Termination in Czech Republic	Amendment no. 5 – Termination of interconnection in the Czech Republic	001776-105-00
Telekom Deutschland GmbH	Dodatek č. 6 – Modification of th	Amendment No. 6 of the Interconnection Agreement	001776-106-00
Telekom Deutschland GmbH	Modification No. 7 of the Interconnection Agreement	Modification No. 7 of the Interconnection Agreement	001776-107-00
Telekom Deutschland GmbH	Modification No. 8 of the Interconnection Agreement	Modification No. 8 of the Interconnection Agreement	001776-108-00
Telekom Deutschland GmbH	Dodatek č. 9 – Modification of the Interconnection Agreement – nový Annex 8	Amendment No. 9 of the Interconnection Agreement – new Annex 8	001776-109-00

Partner	Services / goods – original version	Services / goods – translation	No. of contract of Company
Telekom Deutschland GmbH	Dodatek č. 10 – Modification of the Interconnection Agreement – nový Annex 8	Amendment No. 10 of the Interconnection Agreement – new Annex 8	001776-110-00
Telekom Deutschland GmbH	Transfer Agreement	Transfer Agreement	010474-000-00
Telekom Deutschland GmbH	International GSM Roaming Agreement – Germany	International GSM Roaming Agreement – Germany	011435-000-00
Telekom Deutschland GmbH	Addendum to the International GSM Roaming Agreement (Multimedia Messaging)	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)	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	Supplementary IOT Ag. for Bilateral Ag. on the Inter Operator Tariff	011435-202-00
Telekom Deutschland GmbH	Agreement of delivery of authentication	Agreement of delivery of authentication	012384-000-00
Telekom Deutschland GmbH	Agreement on the Provision of Licences (převod HLR licencí)	Agreement on the Provision of Licences (transfer of HLR licences)	012630-000-00
Telekom Deutschland GmbH	Sublicence Agreement of Cashback Software	Sublicence Agreement of Cashback Software	012763-000-00
Telekom Deutschland GmbH	Agreement on the Provision of Licences (převod VLR licencí)	Agreement on the Provision of Licences (transfer of VLR licences)	012805-000-00
Telekom Deutschland GmbH	Agreement on the Use of Common 900 Frequencies in Border Regions	Agreement on the Use of Common 900 Frequencies in Border Regions	013146-000-00
Telekom Deutschland GmbH	Domicile Agreement	Domicile Agreement	013165-000-00
Telekom Deutschland GmbH	Interconnect Software License Agreement	Interconnect Software License Agreement	013166-000-00
Telekom Deutschland GmbH	Agency Contract on Distribution of Services	Agency Contract on Distribution of Services	013479-000-00
Telekom Deutschland GmbH	Agreement on the Provision of Licences – převod HLR licencí z TMD	Agreement on the Provision of Licences – HLR licences transfer from TMD	013664-000-00
Telekom Deutschland GmbH	Transfer Agreement – TMO Welcome SMS Server (purchase)	Transfer Agreement – TMO Welcome SMS Server (purchase)	013959-000-00
Telekom Deutschland GmbH	Agreement on the Provision of Software Licenses for Operating an HLR	Agreement on the Provision of Software Licenses for Operating an HLR	014327-000-00
Telekom Deutschland GmbH	Service Agreement – TCS hosting & OLA	Service Agreement – TCS hosting & OLA	014468-000-00
Telekom Deutschland GmbH	Service Agreement Concern. the Performance of Melody Services	Service Agreement Concern. the Performance of Melody Services	014973-000-00
Telekom Deutschland GmbH	Amendment No. 1 to Service Agreement (performance of Melody Services)	Amendment No. 1 to Service Agreement (performance of Melody Services)	014973-101-00
Telekom Deutschland GmbH	Amendment 2 to Service Agreement – transfer pricing 2008	Amendment 2 to Service Agreement – transfer pricing 2008	014973-102-00
Telekom Deutschland GmbH	Service Agreement – SWS Maitenance	Service Agreement – SWS Maitenance	015684-000-00
Telekom Deutschland GmbH	Project Service Agreement for Subscription Server	Project Service Agreement for Subscription Server	016046-000-00
Telekom Deutschland GmbH	Project Service Agreement – for MMS E-Mail reply	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)	Agreement for the processing of data (Federal Data Protection ACT (BDSG)	016138-000-00
Telekom Deutschland GmbH	Sublicense Agreement for micro payment platform XTC	Sublicense Agreement for micro payment platform XTC	016434-000-00
Telekom Deutschland GmbH	International Roaming Agreement – Germany	International Roaming Agreement – Germany	016485-000-00
Telekom Deutschland GmbH	Purchase Agreement – GSM parts sale	Purchase Agreement – GSM parts sale	016586-000-00

Partner	Services / goods - original version	Services / goods - translation	No. of contract of Company
Telekom Deutschland GmbH	Roaming Agreement for Public Wireless LAN Services (WLAN -Germany)	Roaming Agreement for Public Wireless LAN Services (WLAN -Germany)	016882-000-00
Telekom Deutschland GmbH	Project Service Agreement (Remote Device Management) Release 1A	Project Service Agreement (Remote Device Management) Release 1A	016886-000-00
Telekom Deutschland GmbH	Addendum No. 1 – Remote Device Management Release 1 A	Addendum No. 1 – Remote Device Management Release 1 A	016886-101-00
Telekom Deutschland GmbH	Purchase Agreement (prodej MSC HW – CCNC parts do TMD)	Purchase Agreement (MSC HW – CCNC parts sale for TMD)	017455-000-00
Telekom Deutschland GmbH	Sublicence Agreement for Cryptotickets-Software	Sublicence Agreement for Cryptotickets-Software	017483-000-00
Telekom Deutschland GmbH	Project Service Agreement for the Provision of MMSC – Services	Project Service Agreement for the Provision of MMSC – Services	020176-000-00
Telekom Deutschland GmbH	Supplementary Agreement No. 1 to the PSA for the Provision of MMSC Services	Supplementary Agreement No. 1 to the PSA for the Provision of MMSC Services	020176-101-00
Felekom Deutschland GmbH	Agreement on the processing of personal data on behalf of the customer	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	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	Project Service Agreement For the Provision of FTE based Services	021155-000-00
Telekom Deutschland GmbH	Project Service Agreement (operation of International Transmission Network)	Project Service Agreement (operation of International Transmission Network)	021192-000-00
Felekom Deutschland GmbH	Project Service Agreement – For the Provision of OTA Services	Project Service Agreement – For the Provision of OTA Services	021318-000-00
Felekom Deutschland GmbH	Project Service Agreement for VoMS – Voucher Management System	Project Service Agreement for VoMS – Voucher Management System	021497-000-00
Felekom Deutschland GmbH	Service Arrangement – Telekom Deutschland Product Development	Service Arrangement – Telekom Deutschland Product Development	022888-113-00
Felekom Deutschland GmbH	Letter of Intent 2013	Letter of Intent 2013	023803-000-00
Telekom Deutschland GmbH	Service Level Agreement (SLA) for PKI services sharing	Service Level Agreement (SLA) for PKI services sharing	023939-000-00
Telekom Deutschland GmbH	Framework agreement for providing of services with transfer pricing	Framework agreement for providing of services with transfer pricing	024410-000-00
Telekom Deutschland GmbH	Service Arrangement – SLA Outbound 2014 k Framework Agreement Outbound	Service Arrangement – SLA Outbound 2014	024410-101-00
Felekom Deutschland GmbH	Service Level Agreement (SLA) for SMS Welcome	Service Level Agreement (SLA) for SMS Welcome	024576-000-00
Felekom Deutschland GmbH	International Roaming Agreement - Deutschland (DEUD1)	International Roaming Agreement – Deutschland (DEUD1)	025033-000-00
Felekom Deutschland GmbH.	Project service agreement – provisioning and operation of the Short Message Application Router (SMAR)	Project service agreement – provisioning and operation of the Short Message Application Router (SMAR)	022597-000-00
Felekom Deutschland GmbH.	Project Service Agreement (PSA)- Projekt ENDURO	Project Service Agreement (PSA)- Projekt ENDURO	023233-000-00
Felekom Deutschland GmbH.	Project Service Agreement – Operation and maintenance of Blackberry Download Server	Project Service Agreement – Operation and maintenance of Blackberry Download Server	023438-000-00
Felekom Deutschland GmbH.	Project Service Agreement (PSA) – Blackberry services	Project Service Agreement (PSA) – Blackberry services	023676-000-00
Felekom Deutschland,	11th Variation Agreement on Discounts for Inter-Operator Tariffs + Termination of the Agreement	11th Variation Agreement on Discounts for Inter-Operator Tariffs + Termination of the Agreement	015878-111-00, 015878- 401-00
FELEKOM ROMANIA ROMTELECOM SA)	International Telecommunication Services Agreement – ROMTELECOM S.A.	International Telecommunication Services Agreement – ROMTELECOM S.A.	0000254/2007-SMws
TELEKOM ROMANIA MOBILE COMMUNICATIONS S.A.	Addendum to International Roaming Agreement (Romania)	Addendum to International Roaming Agreement (Romania)	014876-101-00
T-Mobile Austria GmbH	International GSM Roaming Agreement – Austria	International GSM Roaming Agreement – Austria	011417-000-00

Partner	Services / goods - original version	Services / goods – translation	No. of contract of Company
T-Mobile Austria GmbH	Supplementary Discount Agreement for Bilateral disc. on the Inter Operator Tariff(IOT)	Supplementary Discount Agreement 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	Supplementary IOT Ag. for Bilateral Ag. on the Inter Operator Tariff	011417-202-00
T-Mobile Austria GmbH	Interconnection Agreement	Interconnection Agreement	013609-000-00
T-Mobile Austria GmbH	Announcement of price decrease for termination into the network of tele.ring	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)	Roaming Agreement for Public Wireless LAN Services (WLAN)	016604-000-00
T-Mobile Austria GmbH	Service Level Agreement (SLA) – Alcatel SDH Equipment (ITN))	Service Level Agreement (SLA) – Alcatel SDH Equipment (ITN))	017111-000-00
T-Mobile Austria GMBH	Project Service Agreement (for operation of International Transmission Network)	Project Service Agreement (for operation of International Transmission Network)	021148-000-00
T-Mobile Austria GmbH	Service provider agreement – M2M platform	Service provider agreement – M2M platform	025577-000-00
T-Mobile Austria GmbH, O2 Czech Republic a.s., Vodafone Czech Republic a.s., A1Telekom Austria AG	Planning Arrangement for Coordination of LTE cells in the border area of CR – Cross-Border	Planning Arrangement for Coordination of LTE cells in the border area of CR – Cross-Border	025612-000-00
T-Mobile Netherlands B.V.	International GSM Roaming Agreement	International GSM Roaming Agreement	000537-000-00
T-Mobile Netherlands B.V.	Supplementary discount agreement on Bilateral discounts on the Inter Operator tariff (IOT) for GPRS- services in International Roaming	Supplementary discount agreement on Bilateral discounts on the Inter Operator tariff (IOT) for GPRS-services in International Roaming	000537-201-00
T-Mobile Netherlands B.V.	Supplementary IOT agreement for Bilateral agreement on the Inter Operator Tariff (IOT) for GPRS Always On Services (here Blackberry) in International Roaming	Supplementary IOT agreement for Bilateral agreement on the Inter Operator Tariff (IOT) for GPRS Always On Services (here Blackberry) in International Roaming	000537-202-00
T-Mobile Netherlands B.V.	Variation Agreement of GPRS Initial Frame Indents	Variation Agreement of GPRS Initial Frame Indents	011292-201-00
T-Mobile Netherlands B.V.	Roaming Agreement for Public Wireless LAN Services	Roaming Agreement for Public Wireless LAN Services	016486-000-00
T-Mobile Netherlands B.V.	Project Service Agreement for operation of International Transmission Network	Project Service Agreement for operation of International Transmission Network	021146-000-00
T-Mobile Netherlands B.V.	International Roaming Agreement	International Roaming Agreement	025209-000-00
T-Mobile Polska S.A.	Framework Service and Consultancy Agreement	Framework Service and Consultancy Agreement	000909-000-00
T-Mobile Polska S.A.	International GSM Roaming Agreement	International GSM Roaming Agreement	011455-000-00
T-Mobile Polska S.A.	Addendum No. 1 to International GSM Roaming Agreement	Addendum No. 1 to International GSM Roaming Agreement	011455-101-00
T-Mobile Polska S.A.	Supplementary IOT Discount Agreement for Bilateral Agreement on the Inter Operator Tariff (IOT) for GPRS Always on Services (here Blackberry) in International Roaming	Supplementary IOT Discount Agreement for Bilateral Agreement on the Inter Operator Tariff (IOT) for GPRS Always on Services (here Blackberry) in International Roaming	011455-201-00
T-Mobile Polska S.A.	Roaming Agreement for Public Wireless Lan Services	Roaming Agreement for Public Wireless LAN Services	017796-000-00
T-Mobile Polska S.A.	ONE IMS Mavenir Centralized TestBed and services – Supply LOI	ONE IMS Mavenir Centralized TestBed and services – Supply LOI	024188-000-00
T-Mobile Polska S.A.	Framework Cooperation and Service Agreement Concerning the Provision of IMS SSC	Framework Cooperation and Service Agreement Concerning the Provision of IMS SSC	025011-000-00
T-Mobile Polska S.A.	RCTIO Framework Cooperation and Service Agreement	RCTIO Framework Cooperation and Service Agreement	025182-000-00
T-Mobile Polska S.A.	Framework Purchase Contract – regionální smlouva o přeprodeji HW mezi zeměmi regionu	Framework Purchase Contract – agreement on HW reselling between countries in region	025678-000-00
T-Mobile Polska S.A.	Intercompany Master Service Agreement	Intercompany Master Service Agreement	025785-000-00
T-Mobile USA, Inc.	Multilateral International GSM Roaming Agreement	Multilateral International GSM Roaming Agreement	000323-000-00
T-Mobile USA, Inc.	Addendum to Multilateral International GSM/PCS Roaming Agreement	Addendum to Multilateral International GSM/PCS Roaming Agreement	000323-101-00
T-Mobile USA, Inc.	International Roaming Agreement	International Roaming Agreement	016180-000-00
T-Mobile USA, Inc.	Roaming Agreement for Public Wirelless LAN Services	Roaming Agreement for Public Wirelless LAN Services	017191-000-00

Partner	Services / goods - original version	Services / goods - translation	No. of contract of Company
T-Systems France S.A.S	Framework Agreement – Monet Security Services	Framework Agreement – Monet Security Services	2013/0011
T-Systems France S.A.S	Transfer of Assets Agreement	Transfer of Assets Agreement	2013/0084
T-Systems GEI GmbH	Software Maintenance Agreeement	Software Maintenance Agreeement	017408-000-00
T-Systems International GmbH	One Stop Shopping Agreement	One Stop Shopping Agreement	0000039/2007-SMws
T-Systems International GmbH	Poskytnutí licencí produktů Microsoft	Agreement on the use of a licence under the Microsoft Enterprise Agreement (MS EA) of Deutsche Telekom AG	010423-000-00
T-Systems International GmbH	Non-Disclosure Agreement on the Project "Due diligence for outsourcing TMCZ IT operations"	Non-Disclosure Agreement on the Project "Due diligence for outsourcing TMCZ IT operations"	012307-000-00
T-Systems International GmbH	Supplement No. 3 to the Project Service Agreement No. 022281-000-00 NG CRM	Supplement No. 3 to the Project Service Agreement No. 022281-000-00 NG CRM	022281-103-00
T-Systems International GmbH	Supplement No. 4 to the Project Service Agreement No. 022281-000-00 NG CRM	Supplement No. 4 to the Project Service Agreement No. 022281-000-00 NG CRM	022281-104-00
T-Systems International GmbH	Personal Data Processing Contract	Personal Data Processing Contract	022692-000-00
T-Systems International GmbH	Confidentiality Agreement	Confidentiality Agreement	023158-000-00
T-Systems International GmbH	Enrolment to the Frame Agreement for the supply of CCC SAP Services including SAP Licence Management Services	Enrolment to the Frame Agreement for the supply of CCC SAP Services including SAP Licence Management Services	023213-000-00
T-Systems International GmbH	Declaration of User Accession to the Agreement on Telepresence@DTAG/SEE Services	Declaration of User Accession to the Agreement on Telepresence@DTAG/SEE Services	023403-000-00
T-Systems International GmbH	Agreement for Commissioned Data Processing – Telekom Social Network Data Process	Agreement for Commissioned Data Processing – Telekom Social Network Data Process	023492-000-00
T-Systems International GmbH	Amendment No. 1 to Agreement For Commissioned Data Processing in Telekom Social Network	Amendment No. 1 to Agreement For Commissioned Data Processing in Telekom Social Network	023492-101-00
T-Systems International GmbH	Letter of Intent 2013	Letter of Intent 2013	023803-000-00
T-Systems International GmbH	Letter of Intent for Tibco Enterprise Licence Agreement 2012 – 2015	Letter of Intent for Tibco Enterprise Licence Agreement 2012 – 2015	023824-000-00
T-Systems International GmbH	Software Licence Agreement for Tibco Enterprise Licence Agreement 2012-2015	Software Licence Agreement for Tibco Enterprise Licence Agreement 2012-2015	023921-000-00
T-Systems International GmbH	Software Delivery Agreement – subcontract for finalisation of NG CRM R1 Siebel	Software Delivery Agreement – subcontract for finalisation of NG CRM R1 Siebel	023954-000-00
T-Systems International GmbH	Supplement No. 1 to the Software Delivery Agreement	Supplement No. 1 to the Software Delivery Agreement	023954-101-00
T-Systems International GmbH	Project Service Agreement (PSA) – Provision of Services in connection with Shared Platforms and Services	Project Service Agreement (PSA) – Provision of Services in connection with Shared Platforms and Services	024100-000-00
T-Systems International GmbH	Term Sheet 2014 – International Billing & Mediation Device (iBMD)	Term Sheet 2014 – International Billing & Mediation Device (iBMD)	024100-201-00
T-Systems International GmbH	Term Sheet 2014 – Risk Management Center (RMC)	Term Sheet 2014 - Risk Management Center (RMC)	024100-202-00
T-Systems International GmbH	Term Sheet 2014 – Content Administration Portal (CAP)	Term Sheet 2014 – Content Administration Portal (CAP)	024100-204-00
T-Systems International GmbH	Term Sheet 2014 – Harmonized Payment Converter (HPC)	Term Sheet 2014 - Harmonized Payment Converter (HPC)	024100-205-00
T-Systems International GmbH	Declaration of Compliance for the Processing of Data in SharePoint for V ET	Declaration of Compliance for the Processing of Data in SharePoint for V ET	024361-000-00
F-Systems International GmbH	Adherence Agreement (to the agreement 990072-000-00)	Adherence Agreement (to the agreement 990072-000-00)	024737-000-00
T-Systems International GmbH	Agreement for Commissioned Data Processing	Agreement for Commissioned Data Processing	024757-000-00
T-Systems International GmbH	Sublicensing and Crosscharging Agreement - Aspera license	Sublicensing and Crosscharging Agreement - Aspera license	025060-000-00
T-Systems International GmbH	Adherence Agreement to the Contract 71009540 – Citrix contract 2015	Adherence Agreement to the Contract 71009540 – Citrix contract 2015	025139-000-00

Partner	Services / goods - original version	Services / goods – translation	No. of contract of Company
T-Systems International GmbH	Frame Agreement for Commisioned Data Processing	Frame Agreement for Commisioned Data Processing	025166-000-00
T-Systems International GmbH	Amendment No. 1 to Frame Agreement for Commisioned Data Processing	Amendment No. 1 to Frame Agreement for Commisioned Data Processing	025166-101-00
T-Systems International GmbH	Agreement about International Internal Services	Agreement about International Internal Services	025415-000-00
T-Systems International GmbH	Master Term sheet 2015	Master Term sheet 2015	025702-000-00
T-Systems International GMbH	ICPS Individual Contract	ICPS Individual Contract	880024-000-00
T-Systems International GmbH	Framework Agreement regarding the provision of IT Services	Framework Agreement regarding the provision of IT Services	880052-000-00
T-Systems International GmbH	Prolongation Agreement Infrastructure Services	Prolongation Agreement Infrastructure Services	880052-102-00
T-Systems International GmbH (8450)	Service Agreement about International Internal Services - Service Delivery Platform	Service Agreement about International Internal Services – Service Delivery Platform	025692-000-00
T-Systems ITC Iberia S.A.U.	Service Agreement for support services regarding the provision of TC services to Gestamp Automocion S.A.	Service Agreement for support services regarding the provision of TC services to Gestamp Automocion S.A.	024939-000-00
T-Systems ITC Iberia S.A.U.	Service Agreement (Gestamp Automoción)	Service Agreement (Gestamp Automoción)	2013/0918
T-Systems Limited	Agreement Concerning The Transfer of Assets (smlouva o převodu majetku)	Agreement Concerning the Transfer of Assets	025388-000-00
T-Systems Limited	Service Agreement	Service Agreement	2013/0314
T-Systems Limited	Amendment to Service Agreement Nr. 2012/0737	Amendment to Service Agreement Nr. 2012/0737	2013/0665
T-Systems Limited	Business Agreement	Business Agreement	2013/1190
T-Systems Magyarország ZRt	Term Sheet – Seamless Communication Platform Hungary (SCPH) – SCP-Webex	Term Sheet – Seamless Communication Platform Hungary (SCPH) – SCP.Webex	025801-000-00
T-Systems Magyarország ZRt	Non-Disclosure Agreement – NDA	Non-Disclosure Agreement – NDA	025975-000-00
T-Systems Magyarország ZRt	Personal Data Processing Contract	Personal Data Processing Contract	026067-000-00
T-Systems Polska Sp. z o.o.	Cooperation agreement	Cooperation agreement	0000243/2011-SMna
T-Sytems International GmbH	Share Purchase Agreement – Angel + znalecký posudek	Share Purchase Agreement in relation to T-Systems Czech Republic a.s.	024278-000-00
T-Sytems International GmbH	Cooperation Agreement – transakce Angel	Cooperation Agreement in relation to acquisition of T-Systems Czech Republic a.s.	024279-000-00
T-Sytems International GmbH	Individual Agreement (Project Time Management System)	Individual Agreement (Project Time Management System)	2012/1359
T-Sytems International GmbH	Agreement for Commissioned Data Processing	Agreement for Commissioned Data Processing	2012/1549
T-Sytems International GmbH	ICPS Individual Contract	ICPS Individual Contract	2012/1553
T-Sytems International GmbH	ICPS Individual Contract	ICPS Individual Contract	2012/1554
T-Sytems International GmbH	Delivery Agreement – IT Services	Delivery Agreement – IT Services	2013/0105
T-Sytems International GmbH	Delivery Agreement – Global Business Continuity Manager Services	Delivery Agreement – Global Business Continuity Manager Services	2013/0111
T-Sytems International GmbH	Service Schedule (IBL Connection iDCC (One-Time Costs))	Service Schedule (IBL Connection iDCC (One- Time Costs))	2013/0140
T-Sytems International GmbH	Operational level Agreement to the Frame Delivery Agreement for Telekom IT 2013 CZ – OLA Telekom IT FB T-Europe 2013 Q1 CZ	Operational level Agreement to the Frame Delivery Agreement for Telekom IT 2013 CZ – OLA Telekom IT FB T-Europe 2013 Q1 CZ	2013/0225
T-Sytems International GmbH	Delivery Agreement – IT Services	Delivery Agreement – IT Services	2013/0234

Partner	Services / goods - original version	Services / goods – translation	No. of contract of Company
T-Sytems International GmbH	Operational Level Agreement (OLA) to the Frame Delivery Agreement for SOC SAP TS Large Accounts	Operational Level Agreement (OLA) to the Frame Delivery Agreement for SOC SAP TS Large Accounts	2013/0238
T-Sytems International GmbH	Individual Agreement	Individual Agreement	2013/0262
T-Sytems International GmbH	Agreement for Commissioned Data Processing	Agreement for Commissioned Data Processing	2013/0263
T-Sytems International GmbH	Operational Level Agreement to the Frame Delivery Agreement for Telekom IT 2013 CZ	Operational Level Agreement to the Frame Delivery Agreement for Telekom IT 2013 CZ	2013/0272
T-Sytems International GmbH	Operational Level Agreement to the Frame Delivery Agreement for GDU SAP TS MPHS	Operational Level Agreement to the Frame Delivery Agreement for GDU SAP TS MPHS	2013/0280
T-Sytems International GmbH	Delivery Agreement – IT Services	Delivery Agreement – IT Services	2013/0500
T-Sytems International GmbH	Service Agreement	Service Agreement	2013/0517
T-Sytems International GmbH	ngCRM Infrastructure Operation	ngCRM Infrastructure Operation	2013/0600
T-Sytems International GmbH	Business Agreement to the Frame Delivery Agreement for Telekom IT 2013 CZ	Business Agreement to the Frame Delivery Agreement for Telekom IT 2013 CZ	2013/0649
T-Sytems International GmbH	Agreement for Commissioned Data Processing	Agreement for Commissioned Data Processing	2013/0680
T-Sytems International GmbH	Operational Level Agreement (OLA) to the Frame Delivery Agreement for GDU SAP TS	Operational Level Agreement (OLA) to the Frame Delivery Agreement for GDU SAP TS	2013/0715
T-Sytems International GmbH	Operating Level Agreement (OLA) for GDU SAP TS	Operating Level Agreement (OLA) for GDU SAP TS	2013/0735
T-Sytems International GmbH	Operational Level Agreement (OLA) to the Frame Delivery Agreement for Telekom IT 2013 CZ	Operational Level Agreement (OLA) to the Frame Delivery Agreement for Telekom IT 2013 CZ	2013/0741
T-Sytems International GmbH	Amendment to Service Schedule Network FW-LB Nr. 2010/697	Amendment to Service Schedule Network FW-LB Nr. 2010/697	2013/0769
T-Sytems International GmbH	Amendment to Service Schedule Microsoft Nr. 2010/1522	Amendment to Service Schedule Microsoft Nr. 2010/1522	2013/0770
T-Sytems International GmbH	Amendment to Service Schedule Filent Nr. 2010/1524	Amendment to Service Schedule Filent Nr. 2010/1524	2013/0771
T-Sytems International GmbH	Amendment to Service Schedule SAP Nr. 2010/1270	Amendment to Service Schedule SAP Nr. 2010/1270	2013/0772
T-Sytems International GmbH	Amendment to Service Schedule ARM Nr. 2010/1364	Amendment to Service Schedule ARM Nr. 2010/1364	2013/0773
T-Sytems International GmbH	Amendment to Service Schedule Linux Waikiki Nr. 2011/1453	Amendment to Service Schedule Linux Waikiki Nr. 2011/1453	2013/0774
T-Sytems International GmbH	Amendment to Service Schedule Linux Havaii Nr. 2010/1523	Amendment to Service Schedule Linux Havaii Nr. 2010/1523	2013/0775
T-Sytems International GmbH	Amendment to Service Schedule Linux Hawaii Nr. 2010/1520	Amendment to Service Schedule Linux Hawaii Nr. 2010/1520	2013/0776
T-Sytems International GmbH	Operational Level Agreement (OLA) for IT CSOAO 2013 Q3 CZ	Operational Level Agreement (OLA) for IT CSOAO 2013 Q3 CZ	2013/0852
T-Sytems International GmbH	Operational Level Agreement (OLA) for IT CSOAO 2013 Q4 CZ	Operational Level Agreement (OLA) for IT CSOAO 2013 Q4 CZ	2013/0853
T-Sytems International GmbH	Operational Level Agreement (OLA) to the Frame Delivery Agreement for Telekom IT 2013 CZ	Operational Level Agreement (OLA) to the Frame Delivery Agreement for Telekom IT 2013 CZ	2013/0882
T-Sytems International GmbH	Bietererklaerung	Bidder declaration	2013/0950
T-Sytems International GmbH	Operational Level Agreement (OLA) for GDU SAP TS	Operational Level Agreement (OLA) for GDU SAP TS	2013/0954
T-Sytems International GmbH	Operational Level Agreement to the Frame Delivery Agreement for Telekom IT 2013	Operational Level Agreement to the Frame Delivery Agreement for Telekom IT 2013	2013/1021
T-Sytems International GmbH	Operational Level Agreement to the Frame Delivery Agreement for Telekom IT 2013	Operational Level Agreement to the Frame Delivery Agreement for Telekom IT 2013	2013/1070

Partner	Services / goods - original version	Services / goods – translation	No. of contract of Company
T-Sytems International GmbH	Service Schedule "Waikikki Infrastructure"	Service Schedule "Waikikki Infrastructure"	2013/1153
T-Sytems International GmbH	Delivery agreement Telekom IT 2014 CZ pursuant to the framework agreement regarding the provision of IT Services	Delivery agreement Telekom IT 2014 CZ pursuant to the framework agreement regarding the provision of IT Services	2013/1219
Zoznam Mobile, s.r.o.	Smlouva o zajištění poskytování obsahu	Content provision agreement	021136-000-00

5. OVERVIEW OF ACTIONS TAKEN DURING THE ACCOUNTING PERIOD AT THE INITIATIVE OR IN THE INTEREST OF THE CONTROLLING PARTY OR OTHER ENTITIES CONTROLLED BY THE CONTROLLING PARTY WHERE SUCH ACTIONS RELATED TO ASSETS IN EXCESS OF 10% OF THE CONTROLLED ENTITY'S EQUITY AS REPORTED IN THE 2016 FINANCIAL STATEMENTS

During the Accounting period the Company did not performed in the interest of the Controlling party or other entities controlled by such controlling entity any legal transactions and other measures concerning assets exceeding 10% of the Company's equity (i.e. CZK 3,085 million).

6. ASSESMENT OF THE DAMAGE INCURRED BY THE COMPANY AND OF ITS SETTLEMENT

The Company did not incur any damage from the contracts that were effective during the Accounting period between the Company and other entities parties from Group of companies, or from any other performances received or provided, which were provided in the interest or at the initiative of the other entities from the Group of companies.

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

7.1 ASSESMENT OF ADVANTAGES AND DISADVANTAGES ARISING FROM THE RELATIONSHIPS WITHIN THE GROUP OF COMPANIES Mainly advantages result from the Company's participation in the Group of companies. The Group of companies is a provider of top class telecommunication services, it disposes of a strong brand and strong financial background, from which the Company benefits especially when closing deals with its suppliers. No disadvantages result from the Company's participation in the Group of companies.

7.2 NO RISKS RESULT FROM THE COMPANY'S RELATIONSHIPS WITH THE GROUP OF COMPANIES.

In Prague, 22 March 2017

Ilias Drakopoulos Chairman of the Board of Directors

In Prague, 22 March 2017

Robert Hauber Vice-chairman of the Board of Directors

REPORT ON THE RELATIONSHIPS BETWEEN THE RELATED PARTIES

for the years 2016

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% 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) 12,00% BT Group plc (United Kingdom) 100,00% Deusche Telekom Holding B.V. (Netherlands) 65.06% 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% IBSV 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% T-Mobile Financial, LLC (USA) 100,00% Metro PCS Texas, LLC (USA) 100,00% T-Mobile Leasing, LLC (USA) 100,00% Metro PCS Networks California, LLC (USA) 9,74% 3G Americas, LLC (USA) 2,41% Solavei, LLC (USA)

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100% Deutsche Telekom (UK) Limited (United Kingdom)
       100,00%T-Mobile International UK Pension Trustee Limited (United Kingdom)
100% Deutsche Telekom Europe Holding GmbH (Germany)
       100,00% Deutsche Telekom Europe Holding B.V. (Netherlands)
                100,00% Deutsche Telekom Europe B.V. (Netherlands)
                          100,00% T-Mobile Netherlands Holding B.V. (Netherlands)
                                   100,00% Tulip 2 B.V. (Netherlands)
                                   100,00% T-Mobile Netherlands B.V. (Netherlands)
                                            100,00% T-Mobile Netherlands Retail B.V. (Netherlands)
                                            100,00% T-Mobile Netherlands Klantenservice B.V. (Netherlands)
                                   100,00% T-Mobile Thuis 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-Mobile Czech Republic a.s. (Czech Republic)
                                   100,00% CE Colo Czech s.r.o. (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 (Bosna a Hercegovina)
                                   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 a Herzegovina)
                                   100,00% E-Tours d.o.o. (Croatia)
                                   19,11% OT-Optima Telekom d.d. (Croatia)
                                            100,00% OT-Optima Telekom d.o.o. (Slovenia)
                                            100,00% Optima Telekom za upravljanje nekretninama i savjetovanje d.o.o. (Croatia)
                                            100,00% Optima direct d.o.o. (Croatia)
                          100,00% Slovak Telekom, a.s. (Slovakia)
                                   100,00% DIGI SLOVAKIA s.r.o. (Slovakia)
                                  100,00% Telekom Sec, s.r.o. (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% GTS Hungary Távközlési Kft (Hungary)
                                   100,00% Stonebridge A.D. (Macedonia)
                                            51,00 % Makedonski Telekom AD Skopje (Macedonia)
                                   100,00% T-Systems Magyarország Zrt (Hungary)
                                   100,00% Novatel EOOD (Bulgaria)
                          100,00% T-Mobile Polska S.A. (Poland)
                                   100,00% Tele Haus Polska Sp.z.o.o. (Poland)
                                   50,00% NetWorkS! Sp.z.o.o. (Poland)
                                   100,00% Tel-Team Inwestycje Sp.z.o.o. (Poland)
                          100,00% Consorcium 1 S. à.r.l. (GTS) (Luxembourg)
                                   100,00% Consortium 2 S.à r.l. (Luxembourg)
                                            100,00% GTS Central European Holdings Limited (Cyprus)
                                                   100,00% Carduelis B.V. (Netherlands)
                                                             0,54% GTS Central European Holding B.V. (Netherlands)
                                                   99,46% GTS Central European Holding B.V. (Netherlands)
                                                             100,00% GTS Ukraine L.L.C. (Ukraine)
                                                              100,00% Antel Germany GmbH (Germany)
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47,44% GTS Telecom S.R.L. (Romania) 52,56% GTS Telecom S.R.L. (Romania) 100,00% GTS Poland Sp. z o.o. (Poland) 100,00% SPV HOLDINGS Sp. Z o.o. (Poland) 100,00%T-Infrastructur Services GmbH (Austria) 99,00% Deutsche Telekom Pan-Net s.r.o. (Slovakia) 99,88% Deutsche Telekom Pan-Net Greece EPE (Greece) 100,00% Deutsche Telekom Pan-Net Poland Sp. Z o.o. (Poland) 100,00% Deutsche Telekom Pan-Net Croatia d.o.o. (Croatia) 100,00% Deutsche Telekom Pan-Net Hungary Kft. (Hungary) 100,00% Deutsche Telekom Pan-Net Czech Republic s.r.o. (Czech Republic) 100,00% Deutsche Telekom Pan-Net Romania S.R.L. (Romania) 100% Deutsche Telekom Asia Pte Ltd (Singapore) 40% +1 Hellenic Telecommunications Organization S.A. (OTE) (Greece) 100,00%OTE International Investments Ltd. (Cyprus) 54,01% Telekom Romania Communications S.A. (Romania) 30,00% Telekom Romania Mobile Communications S.A. (Romania) 100,00%Cosmote Mobile Telecommunications S.A. (Greece) 70,00% Telekom Romania Mobile Communications S.A. (Romania) 99,757% Telekom Albania Sh.a (AMC) (Albania) 100,00% Germanos S.A. (Greece) 1,00% Cosmoholding International B.V. (Netherlands) 99,00% Cosmoholding International B.V. (Netherlands) 100,00% Cosmoholding Romania Ltd. (Cyprus) 100,00% Telemobil S.A. (Zapp) (Romania) 100,00%OTE Estate S.A. (Greece) 100,00%OTE International Solutions S.A. (Greece) 100% Deutsche Telekom Europe Beteiligungsverwaltungsgesellschaft mbH (Germany) 1,00% Deutsche Telekom Pan-Net s.r.o. (Slovakia) 50% BuyIn S.A. (Belgium) 100,00%BuyIn S.A.S. (France) 100,00%BuyIn GmbH (Germany) 100% Deutsche Telekom Business Services S.R.L. (Romania) 100% T-Systems International BmbH (Germany) 100,00% T-Systems Beteiligungsverwaltungsgesellschaft mbH (Germany) 0,01%Deutsche Telekom Shared Services s.r.o. (Slovakia) 100% Deutsche Telekom Services Europe GmbH (Germany) 99,99% Deutsche Telekom Shared Services s.r.o. (Slovakia) 100,00 Deutsche Telekom Services Europe Czech Republic s.r.o. (Czech Republic)

SEPARATE FINANCIAL STATEMENTS IN ACCORDANCE WITH INTERNATIONAL FINANCIAL REPORTING STANDARDS

31 December 2016

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Note The separate 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.

STATEMENT OF FINANCIAL POSITION YEAR ENDED 31 DECEMBER 2016

CZK million Note	s 31.12.2016	31.12.2015
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents	4 3,934	3,408
Trade and other receivables	5 5,383	5,405
Short-term bank financing	93	58
Inventories	6 673	691
Prepaid expenses and other current assets	369	404
Advanced payment of income tax	182	339
Total current assets	10,634	10,305
NON-CURRENT ASSETS		
Intangible assets	7 8,827	8,867
Goodwill	8 1,275	1,275
Property and equipment	9 15,822	15,513
Investment in subsidiary 1	0 2,133	2,133
Other non-current assets	17	19
Total non-current assets	28,074	27,807
TOTAL ASSETS	38,708	38,112
LIABILITIES AND EQUITY		
CURRENT LIABILITIES		
Trade and other payables 1	1 4,562	4,267
Other financial liabilities 1:	2 201	184
Provisions 1:	3 39	64
Deferred income 1-	4 649	639
Total current liabilities	5,451	5,154
NON-CURRENT LIABILITIES		
Other financial liabilities 1.	2 1,063	1,001
Provisions 1:	3 894	897
Deferred income 1-	4 3	3
Deferred tax liability 1	5 442	217
Total non-current liabilities	2,402	2,118
TOTAL LIABILITIES	7,853	7,272
EQUITY		
Share capital 1	7 520	520
Share premium 1	7 397	397
Capital funds 1	7 106	105
Retained earnings	29,832	29,818
Total equity	30,855	30,840
TOTAL LIABILITIES AND EQUITY	38,708	38,112

STATEMENT OF COMPREHENSIVE INCOME YEAR ENDED 31 DECEMBER 2016

CZK million	Notes	2016	2015
Revenue	19	26,227	26,841
Other operating income	20	1,188	1,055
Cost of goods, raw materials and telecommunication services	21	(8,711)	(9,267)
Employee benefits	22	(3,111)	(3,194)
Depreciation and amortisation	23	(4,727)	(4,701)
Other operating expenses	24	(4,863)	(4,763)
Profit from operations		6,003	5,971
Finance income	25	86	133
Finance expense	25	(110)	(199)
Profit before tax		5,979	5,905
Income tax expense	26	(1,259)	(1,198)
Net profit for the current period		4,720	4,707
Other comprehensive income		-	-
Total comprehensive income for the period		4,720	4,707

STATEMENT OF CHANGES IN EQUITY YEAR ENDED 31 DECEMBER 2016

CZK million	Notes	Share Capital	Share Premium	Capital Funds	Retained Earnings	Total
Balance as at 1.1.2015		520	3,288	105	21,734	25,647
Total comprehensive income		-	-	-	4,707	4,707
Profit for the period		-	-	-	4,707	4,707
Transactions with shareholders		-	(2,891)	-	3,377	486
Impact of acquisition of company under common control*		-	(2,891)	-	3,377	486
Balance as at 31.12.2015		520	397	105	29,818	30,840
Total comprehensive income		-	-	-	4,720	4,720
Profit for the period		-	_	-	4,720	4,720
Transactions with shareholders		-	-	-	(4,706)	(4,706)
Dividends paid	27	-	-	-	(4,706)	(4,706)
Creation of Capital Funds		-	-	1	-	1
Balance as at 31.12.2016		520	397	106	29,832	30,855

* The movement represents the impact of the merger with GTS Czech s.r.o. as at 31 December 2015 (for more information please refer to the opening balances sheet issued on 18.6.2015).

STATEMENT OF CASH FLOWS YEAR ENDED 31 DECEMBER 2016

CZK million	Notes	2016	2015
Cash flows from operating activities			
Profit before tax for the current period		5,979	5,905
Adjustments for non-cash movements:			
Depreciation and amortisation	23	4,727	4,701
Interest expense net	25	67	88
Gain on sale of fixed assets net		(201)	(227)
Other non-cash (income)/expense net		(5)	116
Cash flow from operating activities before changes in working capital		10,567	10,583
Changes in trade and other receivables	28	17	17
Changes in inventories	15	52	52
Changes in provisions		(109)	(35)
Changes in trade and other payables		269	115
Cash flow generated from operating activities		10,770	10,732
Income tax paid		(876)	(1,023)
Interest paid		(68)	(94)
Interest received		1	5
Net cash flow from operating activities		9,827	9,620
Cash flows from investing activities			
Purchases of property and equipment and intangible assets	7,9	(4,305)	(2,829)
Acquisition of business *	27, 10	-	(4,963)
Capital contribution to subsidiary		-	(711)
Proceeds from the sale of property and equipment and intangible assets		70	63
(Losses)/proceeds from the sale of securities		(13)	59
Net cash flow from investing activities		(4,248)	(8,381)
Cash flows from financing activities			
Issuance of short-term financing	2	-	7,643
Issuance of loan		125	-
Issuance of bank overdraft		120	-
Repayment of short-term financing	2	(6)	(11,234)
Repayment of loan		(125)	(1,331)
Repayment of bank overdraft		(120)	-
Dividends paid	27	(4,706)	-
Payments of finance lease liabilities	9	(341)	(293)
Net cash flow from financing activities		(5,053)	(5,215)
Net increase/(decrease) in cash and cash equivalents		526	(3,976)
Cash and cash equivalents as at the beginning of the period	4	3,408	7,384
Cash and cash equivalents as at the end of the period	4	3,934	3,408

* Consideration paid for purchase of business has been reduced by cash and cash equivalents obtained.

NOTES TO THE SEPARATE FINANCIAL STATEMENTS YEAR ENDED 31 DECEMBER 2016

1 GENERAL INFORMATION

INFORMATION ABOUT THE COMPANY

T-Mobile Czech Republic a.s. ("the Company") is a Czech legal entity, joint-stock company with registered office in Prague 4, Tomíčkova 2144/1, Czech Republic, and was incorporated on 15 February 1996, reg. no 64949681. The Company operates public mobile communications network, public fixed telecommunications network and provides mobile communications services, fixed communication services and IPTV under conditions of Czech Telecommunication Office ("CTO") certificate, No. 310/7, issued on 2 October 2015, 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.

THE COMPANY'S OWNERSHIP STRUCTURE

As at 31 December 2016 and 31 December 2015, the ownership structure of the Company was as follows:

	No. of share	Paid in shar	e capital
Shareholder	(thousands)	CZK million	%
Deutsche Telekom Europe B.V. (till 1 March 2015 CMobil B.V.)	520	520	100.00
Total	520	520	100.00

The ultimate parent company of the Company during the accounting periods ended 31 December 2016 and 31 December 2015 was Deutsche Telekom AG ("DTAG") which controls Deutsche Telekom Europe B.V. (former CMobil B.V.), the direct parent of the Company. Deutsche Telekom Europe B.V. is consolidated by Deutsche Telekom AG Group and its results are presented in group consolidated financial statements on website www.telekom.de/investor-relations.

LICENCES AND TRADEMARKS

As at 31 December 2016, the Company 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 in 2.1 GHz and 28 GHz frequency bands for the period of 20 years (expires in 2024);
- Allocation of frequency bands for the provision of public mobile network in 800 MHz, 1800 MHz and 2600 MHz frequency bands for the period of 15 years (expires in 2029);
- Allocation of frequency bands for the provision of public mobile network in 26 GHz frequency, which expires in 2020;
- Allocation of frequency band for the provision of public communications network in 2600 MHz frequency band for the period of 13 years (expires in 2029).

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 Company does not use concession accounting.

The Company owns 126 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 Company is also entitled to use relevant trademarks registered by DTAG in the Czech Republic.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

BASIS OF PREPARATION

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

These financial statements relate to consolidated financial statements of T-Mobile Czech Republic a.s. and its subsidiary CE Colo Czech s.r.o. (together the "Group") for the year ended December 31, 2016. These separate financial statement should be read in conjunction with the consolidated financial statements to obtain a complete understanding of the Group's results and financial position.

Financial amounts in these financial statements are presented, unless otherwise stated, in millions of Czech crowns (CZK million).

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

ADOPTION OF NEW/REVISED STANDARDS AND NEW STANDARDS (INCLUDING AMENDMENTS OF EXISTING STANDARDS) NOT YET ADOPTED BY THE COMPANY.

In 2016, the Company adopted the following standards and amendments to the standards.

a) Adopted during the year:

- Amendment to IAS 16, Property, Plant and Equipment, and IAS 38 Intangible Assets, clarifying acceptable methods of depreciation and amortisation (issued in May 2014, endorsed by EU for annual periods beginning on or after 1 January 2016). In this amendment, the IASB has clarified that the use of revenue-based methods to calculate the depreciation of an asset is not appropriate because revenue generated by an activity that includes the use of an asset generally reflects factors other than the consumption of the economic benefits embodied in the asset.
- Amendment to IFRS 11, Joint arrangements, Accounting for Acquisitions of Interests in Joint Operations (issued in May 2014, endorsed by EU for annual periods beginning on or after 1 January 2016). The amendment clarifies the accounting for acquisitions of an interest in a joint operation and correctness of such accounting.
- Disclosure initiative to Amendment to IAS 1, (issued in December 2014, endorsed by EU for annual periods beginning on or after 1 January 2016). The Standard was amended to clarify the concept of materiality and explains that an entity need not provide a specific disclosure required by an IFRS if the information resulting from that disclosure is not material, even if the IFRS contains a list of specific requirements or describes them as minimum requirements. The Standard also provides new guidance on subtotals in financial statements, in particular, such subtotals (a) should be comprised of line items made up of amounts recognised and measured in accordance with IFRS; (b) be presented and labelled in a manner that makes the line items that constitute the subtotal clear and understandable; (c) be consistent from period to period; and (d) not be displayed with more prominence than the subtotals and totals required by IFRS standards. The Company has reviewed its financial statements in the light of requirements of the amendment.

The adopted standards and amendments do not have material impact on the Company's financial statements.

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

- Amendment to IAS 7, Statement of Cash Flows (issued in January 2016, for annual periods beginning on or after 1 January 2017, not yet endorsed by EU). The amended IAS 7 will require disclosure of a reconciliation of movements in liabilities arising from financing activities. The Company is currently assessing the impact of the amendments on its financial statements. This amendment will require new disclosure.
- IFRS 9, Financial Instruments recognition and measurement (issued in July 2014, effective for annual periods beginning on or after 1 January 2018). The new standard brings classification and measurement, impairment and hedge accounting and replaces IAS 39 which relates to classification and measurement of financial assets. IFRS 9 keeps, but simplifies measurement model and specifies three categories for financial assets measurement: measured subsequently at amortised costs, fair value through other comprehensive income and fair value through profit and loss. Classification is based on business model and nature of cash flows from the financial asset. Investments in equity instruments are always measured at fair value. However, management can make an irrevocable election to present changes in fair value in other comprehensive income. IFRS 9 introduces a new model for the recognition of impairment losses the expected credit losses (ECL) model. Most of the requirements in IAS 39 for classification and measurement of financial liabilities were carried forward unchanged to IFRS 9. The key change is that an entity will be required to present the effects of changes in own credit risk of financial liabilities designated at fair value through profit or loss in other comprehensive income. Hedge accounting requirements were amended to align accounting more closely with risk management. The standard provides entities with an accounting policy choice between applying the hedge accounting requirements of IFRS 9 and continuing to apply IAS 39 to all hedges because the standard currently does not address accounting for macro hedging.

Although the Company has not yet finalized the detailed Analysis of IFRS 9, the first-time adoption of this standard is not expected to have a material impact on the financial statements. In some cases, the new provisions on the classification of financial assets depending on the business model existing for these assets will give rise to changes in measurement and presentation. The new provisions on accounting for impairment losses will lead to expected losses having to be expensed earlier in certain cases.

- IFRS 15, Revenue from Contracts with Customers (issued in May 2014, effective for annual periods beginning on or after 1 January 2018). The standard has a material effect on the presentation of Company's results of operations and financial position. Depending on the business model applied, the new provisions address the following issues in particular:
 - In the case of multiple-element arrangements (e.g., mobile contract plus handset) with subsidized products delivered in advance, a larger portion of the total remuneration is attributable to the component delivered in advance (mobile handset), requiring earlier recognition of revenue. This leads to the recognition of what is known as a contract asset a receivable arising from the customer contract that has not yet legally come into existence in the statement of financial position.
 - At the same time, this leads to higher revenue from the sale of goods and merchandise and to lower revenue from the provision of services.
 - The scope of the changes resulting from the initial application of IFRS 15 that are described above therefore largely depends on the business models used by the Company.
 - Future capitalization and allocation of the expenses for sales commissions (customer acquisition costs) over the estimated customer retention period.
 - Increase in total assets on initial application due to the capitalization of contract assets and customer acquisition costs.
 - Deferral, i.e., later recognition of revenue in cases where "material rights" are granted, such as offering additional discounts for future purchases of further products.
 - For the purposes of determining whether the Company sells products for its own account (principal = gross revenue) or for the account of others (agent = net revenue), it is unlikely there will be any material changes.

The Company will utilize the option for simplified initial application, i.e., contracts that are not completed by January 1, 2018 will be accounted for as if they had been recognized in accordance with IFRS 15 from the very beginning. The cumulative effect arising from the transition will be recognized as an adjustment to the opening balance of equity in the year of initial application. Prior-year comparatives will not be restated; instead, the Company will provide an explanation of the reasons for the changes in items in the statement of financial position and the income statement for the current period as a result of applying IFRS 15 for the first time.

The effects will be analysed as part of a centrally driven project for implementing the new standard, though a reliable estimate of the quantitative effects is not possible until the project has been completed, probably in mid-2017.

- Amendments to IFRS 15, Revenue from Contracts with Customers (issued in April 2016 and effective for annual periods beginning on or after 1 January 2018, not yet endorsed by EU). The amendments do not change the underlying principles of the Standard but clarify how those principles should be applied. The amendments clarify how to identify a performance obligation (the promise to transfer a good or a service to a customer) in a contract; how to determine whether a company is a principal (the provider of a good or service) or an agent (responsible for arranging for the good or service to be provided); and how to determine whether the revenue from granting a licence should be recognised at a point in time or over time. In addition to the clarifications, the amendments include two additional reliefs to reduce cost and complexity for a company when it first applies the new Standard. The Company's activities, related processes and systems are complex and current estimation is that the Company will need several months for new accounting principles, judgements and processes implementation according to the new standard. As a result, currently it is not possible to provide a reliable estimate of the impact of new the standard.
- IFRS 16, Leases (issued in January 2016, effective for annual periods beginning on or after 1 January 2019, not yet endorsed by EU). The standard has a material effect on the presentation of Company's results of operations and financial position. Depending on the business model applied, the new provisions address the following issues in particular:
 - Whereas previously there was a requirement to disclose payment obligations for operating leases in the notes to the financial statements, from now on, the resulting rights and obligations must be recognized as rights of use and lease liabilities in the statement of financial position.
 - The Company anticipates a significant increase in total assets on the first-time adoption on account of the increase in lease liabilities as well as a similarly high increase in non-current assets due to the right-of-use assets to be capitalized. The increase in lease liabilities leads to a corresponding increase in net debt.
 - Going forward, depreciation charges and interest expense will be reported in the income statement instead of lease expense. This will give rise to a significant improvement in EBITDA and to a similar increase in the net cash from operating activities reported in the statement of cash flows.
 - For the Company as a lessor, the new definition of a lease may affect the number of items to be accounted for as leases.
 - The overall effects will be analysed as part of a centrally driven project for implementing IFRS 16, though a reliable estimate of the quantitative effects is not possible until the project has been completed.

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 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).

Between estimates belongs mainly:

- Estimate of recoverable amount of the cash-generating unit, to which goodwill is allocated for the purposes of impairment testing (see Note 8);
- Provision for doubtful debt (see Note 5);
- useful lives of customer relationships (see Note 7).

b) Business combinations

The acquisition method of accounting is used to account for acquisition of subsidiaries from parties that are not under common control. Consideration paid for acquisition of a subsidiary is equal to fair value of the assets transferred and the liabilities incurred.

Consideration paid includes fair value of whatever assets and liabilities, which resulting from contingent consideration agreement. Acquired identifiable assets, liabilities and contingent liabilities incurred in business combination are initially recognised at fair value at the date of acquisition. Acquisition related costs are expensed as incurred.

If the initial accounting for a business combination can be determined only provisionally by the end of the period in which the combination is effected, the Company shall account for the incomplete items using those provisional values. During the measurement period, the Company shall recognise any adjustments to those provisional values or any additional assets and liabilities in order for the adjusted values to reflect new information obtained by the Company about facts and circumstances that existed as at the date of acquisition and which if had been known as at the date of acquisition would have influenced values recognised.

The measurement period is a period from the date of acquisition to the date when the Company obtains complete information about facts and circumstances that existed as at the date of acquisition, however, no later than one year from the acquisition date.

Business combinations under common control are accounted for using predecessor amounts approach (similar to pooling of interest). Under this method the Company does not revaluate assets and liabilities to their fair values but takes over the valuation of subsidiary's assets and liabilities from the consolidated financial statements of the ultimate parent company, i.e. from the consolidated financial statements of DTAG.

c) Subsidiaries

Subsidiaries are all entities over which the Company has control. The Company controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct activities of the entity. Subsidiaries are recorded at historical costs.

d) Goodwill

Goodwill arising on the acquisition of a business represents the excess of the

- Consideration transferred;
- Amount of any non-controlling interest in the acquired entity; and
- Acquisition-date fair value of any previous equity interest in the acquired entity over the fair value of the net identifiable assets acquired. If those amounts are less than the fair value of the net identifiable assets of the subsidiary acquired, the difference is recognised directly in profit or loss as a bargain purchase.

Goodwill on acquisitions of subsidiaries is included in intangible assets. Goodwill is not amortised but it is tested for impairment annually, or more frequently if events or changes in circumstances indicate that it might be impaired, and is carried at cost less accumulated impairment losses. Gains and losses on the disposal of an entity include the carrying amount of goodwill relating to the entity sold.

Goodwill is allocated to cash-generating units for the purpose of impairment testing. The allocation is made to those cash-generating units or groups of cash-generating units that are expected to benefit from the business combination in which the goodwill arose. The units or groups of units are identified at the lowest level at which goodwill is monitored for internal management purposes, being the operating segments. The Company is considered as one cash-generating unit.

e) 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.

f) Joint arrangements

Joint arrangements according to IFRS 11 may have either joint operation or joint venture form. The classification depends on contractual rights and obligations of each investor, rather than the legal structure of joint arrangement.

According to participation in joint operations, the Company recognises assets controlled and liabilities incurred and its share on all jointly held assets and jointly incurred liabilities and its share on revenue and costs generated by the joint operations according to valid terms of relevant contracts. Other information related to joint arrangements is stated in Note 9.

g) 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 and due date lower than 3 months from purchase date (mainly depository bill of exchange and short-term deposits).

h) Inventories

Purchased inventories are stated at the lower of acquisition cost or net realisable amount. The acquisition cost primarily includes the purchase price 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.

i) Financial instruments

Financial assets

The Company classifies its financial assets in the following categories:

- Loans and receivables,
- Financial assets at fair value recorded to profit or loss.

Classification of financial assets is based on purpose of asset purchase. Management of the Company assigns financial assets classification at the time of initial record of asset.

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 Company 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 Company 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 profit or loss. The irrecoverable trade receivables are written off against the provision for impairment. The Company 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 profit or loss.

In June 2014 the Company entered into a factoring agreement with recourse with Helaba Landesbank Hessen-Thüringen Girozentrale ("the Factor"). The Company recognizes the transferred assets to the extent of its continuing involvement, which is the maximum amount that the Company would be required to pay to the Factor. The Company also recognises an associated liability, measured in such a way that the net carrying amount of the transferred asset and the associated liability is equal to the fair value of the rights and obligations retained by the entity.

Financial assets at fair value through profit or loss

The Company uses currency forward contracts to hedge its estimated cash flows. Financial assets at fair value through profit or loss are initially recognised at fair value and subsequently carried at fair value. 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 or loss. The information on accounting of financial derivatives and hedging operations is provided in Note 3.

Financial liabilities

Financial liabilities are classified according to the substance of the contractual arrangements. Financial liabilities include mainly trade payables, short-term bank financing, finance lease obligations, bank overdrafts, loans from parent company DTAG 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.

The overview of financial assets and liabilities according to categories is stated in Note 18.

j) 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 profit or loss 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 profit or loss.

k) Intangible assets

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 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) LTE licence

The LTE licence which represents the right to provide communication services in the Czech Republic and to establish and operate LTE 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 2029.

iv) 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 fulfil the criteria for capitalisation, are expensed as incurred.

v) Customer relationships

Customer relationships acquired in a business combination are recognised at fair value at the acquisition date. Customer relationships have a finite useful life and are carried at cost less accumulated amortisation and impairment losses. Amortisation is calculated using the straight-line method to allocate the cost of customer relationships over their estimated useful lives of 7 and 8 years.

The useful lives of customer relationships were estimated on the basis of average useful life of customers in each customer base, local customer relationship and multinational customer relationship. The appropriateness of the amortisation period is reviewed annually. Any change in the expected useful life of the asset shall be accounted for prospectively as a change in the accounting estimate.

If the carrying amount of the intangible 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.

I) Finance leases

Leased property and equipment where the Company 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 Company 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 noncurrent finance assets.

m) Operating leases

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

n) Provisions

Provisions are recognised when the Company 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 Company 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 profit or loss (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 profit or loss.

o) Revenue recognition

Revenue comprises primarily revenue from the provision of telecommunication network services to final customers and to other parties, revenue from the sale of goods and revenues from System Solutions (IT services). Revenue is stated net of discounts and Value Added Tax. The Company 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 Company further defers installation fees charged to customers based on service agreements. Installation fees are released to the 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.

System solutions revenues represent revenues from application of information technology and telecommunications equipment to store, retrieve, transmit and manipulate data and to provide advanced solutions such as system integration, cloud applications, ICT security and desktop services management. System solutions/integration contracts are mainly short-term, billed on the basis of time and material consumed. Revenue is recognised as the services are rendered. Interest income is recorded on an accrual and deferral basis using the effective interest method.

p) 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 Company's network. The costs of goods and services are charged to the period in which they are incurred.

q) Commissions to business partners

The Company provides commissions to business partners for customer acquisition or retention, or other services provided by business partner (e.g. prepaid credit recharging, up-sell of customer services). The commissions are expensed as incurred.

r) Employee benefits

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

The Company has entered into several incentive programs, both share-based and non-share based and cash and non-cash settled managed by DTAG. The Company recognizes the costs of services received from its members of executive management in a share-based and non-share-based payment transaction when services are received. If these services are received in a cash-settled share-based payment transaction, the Company recognizes the expense against the provision, re-measured at each reporting date. In case of equity-settled share-based payment transaction, the Company recognizes the expense against the equity capital fund, re-measured at fair value at the grant date.

s) 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 profit or loss is measured as the change in the net deferred 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 property and equipment, changes in tax non-deductible adjustments and tax non-deductible 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.

t) Capital

The Company's objective when managing capital is to safeguard the Company's ability to continue in its business 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 Company is aligned with this objective.

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

The Company creates other capital fund according to long term incentive program for top management based on remuneration in shares.

3 FINANCIAL RISK MANAGEMENT

FINANCIAL RISK MANAGEMENT PRINCIPLES

The Company's activities expose it to a variety of financial risks, primarily credit risk, liquidity risk, currency risk, and interest rate risk. 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, the hedging transactions are generally entered into with institutions that meet the requirements of the Company's hedging strategy for required rating. Financial risk management is carried out by the Company's Treasury Department under policies and directions set by the Board of Directors of the Company, except for credit risk arising from sales activities which is managed by the Credit Risk Department.

MARKET RISKS

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. In line with the hedging strategy, the Company hedges 100% of committed future foreign exchange exposures and 50 to 90% of uncommitted expected foreign exchange exposures.

Sensitivity analysis

The Company 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;
- Short-term bank financing;
- Other financial liabilities.

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

As at 31 December 2016, had the CZK decreased by 10 % against the EUR with all other variables holding constant, profit after-tax for the year would have been CZK 36 million lower. Conversely as at 31 December 2016, had the CZK increased by 10 % against the EUR with all other variables holding constant, profit after-tax for the year would have been CZK 36 million higher.

As at 31 December 2015, had the CZK decreased by 10 % against the EUR with all other variables holding constant, profit after-tax for the year would have been CZK 59 million higher. Conversely as at 31 December 2015, had the CZK increased by 10 % against the EUR with all other variables holding constant, profit after-tax for the year would have been CZK 59 million lower.

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. Once the current instruments matured, should the Company reinvest the free cash in equivalent financial instruments, it would be exposed to following potential effects:

Interest rate change by 100 basic points*	Profit after-tax imp	act in CZK million
	31.12.2016	31.12.2015
Decrease	(28)	(1)
Increase	28	22

* Assuming all other variables holding constant.

CREDIT RISK

The counterparties for transactions of the Company's financial instruments 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. The maximum exposure to credit risk as at the end of the reporting period is represented by the carrying amounts of the financial assets in the statement of financial position.

In case of Cash and cash equivalents and Short-term bank financing concentrations of credit risk are limited as the Company places its cash with substantial credit institutions. Concentrations of credit risks relating to Trade and other receivables and Other financial assets are limited due to credit risk management tools, debt collection process and following policies and directions set in investment strategy approved by the General Meeting of the Company.

Trade and other receivables

The Company 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 Company has changed approach to monitoring of credit risk arising from receivables from end-users. The change involves regular monitoring of payment discipline of the customers, allowing the immediate response to eventually slight deterioration in the payment discipline of the customers by adjusting activation and debt collecting process.

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

Risk category	Probability of default in payment in%*	% ba	se**
		2016	2015
(A) Not yet due	0-1.99%	84.3%	84.5%
(B) Up to one month overdue	2.00-21.99%	6.9%	5.8%
(C) Up to three months overdue	22.00-37.99%	2.6%	2.7%
(D) Up to one year overdue	38.00-79.99%	6.2%	7.0%
(E) Over one year overdue – in default	80.00-100%	-	-

* Probability of default in payment is determined by long-term payment discipline, which is continuously monitored by T-Mobile Czech Republic a.s. and is considered stable in time. ** Base is defined as nominal value of receivables, which are maximally one year overdue at balance sheet date.

The Company 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. Category (E)-in default consists of deactivated customers only.

Gross value of receivables which are past due but not individually impaired are presented in risk categories as follows:

31. 12. 2016			Risk catego	ry	Standard & Poor's Not Long-term rating individually				Total	
CZK million	Α	В	С	D	Е	BBB+	A-to A+	AA-	assessed	
Receivables from electronic communication services	3,084	-	-	-	-	-	-	-	-	3,084
Receivables from DTAG group companies	-	-	-	-	-	562	-	_	_	562
Other trade receivables	-	-	-	-	-	-	_	-	924	924
Financial receivables (gross) total	3,084					562			924	4,570

31. 12. 2015			Risk catego	•••			Not individually	ally		
CZK million	Α	В	С	D	E	BBB+	A-to A+	AA-	assessed	
Receivables from electronic communication services	2,997	_	_	-	-	-	_	-	-	2,997
Receivables from DTAG group companies	-	-	-	-	-	569	-	-	_	569
Other trade receivables	-	-	-	-	-	-	-	-	857	857
Financial receivables (gross) total	2,997					569			857	4,423

Gross value of receivables which are past due and individually impaired are presented in risk categories as follows:

31. 12. 2016			Riziková kate	egorie			Standard & Poor's Long-term rating			Celkem
mil. Kč	Α	В	С	D	E	BBB+	A- to A+	AA-	sledováno	
Receivables from electronic communication services	_	254	93	226	2,807	-	-	-	-	3,380
Other trade receivables	-	-	-	-	-	-	-	-	22	22
Financial receivables (gross) total	-	254	93	226	2,807	-	-	-	22	3,402

31. 12. 2016	Risk category Standard & Poor's Long-term rating						Long-term rating individually					Total
CZK million	Α	В	С	D	E	BBB+	A-to A+	AA- assessed				
Receivables from electronic communication services	_	204	96	250	2,796	-	-	-	-	3,346		
Other trade receivables	-	-	-	-	-	-	_	-	22	22		
Financial receivables (gross) total		204	96	250	2 796				22	3,368		

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.

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 classified to category BBB+.

Other trade receivables from third parties as at 31 December 2016 are represented by receivables from dealers CZK 30 million (31 December 2015: CZK 73 million) where balances in this category exceeding a certain level are insured or secured by another instrument, such as a blank bill of exchange, roaming and interconnection receivables CZK 94 million (as at 31 December 2015: CZK 107 million) which do not give rise to significant credit risk and the Company does not monitor them individually and by receivables from business customers for other products of the Company, such as system integration, IT outsourcing, etc., of CZK 822 million (as at 31 December 2015: CZK 700 million). Credit check of business customers for other products of the Company is performed at the beginning of business cases. Receivables from business customers for other products of the Company do not give rise to significant credit risk due to characteristics of transactions and continuously credit monitoring is not necessary.

Cash and cash equivalents and other financial assets

The Company only makes short-term cash deposits (cash, depository bills of exchange, term deposits, REPO transactions). The Company 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 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 has a concentration of credit risk mainly towards banks regulated by Czech National Bank, see below.

31.12.2016	Stan	dard & Poor'sLong-term r	Netersinged		
mil. Kč	BBB+	A- to A+	AA-	Not assigned	Total
Cash in hand	-	-	-	14	14
Bank accounts	45	343	-	32	420
Cash equivalents	-	3,500	-	-	3,500
Short term bank financing and other financial assets	-	-	-	101	101
Total cash and cash equivalents and other financial assets exposure	45	3,843		147	4,035

31.12.2015	Stand	lard & Poor'sLong-term r	Netossigned	Tatal	
mil. Kč	BBB+	A- to A+	AA-	Not assigned	Total
Cash in hand	-	-	-	11	11
Bank accounts	49	345	-	253	647
Cash equivalents	-	2,750	-	-	2,750
Short term bank financing and other financial assets	_	-	-	66	66
Total cash and cash equivalents and other financial assets exposure	49	3,095		330	3,474

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 Company maintains a liquidity reserve in the form of a bank overdraft and flexible credit line 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.

The Company uses financial instruments and practices for optimising the management of the working capital and liquidity tied up in supply chain process, i.e. reverse factoring of the Company's trade payables.

From October 2015 the Company stopped selling new receivables under Helaba factoring agreement. The maximum exposure to loss resulting from credit risk and late-payment risk relative to the receivables sold as of December 31, 2016 was zero.

The residual maturities of financial liabilities are analysed in Note 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 Company's assets and liabilities that are measured at fair value at 31 December 2016. The Company does not have any financial assets and liabilities that are measured at fair value at level 1 and 3.

CZK million	Lev	el 2
	31. 12. 2016	31. 12. 2015
Assets		
Currency forward contract with positive fair value	8	8
Total assets	8	8
Payables		
Currency forward contract with negative fair value	1	18
Total payables	1	18

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

The fair values of finance lease liabilities amounted to CZK 1,512 million as at 31 December 2016 (31 December 2015: CZK 1,454 million). The carrying amount of other categories of financial assets and liabilities both at 31 December 2016 and 31 December 2015 approximate their fair values. The classification of financial assets and liabilities into categories in accordance with IAS 39 is stated in Note 18.

Accounting for derivative financial instruments and hedging activities

Derivative financial instruments are initially recognised in the statement of financial position at 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 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 or loss.

The Company uses currency forward contracts to hedge estimated cash flows. All transactions below the equivalent of EUR 15 million (CZK 405 million), are recognised as held for trading derivatives with changes in fair value being reflected in profit or loss. In 2016 and 2015, the Company did not apply hedge accounting.

4 CASH AND CASH EQUIVALENTS

CZK million		31.12.2016
Cash at banks and in hand	434	658
Cash equivalents	3,500	2,750
Total	3,934	3,408

Cash equivalents as at 31 December 2016 and 31 December 2015 consist mainly of bank deposits, depository bills of exchange and REPO transactions.

5 TRADE AND OTHER RECEIVABLES

CZK million	31.12.2016	31.12.2015
Trade receivables	5,575	5,984
Unbilled receivables	2,397	1,808
Less: Provision for impairment	(2,619)	(2,587)
Trade receivables (net)	5,353	5,205
Currency forward contracts with positive fair value	8	8
Other receivables	22	192
Total	5,383	5,405

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

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

CZK million			T ()		
	Not yet due	up to 90 days	91-180 days	181–360 days	Total
31. 12. 2016					
Trade receivables:					
- from DTAG group	562	-	-	-	562
- from customers of electronic communication services*	3,084	-	-	-	3,084
- other trade receivables from third parties	896	28	-	-	924
Provisions:					
- for trade receivables from customers of electronic communication services*	(116)	-	-	-	(116)
- for other trade receivables from third parties	(22)	(1)	-	-	(23)
Trade receivables (net)	4,404	27	-	-	4,431

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

CZK million			T ()		
	Not yet due	up to 90 days	91–180 days	181-360 days	Total
31. 12. 2015					
Trade receivables:					
- from DTAG group	477	84	3	5	569
- from customers of electronic communication services*	2,997	-	-	_	2,997
- other trade receivables from third parties	791	66	-	-	857
Provisions:					
- for trade receivables from customers of electronic communication services*	(30)	-	-	_	(30)
- for other trade receivables from third parties	(22)	(2)	-	_	(24)
Trade receivables (net)	4,213	148	3	5	4,369

* 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	Past due						
	Not yet due	up to 90 days	91-180 days	181-360 days	1-2 years	2 years and more	Total
31. 12. 2016							
Trade receivables							
-from customers of electronic communication services*	-	347	84	142	232	2,575	3,380
-other trade receivables from third parties	-	-	2	4	4	12	22
Provisions:							
-for trade receivables from customers of electronic communication services*	-	(34)	(38)	(81)	(172)	(2 133)	(2 458)
-for other trade receivables from third parties	-	-	(2)	(4)	(4)	(12)	(22)
Trade receivables (net)	-	313	46	61	60	442	922

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

CZK million				Past due			
	Not yet due	up to 90 days	91–180 days	181-360 days	1-2 years	2 years and more	Total
31. 12. 2015							
Trade receivables							
-from customers of electronic communication services*	-	301	91	158	304	2,492	3,346
-other trade receivables from third parties	-	-	6	3	1	12	22
Provisions:							
- trade receivables from customers of electronic communication services*	-	(28)	(17)	(124)	(229)	(2,115)	(2,513)
-for other trade receivables from third parties	-	-	(4)	(2)	(1)	(12)	(19)
Trade receivables (net)	_	273	76	35	75	377	836

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

Due dates of financial assets did not change during 2016 or 2015. Movements of the provision for impairment of receivables can be analysed as follows:

CZK million	2016	2015
Opening balance as at 1.1.	2,587	2,617
Net increase for the year	177	278
Utilisation of provision for write-off	(145)	(308)
Closing balance as at 31.12.	2,619	2,587

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

CZK million	2016	2015
Change in provision for doubtful receivables	111	(103)
Income from receivables previously written off	(17)	(21)
Receivables written-off	145	308
Total net loss from impairment of receivables	239	184
Interest income	(21)	(18)
Income from contractual penalty fees	(207)	(233)
Total net profit from trade receivables	11	(67)

6 INVENTORIES

CZK million	31.12.2016	31.12.2015
Handsets and accessories	442	427
Other inventories	231	264
Total	673	691

7 INTANGIBLE ASSETS

CZK million	Customer relation- ships	Software	GSM/UMTS and otherlicences	Other intangible fixed assets	Assets in the course of construction and advances paid	Total
Cost						
1.1.2015	103	8,182	7,503	601	700	17,089
GTS Czech - opening balance 1.1.2015	2,041	132	53	23	6	2,255
Additions	-	-	-	-	1,042	1 042
Disposals	-	(41)	-	-	-	-41
Transfers*	-	899	-	27	(926)	0
31. 12. 2015	2,144	9,172	7,556	651	822	20,345
Additions	-	-	-	-	1,850	1,850
Disposals	_	(96)	_	(3)	_	(99)
Transfers*	_	1,021	_	86	(1,107)	-
31. 12. 2016	2,144	10,097	7,556	734	1 565	22,096
Accumulated amortisation/Impairment						
1. 1. 2015	103	6,259	2,661	405	-	9,428
GTS Czech - opening balance 1.1.2015	125	44	5	5	-	179
Amortisation	215	1,189	421	85	_	1,910
Disposals	_	(36)	_	(3)	_	(39)
31. 12. 2015	443	7,456	3,087	492	-	11,478
Amortisation	371	1,017	421	83	_	1,892
Disposals	_	(98)	_	(3)	_	(101)
31. 12. 2016	814	8,375	3,508	572	-	13,269
Net book value						
1. 1. 2015	_	1,923	4,842	196	700	7,661
31. 12. 2015	1,701	1,716	4,469	159	822	8,867
31. 12. 2016	1,330	1,722	4,048	162	1,565	8,827

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

SIGNIFICANT INDIVIDUAL INTANGIBLE ASSETS

Licences

The carrying values and remaining amortization periods of the licenses are listed in the table below. For further information on these assets, please see Note 1.

	31.12	.2016	31.12.2015	
CZK million	Carrying amount	Remaining amortization period (years)	Carrying amount	Remaining amortization period (years)
GSM licence	326	8	369	9
UMTS licence	1,546	8	1,745	9
LTE licence	2,176	13	2,355	14
Total GSM/UMTS and other licences	4,048		4,469	

During 2016 the Company purchased right to use frequency band for the provision of public communications network in 2600 MHz for the period of 13 years for total consideration in the amount of CZK 730 million. As at 31 December 2016 the right to use frequency band is presented as asset in the course of construction. The right to use frequency band is not ready to use yet as the Company is waiting for Individual right authorization. Without this authorization the broadcasting cannot be provided to customers.

Software

The majority of software balance is made by NG CRM, a new platform for client relationship management (CRM) system. The carrying value of NG CRM as of 31 December 2016 is CZK 1,071 million plus CZK 86 million in section of Assets under construction (31 December 2015: CZK 933 million plus CZK 335 million under construction) and the remaining amortization period as of 31 December 2016 is 6 years (31 December 2015: 7 years). The platform is being implemented in stages and the last module is still under construction. The migrations to new CRM system affected a number of existing software and systems which needed to be modified. The amount of these capital expenditures is not included in valuation of NG CRM but in valuation of existing software and systems.

Customer Relationships

The balance consists mainly of customer relationships acquired in a business combination with GTS Czech s.r.o. The net book value of local customer relationship as of 31 December 2016 is 5 years (31 December 2015: 6 years).

The net book value of multinational customer relationship is CZK 620 million and the remaining amortization period as of 31 December 2016 is 6 years (31 December 2015: 16 years). Based on review of useful life performed as at 31 December 2016, amortisation period of multinational customer relationship was shortened from 17 to 8 years.

The table below shows the churn rate used in useful life calculation as of 31 December 2016 and as of 31 December 2015. The table also includes an analysis that shows how net book value would be affected if the sensitive parameter in the calculation was changed.

	31.12.2016	31.12.2015
Churn rate – Local customer relationship		
Used in the calculation of useful life	14.29%	14.29%
If increased by 20%, i.e. to	17.14%	17.14%
Change in the net book value (CZK million)	(69)	(42)
Churn rate - Multinational customer relationship		
Used in the calculation of useful life	12.03%	5.88%
If increased by 20%, i.e. to	14.43%	7.06%
Change in the net book value (CZK million)	(42)	(18)

8 GOODWILL

CZK million	31. 12. 2016	31. 12. 2015
Cost		
T-Systems Czech Republic, a.s.	131	131
GTS Czech s.r.o.	1,144	1,144
Total	1,275	1,275

Goodwill was tested for impairment as of 31 December 2016. The Company is considered as one cash-generating unit ("CGU"). The Company establishes the recoverable amount by determining the CGU's fair value less cost to sell by using valuation techniques. The fair value was determined by calculating discounted projected cash flows over the next ten years with a terminal value. Cash flows beyond the ten-year period were extrapolated using the estimated long-term growth rate stated in the table below.

The calculation of expected future cash flows is based on an estimate of service revenue, operating expenditure (direct and indirect costs) and capital expenditure for the period 2017 – 2026.

Service revenue is projected separately for each main area (mobile, fixed, IT). Mobile revenues are projected based on the estimated number of subscribers in each year and the expected average revenue per user ("ARPU") in each year. Revenues from the fixed and IT businesses are estimated based on expected sales and sales prices.

The estimated number of customers/subscribers is based on past performance and management's expectations of market development. ARPU or sales prices are based on current industry trends and take into account the competition and other market factors.

Operating expenditure is based on the current structure of the business, adjusted for expected future developments, restructurings and cost saving measures. Capital expenditure is based on the historical experience of management and the planned development of the fixed and mobile network.

In general, the projections of the above mentioned components of expected future cash flows take into account the expected economic development, the competition and other market factors, regulation, as well as the Company's strategy.

The weighted average cost of capital ("WACC") used in the calculation to discount the cash flow projections was determined based on CAPM (capital asset pricing model) using the average betas of the peer group, a risk free rate using the Svensson methodology for Germany and adjusted for country specific risks, a debt ratio in line with the usual indebtedness of listed peer telecommunications companies and an additional debt risk premium considering average peer Company specific debt risks. The estimated long-term growth rate ("LTGR") takes into account the expected economic growth of the country. The fair value measurement is categorised within level 3 of fair value hierarchy as per IFRS 13.

The analysis performed as at 31 December 2016 confirmed that the recoverable amount of the cash generating unit exceeds its carrying amount.

The table below shows the WACC and LTGR used in the fair value calculation for the goodwill impairment tests conducted as of 31 December 2016 and as of 31 December 2015. The table also includes an analysis that shows how much impairment would have been recognized if we changed the sensitive parameters in the calculations.

	31.12.2016	31.12.2015
WACC		
Used in the calculation	5.33%	5.58%
If changed to	9.33%	9.58%
Impairment would be (CZK million)	-	-
LTGR		
Used in the calculation	2%	2%
If changed to	(2%)	(2%)
Impairment would be (CZK million)	-	-
Nominal expected future cash flows		
If changed by	(30%)	(30%)
Impairment would be (CZK million)	-	-

If the nominal expected future cash flows, discount rates, or long term growth rate used for impairment testing had been changed as described in the table above for the projection period, this would not have resulted in any impairment.

9 PROPERTY AND EQUIPMENT

CZK million	Buildingsand land	Equipment and other fixed assets	Assets in the course of construction, advances and network spare parts	Total
Acquisition cost				
1.1.2015	11,704	22,327	1,559	35,590
GTS Czech – opening balance 1.1.2015	35	2,165	185	2,385
Additions	270	724	2,138	3,132
Disposals	(2,288)	(1,580)	(64)	(3,932)
Transfers*	347	2,595	(2,942)	-
31.12.2015	10,068	26,231	876	37,175
Additions	817	894	2,286	3,997
Disposals	(2,516)	(2,579)	(66)	(5,161)
Transfers*	218	2,022	(2,240)	-
31.12.2016	8,587	26,568	856	36,011
Accumulated depreciation/Impairment				
1. 1. 2015	7,006	15,377	2	22,385
GTS Czech – opening balance 1.1.2015	17	300	-	317
Depreciation	655	2,136	-	2,791
Disposals	(2,285)	(1,546)	-	(3,831)
31.12.2015	5,393	16,267	2	21,662
Depreciation	574	2,261	-	2,835
Disposals	(1,877)	(2,431)	-	(4,308)
31.12.2016	4,090	16,097	2	20,189
Net book value				
1.1.2015	4,698	6,950	1,557	13,205
31.12.2015	4,675	9,964	874	15,513
31.12.2016	4,497	10,471	854	15,822

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

FINANCE LEASES

The Company has entered into the finance lease contracts, particularly optical fibre lease agreements. Optical fibres are taken by the Company when prepared to use. The assets under financial lease are recognized as a part of own equipment 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 2016 was CZK 2,382 million (as at 31 December 2015: CZK 2,119 million). Thereof the Company paid in 2013 an advance for financial lease of optical fibres amounting to CZK 643 million. As at 31 December 2016 the Company has

overtaken 779 optical fibres (amounting to CZK 1,218 million) (as at 31 December 2015: 323 optical fibres amounting to CZK 886 million) from planned 800, related to advance payments made in 2013.

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 2016 and 31 December 2015 are as follows:

CZK million	31.12.2016	31.12.2015
Up to 1 month	21	20
1 to 3 months	62	39
3 to 12 months	167	177
Up to 1 year	250	236
1 to 5 years	458	448
Over 5 years	1,099	1,088
Total minimum lease payments	1,807	1,772
Up to 1 year	(49)	(50)
1 to 5 years	(221)	(226)
Over 5 years	(279)	(315)
Future interest expense on finance leases	(549)	(591)
Up to 1 year	201	184
1 to 5 years	237	222
Over 5 years	820	773
Net present value of finance lease liabilities*	1,258	1,179

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

JOINT ARRANGEMENTS

In 2013 the Company entered into joint arrangement with company O2 Czech Republic a.s. concerning a 2G and 3G network sharing, i.e. sharing of active and passive mobile network elements on a territorial basis of Czech Republic. As at 31 December 2016, 1,523 sites were shared on the Company side and 1,555 sites on O2 Czech Republic a.s. side (as at 31 December 2015: 525 sites on the Company side and 560 sites on O2 Czech Republic a.s. side).

In 2014 the Company entered into a similar joint arrangement with O2 Czech Republic a.s. concerning sharing of LTE technologies for mobile networks. The contractual arrangement involves sharing of active mobile network elements on the same territorial basis of Czech Republic as for 2G and 3G technologies sharing. As at 31 December 2016, 1,917 sites on the Company side and 1,913 sites on O2 Czech Republic a.s. side were shared (as at 31 December 2015: 1,187 sites on the Company side and 1,187 sites on O2 Czech Republic a.s. side).

Both contracts are based on balanced principles and after having considered the contractual rights and obligations, they were assessed as joint arrangements according to IFRS 11. For this classification was determining, that the major of strategic decisions were specified jointly next to signing of a contract or will be done during validity of the contract. The arrangement is a joint operation, because it does not involve a separate legal entity comprising the activities performed under the arrangement.

Network sharing in the context of these contracts means sharing of transmitting sites including related tangible assets used for providing of 2G and 3G as well as LTE services. Operators keep full control over the content of provided services to its customers, acquiring and managing of customers, price policy, marketing and customer support. Both parties remain individually responsible for keeping of legal contractual obligations resulting from telecommunication licences and related laws and regulations.

Due to the different classification of active and passive mobile network elements, the Company adopted two different approaches to the assets under both network sharing agreements. Active mobile network elements were classified as individually held assets and recognized at cost, consistently with other solely owned assets by the Company. Passive mobile network elements were classified as jointly held assets, the Company recognizes 50% share of such assets subject to the network sharing agreements.

The Company considered risks resulting from joint arrangements and evaluated them as immaterial.

10 INVESTMENT IN SUBSIDIARY

In 2014 DTAG acquired GTS Group including GTS Czech and on 1 January 2015 the Company acquired the 100% share of GTS Czech from DTAG for CZK 4,210 million (all paid in cash) and merged with the entity as of the same date.

The following table summarises the assets acquired and liabilities assumed of GTS Czech as at the acquisition date 1 January 2015.

Assets acquired and liabilities assumed at 1 January 2015	CZK million
Cash and cash equivalents	669
Trade and other receivables	721
Inventories	6
Prepaid expenses and other current assets	63
Intangible assets	2,059
Goodwill	1,144
Property and equipment	2,086
Other non-current assets	42
Other financial assets	12
TOTAL ASSETS	6,802
Trade and other payables	582
Loans and other financial liabilities	1,361
Provisions	154
Deferred income	10
TOTAL LIABILITIES	2,107
NET EQUITY ACQUIRED	4,695

On 1 January 2015 the Company also acquired 100% share in CE Colo Czech s.r.o. for CZK 1,422 million (all paid in cash) and became its parent company. On 25 March 2015 the Board of Directors approved the increase of share capital in CE Colo Czech s.r.o. of CZK 711 million.

CE Colo Czech s.r.o. primary business activity is lease of space in data centres.

11 TRADE AND OTHER PAYABLES

CZK million	31.12.2016	31.12.2015
Trade payables	1,486	1,405
Operational expenditure accruals	1,916	1,754
Capital expenditure accruals	242	164
Total trade payables	3,644	3,323
Currency forward contracts with negative fair value	1	18
Total financial liabilities	3,645	3,341
Liabilities to employees	554	587
Other taxes and social security liabilities	275	270
Other payables	88	69
Total non-financial liabilities	917	926
Total	4,562	4,267

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
31.12.2016						
Trade payables	220	793	358	102	13	1,486
Operational expenditure accruals	374	1,407	80	55	-	1,916
Capital expenditure accruals	44	179	6	13	-	242
Total trade payables	638	2,379	444	170	13	3,644
Currency forward contracts with negative fair value	-	122	122	-	413	657
Currency forward contracts with positive fair value	_	17	17	157	439	630
Total forward contracts*	-	139	139	157	852	1,287

* Contracted nominal value. Under the contracts the company will pay the nominal amounts in CZK and receive amounts in foreign currencies stated -based on the agreed forward exchange rates.

CZK million	On demand	Up to 30 days	31-60 days	61-90 days	Over 90 days	Total
31. 12. 2015						
Trade payables	200	848	290	64	3	1,405
Operational expenditure accruals	418	1,162	106	68	_	1,754
Capital expenditure accruals	21	127	16	_	_	164
Total trade payables	639	2,137	412	132	3	3,323
Currency forward contracts with negative fair value	-	186	136	136	178	636
Currency forward contracts with positive fair value	_	20	19	19	579	637
Total forward contracts*	-	206	155	155	757	1,273

* Contracted nominal value. Under the contracts the company will pay the nominal amounts in CZK and receive amounts in foreign currencies stated based on the agreed forward exchange rates.

12 OTHER FINANCIAL LIABILITIES

CZK million	31.12.2016	31.12.2015
Total current other financial liabilities	201	184
Non-current finance lease liabilities	1,057	995
Long-term advances from post-paid customers*	6	6
Total non-current other financial liabilities	1,063	1,001
Total	1,264	1,185

* Advances from post-paid customers that are refundable at the termination of the contract represent guarantee for trade receivables.

CZK million	31. 12. 2016	31. 12. 2015
Up to 1 month	17	15
1 – 3 months	34	31
3 – 12 months	150	138
Up to 1 year	201	184
1 to 5 years	242	227
Over 5 years	821	774
Total other financial liabilities	1,264	1,185

The total limit of bank overdrafts and flexible credit lines available to the Company as at 31 December 2016 was EUR 1 million (CZK 27 million) and CZK 1,475 million (as at and 31 December 2015: EUR 1 million or CZK 27 million, and CZK 1,475 million). As at 31 December 2016 and 31 December 2015, the Company did not draw any overdrafts.

13 PROVISIONS

CZK million	31.12.2016	31.12.2015
Other provisions	39	64
Total current provisions	39	64
Asset retirement obligation	771	750
Other provisions	123	147
Total non-current provisions	894	897
Total	933	961

CZK million	Asset retirement obligation	Other provisions	Total
1.1.2015	679	74	753
GTS Czech- opening balance 1.1.2015	-	123	123
Charge for the year (additions)	80	138	218
Unused amounts reversed	(10)	(13)	(23)
Used during the year	-	(123)	(123)
Unwinding of interest	1	12	13
31.12.2015	750	211	961
Charge for the year (additions)	53	51	104
Unused amounts reversed	(38)	(82)	(120)
Used during the year	-	(22)	(22)
Unwinding of interest	6	4	10
31.12.2016	771	162	933

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. Realisation of provision is expected in 2029 (date of LTE licence expiration). Other provisions comprise mainly onerous rent contracts reserve and executive management incentive plans reserves.

14 DEFERRED INCOME

CZK million	31.12.2016	31.12.2015
Deferred revenue related to unused prepaid airtime of prepaid and credit tariff subscribers	502	483
T-Mobile Bonus (IFRIC 13)	59	60
Other	88	96
Total current	649	639
Total non-current	3	3

15 DEFERRED TAX LIABILITY

CZK million	31.12.2016	31.12.2015
Accelerated tax depreciation	(3,687)	(2,740)
Tax depreciation of receivables	(70)	36
Liabilities to employees	385	404
Provisions	929	952
Other differences	117	209
Basis for deferred income tax calculation	(2,326)	(1,139)
Net deferred income tax liability	(442)	(217)

Net deferred income tax liability is calculated as follows:

CZK million	31.12.2016	31.12.2015
Deferred income tax liabilities:		
- deferred income tax liability to be recovered after more than 12 months	(960)	(767)
- deferred income tax liability to be recovered after less than 12 months	(13)	-
Total deferred income tax liabilities	(973)	(767)
Deferred income tax assets:		
- deferred income tax asset to be recovered after more than 12 months	378	365
- deferred income tax asset to be recovered within 12 months	153	185
Total deferred income tax assets	531	550
Net deferred income tax liability	(442)	(217)

The net deferred income tax liability as at 31 December 2016 and 31 December 2015 was calculated using the corporate income tax rates, shown in the table below, depending on the period when the temporary differences are expected to reverse.

	Corporate income tax rate	
Period	2016	2015
2016 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
1.1.2015	(11)	(528)	(539)
GTS Czech – opening balance 1.1.2015	-	(7)	(7)
Profit or (loss) for the current period	11	(232)	(221)
31.12.2015	-	(767)	(767)
Profit or (loss) for the current period	(13)	(193)	(206)
31.12.2016	(13)	(960)	(973)

Deferred income tax assets CZK million	Tax provision for receivables	Provisions	Accelerated accounting depreciation	Other	Total
1.1.2015	-	220	200	34	454
GTS Czech – opening balance 1.1.2015	_	27	5	8	40
Profit or (loss) for the current period	7	10	40	(1)	56
31.12.2015	7	257	245	41	550
Profit or (loss) for the current period	(7)	(7)	14	(19)	(19)
31.12.2016	-	250	259	22	531

16 DERIVATIVE FINANCIAL INSTRUMENTS

Forward contracts

As at the end of 2016, the Company had open currency forward contracts with a total nominal value of CZK 1,287 million (as at 31 December 2015: CZK 1,273 million). These transactions focus on managing currency risks associated with the settlement of the Company's future liabilities resulting from the customer-supplier relations and denominated in EUR and USD. All currency forward contracts as at 31 December 2016 were initiated during 2016 with maturity by the end of 2017. During 2016, currency forward contracts in the total nominal value of CZK 2,657 million were settled (in 2015: CZK 9,415 million).

Open currency forward contracts (CZK million)	31.12.2016	31.12.2015
Open currency forward contracts hedging other foreign currency liabilities:		
Positive fair value (Note 5)	8	8
Negative fair value (Note 11)	(1)	(18)
Total	7	(10)

17 EQUITY

The Company's shares have 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 2016 and 31 December 2015, the registered capital was represented by 520 thousand shares. All shares have equal voting rights.

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.

As at 1 January 2015, merger between the Company and GTS Czech s.r.o. took place. The transaction was a group reorganization under common control recorded against the Company's equity (share premium and retained earnings). After the transaction the share premium amounted to CZK 397 million and retained earnings to CZK 25,110 million.

The Capital Funds comprises statutory reserve fund that the Company is required to retain according to its Statutes. Use of the statutory reserve fund is limited by Statutes of the Company. The statutory reserve fund may not be distributed to the shareholders.

In 2016, the Company paid dividends amounted to CZK 4,706 million (in 2015: dividends of CZK 0 million) (refer to Note 27). The dividend per share paid out in 2016 amounted to CZK 9,051.

18 ADDITIONAL INFORMATION ABOUT FINANCIAL INSTRUMENTS

Financial assets and liabilities by category*	Category per IAS 39	31. 12. 2016	31. 12. 2015
(CZK million)		Carrying amount	Carrying amount
Assets			
Cash and cash equivalents, of which:		3,934	3,408
Cash	Loans and receivables	434	658
Term deposits	Loans and receivables	3,500	2,750
Trade and other receivables**, of which:		5,383	5,405
Trade and other receivables	Loans and receivables	5,375	5,397
Currency forward contracts with positive fair value	At fair value through profit or loss (for trading)	8	8
Short-term bank financing	Loans and receivables	93	58
Liabilities			
Current trade and other payables**, of which:		3,645	3,341
Trade payables	Financial liabilities at amortised cost	3,644	3,323
Currency forward contracts with negative fair value	At fair value through profit or loss (for trading)	1	18
Current other financial liabilities, of which:		201	184
Liabilities from finance lease	Financial liabilities at amortised cost	201	184
Non-current other financial liabilities, of which:		1,063	1,001
Deposits received	Financial liabilities at amortised cost	6	6
Finance lease liabilities	Financial liabilities at amortised cost	1,057	995

* Financial assets and liabilities are categorized according to risk rate and in the level of detail required by the Company for management purposes. ** Excluding non-financial assets/liabilities (refer to Notes 5 and 11)

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 the statement of financial position, when there is a legally enforceable right of offsetting recognized amounts and an 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 2016:

31.12.2016 CZK million	Gross amounts offsetting in the statement of financial position	Gross amounts set off in the statement of financial position	Net amount after offsetting in the statement of financial position	Amounts subject to master netting and similar arrangements not set off in the statement of financial position	Net amount of exposure
Trade and other receivables	5,383	-	5,383	21	5,362
Trade payables	(3,644)	-	(3,644)	(21)	(3,623)

The following table presents trade receivables and trade payables which were subject to offsetting as at 31 December 2015:

31.12.2016 CZK million	Gross amounts offsetting in the statement of financial position	Gross amounts set off in the statement of financial position	Net amount after offsetting in the statement of financial position	Amounts subject to master netting and similar arrangements not set off in the statement of financial position	Net amount of exposure
Trade and other receivables	5 455	-	5,455	89	5 366
Trade payables	(3,323)	-	(3,323)	(89)	(3,234)

19 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	2016	2015
Sales of goods	2,135	2,366
Sales of mobile telecommunication services	17,849	17,872
Sales of fix telecommunication services	4,969	5,218
Sales of IT services	1,274	1,385
Total revenue	26,227	26,841

20 OTHER OPERATING INCOME

CZK million	2016	2015
Gain from disposals of fixed assets	230	253
Release of provisions	25	13
Income from recharged services	708	529
Rent	58	70
Fines and penalties	4	14
Income from promotion	93	94
Other operating income	70	82
Total	1,188	1,055

21 COST OF GOODS, RAW MATERIALS AND TELECOMMUNICATION SERVICES

CZK million	2016	2015
Costs of goods and raw materials	2,195	2,440
Costs of telecommunication services	5,253	5,666
Maintenance of telecommunication network	564	531
Energy consumption – telecommunication network	450	414
Other	249	216
Total	8,711	9,267

22 EMPLOYEE BENEFITS

CZK million	2016	2015
Salary costs	2,335	2,396
Social security costs - obligatory and supplementary pension insurance	500	514
Social security costs – other	276	284
Total	3,111	3,194
Average number of employees	3,271	3,427

The number of employees is based on the average recalculated number of annual full-time employees. The Company has been providing its employees with a contribution to supplementary pension insurance. In 2016, the total contribution provided was CZK 24 million (in 2015: CZK 26 million).

23 DEPRECIATION AND AMORTISATION

CZK million	2016	2015
Amortisation of licences	421	421
Amortisation of other intangible fixed assets	1,471	1,490
Depreciation of tangible fixed assets	2,835	2,790
Total	4,727	4,701

24 OTHER OPERATING EXPENSES

CZK million	2016	2015
Costs of external marketing services	664	604
Commissions to business partners	738	723
Net loss from impairment of receivables and receivables write off	239	148
Rental and operating leases	1,134	1,115
Expenses from cross charges of services shared in DTAG Group	375	336
Repair and maintenance (except telecommunication network)	644	713
Licence fees	370	370
Other operating expenses related to employees	182	161
Legal, consulting and auditing fees	189	112
Office supplies, postage, bank charges	30	192
Consumption of electricity, water and gas, cleaning, security	109	119
Other	189	170
Total	4,863	4,763

25 FINANCE INCOME AND COSTS

CZK million	2016	2015
Interest income	1	1
of which:		
-from loans and receivables	1	1
Foreign exchange gains	30	83
of which:		
-from financial assets and liabilities at fair value through profit or loss	7	21
Other finance income	55	49
Total finance income	86	133
Interest expenses	(68)	(89)
of which:		
-from financial liabilities at amortised costs	(68)	(89)
Foreign exchange losses	(31)	(97)
of which:		
-from financial assets and liabilities at fair value through profit or loss	(3)	(35)
Other finance costs	(11)	(13)
Total finance costs	(110)	(199)
Net finance expense	(24)	(66)

26 INCOME TAX

The income tax expense consists of the following:

CZK million	2016	2015
Current income tax	(1,033)	(1,033)
Deferred income tax (refer to Note 15)	(226)	(165)
Income tax expense	(1,259)	(1,198)

The charge for the year was calculated as follows:

CZK million	2016	2015
Profit before tax	5,979	5,904
Tax by applying the statutory tax rate*	(1,136)	(1,122)
Impact of:		
Non-tax deductible expenses	(75)	(76)
Non-taxable revenues	40	51
Additional decrease/(increase) of tax related to prior periods	(31)	17
Other	(57)	(68)
Income tax expense	(1,259)	(1,198)

* Income tax rate of 19% was applied in 2016 and 2015 respectively, based on the effective Income Tax Act.

27 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, executive managers and parties close to them. DTAG group represents all companies controlled by DTAG.

The following transactions are related to the shareholders, subsidiaries and other related parties.

The Company is controlled by the entities as described in Note 1.

Transactions with shareholders (direct, indirect and ultimate parent companies):

CZK million	2016	2015
Roaming, interconnection and related purchased services	173	202
Other purchased goods and services	87	44
Interest expense on the loan provided to GTS Czech	-	22
Repayment of loan provided to GTS Czech*	-	1,331
Expenses from recharging of services	184	207
Purchases of foreign currencies at market values**	1,335	8,465
Acquisition of subsidiaries (See Note 10)	-	5,632
Total purchases	1,779	15,903
Roaming, interconnection and related sold services	250	321
Income from recharging of services and using common platforms	228	185
Total sales	478	506

* The loan has been prematurely repaid to DTAG. The interest rate was set at the same level as was originally contracted with external bank.

** The purchases of foreign currencies comprise mainly forwards and swaps. The price is set at the best level of all market offers.

Outstanding balances arising from sales/purchases of goods and services from shareholders:

CZK million	31.12.2016	31.12.2015
Receivables from roaming, interconnection and related sold services	304	586
Receivables from derivatives (fair value)	3	4
Total receivables	307	590
Payables from roaming, interconnection and related purchased services	540	432
Liabilities from derivatives (fair value)	1	13
Total payables and liabilities	541	445

In 2016 and 2015 the Company did not have any transaction related to its parent company Deutsche Telekom Europe B.V. (former CMobil B.V.).

TRANSACTIONS WITH THE SUBSIDIARY:

CZK million	2016	2015
Roaming, interconnection and related purchased services	4	4
Other purchased goods and services	41	41
Contribution to share capital	-	711*
Total purchases	45	756
Roaming, interconnection and related sold services	3	3
Total sales	3	3

* On 25 March 2015 the Board of Directors approved the increase of share capital in CE Colo Czech s.r.o. of CZK 711 million. This additional capital contribution was used by CE Colo Czech s.r.o. solely for the repayment of loans from Deutsche Telecom AG.

Outstanding balances arising from sales/purchases of goods and services from the subsidiary:

CZK million	31.12.2016	31.12.2015
Payables from other services and discounts	4	6
Total payables	4	6

TRANSACTIONS WITH OTHER RELATED PARTIES WITHIN THE DTAG GROUP:

CZK million	2016	2015
Roaming, interconnection and related purchased services	344	328
Other purchased goods and services	160	198
Expenses from re-invoicing of services	189	129
Total purchases	693	655
Roaming, interconnection and related sold services	458	442
Income from re-invoicing of services and using common platforms	379	248
Other income	4	-
Total sales	841	690

Outstanding balances arising from sales/purchases of goods and services from other related parties within the DTAG group:

CZK million	31.12.2016	31.12.2015
Receivables from roaming, interconnection and related sold services	31	22
Receivables and prepayments from other services and discounts	240	158
Total receivables	271	180
Payables from roaming, interconnection and related purchased services	62	86
Payables from other services and discounts	179	113
Total payables	241	199

Short-term employee benefits

	2016		2015	
CZK million	Average number of employees	Amount	Average number of employees	Amount
Executive management	31	149	38	164
Board of Directors	3	-	3	-
Supervisory Board	4	-	4	-
Total	38	149	45	164

Executive management includes executive directors and other directors of the Company.

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 Company's contributions to pension insurance amounted in 2016 to CZK 26 million (in 2015: CZK 28 million).

Contributions for management to supplementary pension fund amounted in 2016 to CZK 2 million (in 2015: CZK 1 million).

Post-employment and termination benefits provided to management members

CZK million	2016	2015
Motivation bonus scheme paid*	2	-
Severance pay	5	2

* The Company provides post-employment benefits in the form of a motivation bonus scheme to members of its management. Subject to certain conditions being met, the eligible persons are entitled to receive a pay-out bonus derived from their salary level.

Remuneration of executive management

The Company offers several long-term incentive plans to its executive management members with a new package being launched each year and with each tranche lasting for 4 years. A total provision of CZK million has been recognised:

Incentive plan	Type of settlement	31.12.2016	31.12.2015
Variable II	Cash-settled	29	48
LTI (Long-Term Incentive Plan)	Cash-settled	15	9
SMP (Share Matching Plan)	Equity-settled	2	0,5

Dividends

Based on the resolution of the sole shareholder from 2 May 2016, the Group distributed the profit to the sole shareholder as a dividend in the aggregate amount of CZK 4,706 million.

Based on the resolution of the sole shareholder from 26 May 2015, the Company retained the whole profit and distributed no dividend in 2015.

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

29 COMMITMENTS

The Company's future capital commitments to major technology and services suppliers from concluded agreements as at 31 December 2016 and 31 December 2015 are as follows:

CZK million	31.12.2016	31.12.2015
Up to 1 year	1,770	2,311
1 – 3 years	349	403
3 – 5 years	113	122
Over 5 years	232	281
Total	2,464	3,117

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	31.12.2016	31.12.2015
Up to 1 year	816	762
1 – 3 years	680	667
3- 5 years	544	532
Over 5 years	496	751
Total	2,536	2,712

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

30 SUBSEQUENT EVENTS

There are no significant subsequent events as of the date of approval of these financial statements.

31 APPROVAL OF THE FINANCIAL STATEMENTS

These financial statements have been approved by the Board of Directors of the Company for issuance on 22 March 2017. These financial statements can be amended on request and approval of the Annual Shareholders Meeting.

Ilias Drakopoulos Chairman of the Board of Directors

Robert Hauber Vice-chairman of the Board of Directors

CONSOLIDATED FINANCIAL STATEMENTS IN ACCORDANCE WITH INTERNATIONAL FINANCIAL REPORTING STANDARDS

31 December 2016

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Note The consolidated 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.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION YEAR ENDED 31 DECEMBER 2016

CZK million N	lotes	31.12.2016	31.12.2015
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents	4	4,232	3,567
Trade and other receivables	5	5,402	5,425
Short-term bank financing		93	58
Inventories	6	673	691
Prepaid expenses and other current assets		367	402
Advanced payment of income tax		172	339
Total current assets		10,939	10,482
NON-CURRENT ASSETS			
Intangible assets	7	9,040	9,128
Goodwill	8	1,375	1,375
Property and equipment	9	16,294	15,992
Other non-current assets		16	19
Total non-current assets		26,725	26,514
TOTAL ASSETS		37,664	36,996
LIABILITIES AND EQUITY			
CURRENT LIABILITIES			
Trade and other payables	11	4,570	4,287
Other financial liabilities	12	201	184
Provisions	13	39	64
Income tax liability		-	13
Deferred income	14	652	639
Total current liabilities		5,462	5,187
NON-CURRENT LIABILITIES			
Other financial liabilities	12	1,063	1,001
Provisions	13	894	897
Deferred income	14	3	3
Deferred tax liability	15	524	304
Total non-current liabilities		2,484	2,205
TOTAL LIABILITIES		7,946	7,392
EQUITY			
Share capital	17	520	520
Share premium	17	397	397
Capital Funds	17	106	105
Retained earnings		28,695	28,582
Total equity		29,718	29,604
TOTAL LIABILITIES AND EQUITY		37,664	36,996

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME YEAR ENDED 31 DECEMBER 2016

CZK million	Notes	2016	2015
Revenue	19	26,472	27,076
Other operating income	20	1,188	1,055
Cost of goods, raw materials and telecommunication services	21	(8,744)	(9,309)
Staff costs	22	(3,129)	(3,212)
Depreciation and amortisation	23	(4,813)	(4,783)
Other operating expenses	24	(4,843)	(4,743)
Profit from operations		6,131	6,084
Finance income	25	86	133
Finance expense	25	(110)	(211)
Profit before tax		6,107	6,006
Income tax expense	26	(1,288)	(1,217)
Net profit for the current period		4,819	4,789
Other comprehensive income		-	-
Total comprehensive income for the period		4,819	4,789

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY YEAR ENDED 31 DECEMBER 2016

CZK million	Notes	Share Capital	Share Premium	Capital Funds	Retained Earnings	Total
Balance as at 1.1.2015		520	3,288	105	21,734	25,647
Total comprehensive income		-	-	-	4,789	4,789
Profit for the period		-	-	-	4,789	4,789
Transactions with shareholders		-	(2,891)	-	2,059	(832)
Impact of acquisition of company under common control*		-	(2,891)	-	2,059	(832)
Balance as at 31.12.2015		520	397	105	28,582	29,604
Total comprehensive income		-	-	-	4,819	4,819
Profit for the period		-	-	-	4,819	4,819
Transactions with shareholders		-	-	-	(4,706)	(4,706)
Dividends paid	27	-	-	-	(4,706)	(4,706)
Creation of Capital Funds		-	-	1	-	1
Balance as at 31.12.2016		520	397	106	28,695	29,718

* The movement represents the impact of the merger with GTS Czech s.r.o. (for more information please refer to the opening balances sheet issued on 18.6.2015) and the impact of acquisition of CE Colo Czech s.r.o. as at 31 December 2015.

CONSOLIDATED STATEMENT OF CASH FLOWS YEAR ENDED 31 DECEMBER 2016

CZK million	Notes	2016	2015
Cash flows from operating activities			
Profit before tax for the current period		6,107	6,006
Adjustments for non-cash movements:			
Depreciation and amortisation	23	4,813	4,783
Interest expense net	25	67	99
Gain on sale of fixed assets		(197)	(227)
Other non-cash (income)/expense net		(4)	124
Cash flow from operating activities before changes in working capital		10,786	10,785
Changes in trade and other receivables	28	19	19
Changes in inventories	15	52	52
Changes in provisions		(109)	(34)
Changes in trade and other payables		255	113
Cash flow generated from operating activities		10,975	10,936
Income tax paid		(912)	(1,047)
Interest paid		(68)	(108)
Interest received		1	6
Net cash flow from operating activities		9,996	9,787
Cash flows from investing activities			
Purchases of property and equipment and intangible assets	7,9	(4,331)	(2,863)
Acquisition of business *	27, 10	-	(4,937)
Proceeds from the sale of property and equipment and intangible assets		66	65
Proceeds from the sale of securities		(13)	59
Net cash flow from investing activities		(4,278)	(7,677)
Cash flows from financing activities			
Issuance of short-term financing	2	-	7,643
Issuance of loan		125	-
Issuance of bank overdraft		120	-
Repayment of short-term financing	2	(6)	(11,234)
Repayment of loan	27	(125)	(2,042)
Repayment of bank overdraft		(120)	-
Dividends paid	27	(4,706)	-
Payments of finance lease liabilities	9	(341)	(293)
Net cash flow from financing activities		(5,053)	(5,927)
Net increase/(decrease) in cash and cash equivalents		665	(3,817)
Cash and cash equivalents as at the beginning of the period	4	3,567	7,384
Cash and cash equivalents as at the end of the period	4	4,232	3,567

* Consideration paid for purchase of business has been reduced by cash and cash equivalents obtained.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2016

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, Tomíčkova 2144/1, and its subsidiary CE Colo Czech s.r.o. with registered office in Prague 10, Nad Elektrárnou 1428/47 ("the Subsidiary" or "CE Colo Czech").

The Group operates public mobile communications network, public fixed telecommunications network and provides mobile communications services, fixed communication services and IPTV under conditions of Czech Telecommunication Office ("CTO") certificate, No. 310/7, issued on 2 October 2015, 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, consulting, data centres services, the establishment, installation, maintenance and service of telecommunications equipment, data processing, data services, network management and technical advisory services in the area of telecommunications.

THE GROUP'S OWNERSHIP STRUCTURE

As at 31 December 2016 and 31 December 2015, the ownership structure of the Group was as follows:

	No. of shares (thousands)	Paid in shar	re capital
Shareholder	tis. ks	CZK million	%
Deutsche Telekom Europe B.V. (till 1 March 2015 CMobil B.V.)	520	520	100.00
Total	520	520	100.00

The ultimate parent company of the Group during the accounting periods ended 31 December 2016 and 31 December 2015 was Deutsche Telekom AG ("DTAG") which controls Deutsche Telekom Europe B.V (former CMobil B.V.), the direct parent of the Group. Deutsche Telekom Europe B.V. is consolidated by Deutsche Telekom AG Group and its results are presented in Group consolidated financial statements on website www.telekom.de/investor-relations.

LICENCES AND TRADEMARKS

As at 31 December 2016, 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 in 2.1 GHz and 28 GHz frequency bands for the period of 20 years (expires in 2024);
- Allocation of frequency bands for the provision of public mobile network in 800 MHz, 1800 MHz and 2600 MHz frequency bands for the period of 15 years (expires in 2029);
- Allocation of frequency bands for the provision of public mobile network in 26 GHz frequency, which expires in 2020;
- Allocation of frequency band for the provision of public mobile network in 2600 MHz frequency band for the period of 13 years (expires in 2029).

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 126 registered trademarks registered in the Industrial Property Office Register of the Czech Republic.

Based on a sub-licence agreement between the Group 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.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

BASIS OF PREPARATION

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

Financial amounts in these financial statements are presented, unless otherwise stated, in millions of Czech crowns (CZK million).

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

ADOPTION OF NEW/REVISED STANDARDS AND NEW STANDARDS (INCLUDING AMENDMENTS OF EXISTING STANDARDS) NOT YET ADOPTED BY THE GROUP.

In 2016, the Group adopted the following standards and amendments to the standards.

a) Adopted during the year:

- Amendment to IAS 16, Property, Plant and Equipment, and IAS 38 Intangible Assets, clarifying acceptable methods of depreciation and amortisation (issued in May 2014, endorsed by EU for annual periods beginning on or after 1 January 2016). In this amendment, the IASB has clarified that the use of revenue-based methods to calculate the depreciation of an asset is not appropriate because revenue generated by an activity that includes the use of an asset generally reflects factors other than the consumption of the economic benefits embodied in the asset.
- Amendment to IFRS 11, Joint arrangements, Accounting for Acquisitions of Interests in Joint Operations (issued in May 2014, endorsed by EU for annual periods beginning on or after 1 January 2016). The amendment clarifies the accounting for acquisitions of an interest in a joint operation and correctness of such accounting.
- Disclosure initiative to Amendment to IAS 1, (issued in December 2014, endorsed by EU for annual periods beginning on or after 1 January 2016). The Standard was amended to clarify the concept of materiality and explains that an entity need not provide a specific disclosure required by an IFRS if the information resulting from that disclosure is not material, even if the IFRS contains a list of specific requirements or describes them as minimum requirements. The Standard also provides new guidance on subtotals in financial statements, in particular, such subtotals (a) should be comprised of line items made up of amounts recognised and measured in accordance with IFRS; (b) be presented and labelled in a manner that makes the line items that constitute the subtotal clear and understandable; (c) be consistent from period to period; and (d) not be displayed with more prominence than the subtotals and totals required by IFRS standards. The Group has reviewed its financial statements in the light of requirements of the amendment.

The adopted standards and amendments do not have material impact on the Group's financial statements.

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

- Amendment to IAS 7, Statement of Cash Flows (issued in January 2016, for annual periods beginning on or after 1 January 2017, not yet endorsed by EU). The amended IAS 7 will require disclosure of a reconciliation of movements in liabilities arising from financing activities. The Group is currently assessing the impact of the amendments on its financial statements. This amendment will require new disclosure.
- IFRS 9, Financial Instruments recognition and measurement (issued in July 2014, effective for annual periods beginning on or after 1 January 2018). The new standard brings classification and measurement, impairment and hedge accounting and replaces IAS 39 which relates to classification and measurement of financial assets. IFRS 9 keeps, but simplifies measurement model and specifies three categories for financial assets measurement: measured subsequently at amortised costs, fair value through other comprehensive income and fair value through profit and loss.
- Classification is based on business model and nature of cash flows from the financial asset. Investments in equity instruments are always measured at fair value. However, management can make an irrevocable election to present changes in fair value in other comprehensive income. IFRS 9 introduces a new model for the recognition of impairment losses the expected credit losses (ECL) model. Most of the requirements in IAS 39 for classification and measurement of financial liabilities were carried forward unchanged to IFRS 9. The key change is that an entity will be required to present the effects of changes in own credit risk of financial liabilities designated at fair value through profit or loss in other comprehensive income. Hedge accounting requirements were amended to align accounting more closely with risk management. The standard provides entities with an accounting policy choice between applying the hedge accounting requirements of IFRS 9 and continuing to apply IAS 39 to all hedges because the standard currently does not address accounting for macro hedging.

Although the Group has not yet finalized the detailed Analysis of IFRS 9, the first-time adoption of this standard is not expected to have a material impact on the financial statements. In some cases, the new provisions on the classification of financial assets depending on the business model existing for these assets will give rise to changes in measurement and presentation. The new provisions on accounting for impairment losses will lead to expected losses having to be expensed earlier in certain cases.

- IFRS 15, Revenue from Contracts with Customers (issued in May 2014, effective for annual periods beginning on or after 1 January 2018). The standard has a material effect on the presentation of Group's results of operations and financial position. Depending on the business model applied, the new provisions address the following issues in particular:
 - In the case of multiple-element arrangements (e.g., mobile contract plus handset) with subsidized products delivered in advance, a larger portion of the total remuneration is attributable to the component delivered in advance (mobile handset), requiring earlier recognition of revenue. This leads to the recognition of what is known as a contract asset a receivable arising from the customer contract that has not yet legally come into existence in the statement of financial position.
 - At the same time, this leads to higher revenue from the sale of goods and merchandise and to lower revenue from the provision of services.
 - The scope of the changes resulting from the initial application of IFRS 15 that are described above therefore largely depends on the business models used by the Group.
 - Future capitalization and allocation of the expenses for sales commissions (customer acquisition costs) over the estimated customer retention period.
 - Increase in total assets on initial application due to the capitalization of contract assets and customer acquisition costs.
 - Deferral, i.e., later recognition of revenue in cases where "material rights" are granted, such as offering additional discounts for future purchases of further products.
 - For the purposes of determining whether the Group sells products for its own account (principal = gross revenue) or for the account of others (agent = net revenue), it is unlikely there will be any material changes.

The Group will utilize the option for simplified initial application, i.e., contracts that are not completed by January 1, 2018 will be accounted for as if they had been recognized in accordance with IFRS 15 from the very beginning. The cumulative effect arising from the transition will be recognized as an adjustment to the opening balance of equity in the year of initial application. Prior-year comparatives will not be restated; instead, the Group will provide an explanation of the reasons for the changes in items in the statement of financial position and the income statement for the current period as a result of applying IFRS 15 for the first time. The effects will be analysed as part of a centrally driven project for implementing the new standard, though a reliable estimate of the quantitative effects is not possible until the project has been completed, probably in mid-2017.

- Amendments to IFRS 15, Revenue from Contracts with Customers (issued in April 2016 and effective for annual periods beginning on or after 1 January 2018, not yet endorsed by EU). The amendments do not change the underlying principles of the Standard but clarify how those principles should be applied. The amendments clarify how to identify a performance obligation (the promise to transfer a good or a service to a customer) in a contract; how to determine whether a company is a principal (the provider of a good or service) or an agent (responsible for arranging for the good or service to be provided); and how to determine whether the revenue from granting a licence should be recognised at a point in time or over time. In addition to the clarifications, the amendments include two additional reliefs to reduce cost and complexity for a company when it first applies the new Standard. The Group's activities, related processes and systems are complex and current estimation is, that the Group will need several months for new accounting principles, judgements and processes implementation according to the new standard. As a result, currently it is not possible to provide a reliable estimate of the impact of new the standard.
- IFRS 16, Leases (issued in January 2016, effective for annual periods beginning on or after 1 January 2019, not yet endorsed by EU). The standard has a material effect on the presentation of Group's results of operations and financial position. Depending on the business model applied, the new provisions address the following issues in particular:
 - Whereas previously there was a requirement to disclose payment obligations for operating leases in the notes to the financial statements, from now on, the resulting rights and obligations must be recognized as rights of use and lease liabilities in the statement of financial position.
 - The Group anticipates a significant increase in total assets on the first-time adoption on account of the increase in lease liabilities as well as a similarly high increase in non-current assets due to the right-of-use assets to be capitalized. The increase in lease liabilities leads to a corresponding increase in net debt.
 - Going forward, depreciation charges and interest expense will be reported in the income statement instead of lease expense. This will give rise to a significant improvement in EBITDA and to a similar increase in the net cash from operating activities reported in the statement of cash flows.
 - For the Group as a lessor, the new definition of a lease may affect the number of items to be accounted for as leases.

The overall effects will be analysed as part of a centrally driven project for implementing IFRS 16, though a reliable estimate of the quantitative effects is not possible until the project has been completed.

a) Accounting estimates

The preparation of the Group'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 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).

Between estimates belongs mainly:

- Estimate of recoverable amount of the cash-generating unit, to which goodwill is allocated for the purposes of impairment testing (see Note 8);
- Provision for doubtful debt (see Note 5);
- Useful lives of customer relationships (see Note 7).

b) Principles of consolidation

Subsidiaries are all entities over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the activities of the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date that control ceases.

Intercompany transactions, balances and unrealized gains on transactions between group companies are eliminated. Unrealized losses are also eliminated unless the transaction provides evidence of an impairment of the transferred asset. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

Due to the fact that the Group's business combinations were combinations under common control, the Group did not use the acquisition method for the purpose of recording the acquisitions. The purchase price of the Subsidiary has been determined based on prediction of the future discounted cash-flow.

The acquisitions under common control were recorded using the predecessor accounting method (similar to pooling of interests), when the acquirer takes over the measurement of subsidiary's assets and liabilities (including related goodwill) from the consolidated financial statements of the ultimate parent company.

The 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 change of the Group's equity.

c) Business combinations

The acquisition method of accounting is used to account for acquisition of subsidiaries from parties that are not under common control. Consideration paid for acquisition of a subsidiary is equal to fair value of the assets transferred and the liabilities incurred. Consideration paid includes fair value of whatever assets and liabilities, which resulting from contingent consideration agreement. Acquired identifiable assets, liabilities and contingent liabilities incurred in business combination are initially recognised at fair value at the date of acquisition. Acquisition related costs are expensed as incurred.

If the initial accounting for a business combination can be determined only provisionally by the end of the period in which the combination is effected, the Group shall account for the incomplete items using those provisional values. During the measurement period, the Group shall recognise any adjustments to those provisional values or any additional assets and liabilities in order for the adjusted values to reflect new information obtained by the Group about facts and circumstances that existed as at the date of acquisition and which if had been known as at the date of acquisition would have influenced values recognised.

The measurement period is a period from the date of acquisition to the date when the Group obtains complete information about facts and circumstances that existed as at the date of acquisition, however, no later than one year from the acquisition date.

Business combinations under common control are accounted for using predecessor amounts approach (similar to pooling of interest). Under this method the Group does not revaluate assets and liabilities to their fair values but takes over the valuation of subsidiary's assets and liabilities including related goodwill from the consolidated financial statements of the ultimate parent company, i.e. from the consolidated financial statements of DTAG.

d) Goodwill

Goodwill arising on the acquisition of a business represents the excess of the:

- Consideration transferred;
- Amount of any non-controlling interest in the acquired entity; and
- Acquisition-date fair value of any previous equity interest in the acquired entity over the fair value of the net identifiable assets acquired.

If those amounts are less than the fair value of the net identifiable assets of the subsidiary acquired, the difference is recognised directly in profit or loss as a bargain purchase.

Goodwill on acquisitions of subsidiaries is included in intangible assets. Goodwill is not amortised but it is tested for impairment annually, or more frequently if events or changes in circumstances indicate that it might be impaired, and is carried at cost less accumulated impairment losses. Gains and losses on the disposal of an entity include the carrying amount of goodwill relating to the entity sold.

Goodwill is allocated to cash-generating units for the purpose of impairment testing. The allocation is made to those cash-generating units or groups of cash-generating units that are expected to benefit from the business combination in which the goodwill arose. The units or groups of units are identified at the lowest level at which goodwill is monitored for internal management purposes, being the operating segments. The Group is considered as one cash-generating unit.

e) 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.

f) Joint arrangements

Joint arrangements according to IFRS 11 may have either joint operation or joint venture form. The classification depends on contractual rights and obligations of each investor, rather than the legal structure of joint arrangement.

According to participation in joint operations, the Group recognises assets controlled and liabilities incurred and its share on all jointly held assets and jointly incurred liabilities and its share on revenue and costs generated by the joint operations according to valid terms of relevant contracts. Other information related to joint arrangements is stated in Note 9.

g) 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 and due date lower than 3 months from purchase date (mainly depository bill of exchange and short-term deposits).

h) Inventories

Purchased inventories are stated at the lower of acquisition cost or net realisable amount. The acquisition cost primarily includes the purchase price 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.

i) 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.

Classification of financial assets is based on purpose of asset purchase. Management of the Group assigns financial assets classification at the time of initial record of asset.

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 withmaturities 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 profit or loss. 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 profit or loss.

In June 2014 the Group entered into a factoring agreement with recourse with Helaba Landesbank Hessen-Thüringen Girozentrale ("the Factor"). The Group recognizes the transferred assets to the extent of its continuing involvement, which is the maximum amount that the Group would be required to pay to the Factor. The Group also recognises an associated liability, measured in such a way that the net carrying amount of the transferred asset and the associated liability is equal to the fair value of the rights and obligations retained by the entity.

Financial assets at fair value through profit or loss

The Group uses currency forward contracts to hedge its estimated cash flows. Financial assets at fair value through profit or loss are initially recognised at fair value and subsequently carried at fair value. 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 or loss. The information on accounting of financial derivatives and hedging operations is provided in Note 3.

Financial liabilities

Financial liabilities are classified according to the substance of the contractual arrangements. Financial liabilities include mainly trade payables, short-term bank financing, finance lease obligations, bank overdrafts, loans from parent company DTAG 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.

The overview of financial assets and liabilities according to categories is stated in Note 18.

j) 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 equipmentí	3 to 10

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 profit or loss 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 profit or loss.

k) Intangible assets

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 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) LTE licence

The LTE licence which represents the right to provide communication services in the Czech Republic and to establish and operate LTE 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 2029.

iv) 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 fulfil the criteria for capitalisation, are expensed as incurred.

v) Customer relationships

Customer relationships acquired in a business combination are recognised at fair value at the acquisition date. Customer relationships have a finite useful life and are carried at cost less accumulated amortisation and impairment losses. Amortisation is calculated using the straight-line method to allocate the cost of customer relationships over their estimated useful lives of 7 and 8 years.

The useful lives of customer relationships were estimated on the basis of average useful life of customers in each customer base, local customer relationship and multinational customer relationship. The appropriateness of the amortisation period is reviewed annually. Any change in the expected useful life of the asset shall be accounted for prospectively as a change in accounting estimate.

If the carrying amount of the intangible 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.

I) 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 noncurrent finance assets.

m) Operating leases

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

n) 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 profit or loss (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 profit or loss.

o) Revenue recognition

Revenue comprises primarily revenue from the provision of telecommunication network services to final customers and to other parties, revenue from the sale of goods and revenues from System Solutions (IT services). 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. Installation fees are released to the 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.

System solutions revenues represent revenues from application of information technology and telecommunications equipment to store, retrieve, transmit and manipulate data and to provide advanced solutions such as system integration, cloud applications, ICT security and desktop services management. System solutions/integration contracts are mainly short-term, billed on the basis of time and material consumed. Revenue is recognised as the services are rendered. Interest income is recorded on an accrual and deferral basis using the effective interest method.

p) 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.

q) Commissions to business partners

The Group provides commissions to business partners for customer acquisition or retention, or other services provided by business partner (e.g. prepaid credit recharging, up-sell of customer services). The commissions are expensed as incurred.

r) 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 a separate entity under so-called joint plan of defined contributions. These contributions are recognised in profit or loss as incurred during the employment period.

The Group has entered into several incentive programs, both share-based and non-share based and cash and non-cash settled managed by DTAG. The Group recognizes the costs of services received from its members of executive management in a share-based and non-share-based payment transaction when services are received. If these services are received in a cash-settled share-based payment transaction, the Group recognizes the expense against the provision, re-measured at each reporting date. In case of equity-settled share-based payment transaction, the Group recognizes the expense against the equity capital fund, re-measured at fair value at the grant date.

s) 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 profit or loss is measured as the change in the net deferred 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 property and equipment, changes in tax non-deductible adjustments and tax non-deductible 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.

t) Capital

The Group's objective when managing capital is to safeguard the Group's ability to continue in its business 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.

The Group creates other capital fund according to long term incentive program for top management based on remuneration in shares.

3 FINANCIAL RISK MANAGEMENT

FINANCIAL RISK MANAGEMENT PRINCIPLES

The Group's activities expose it to a variety of financial risks, primarily credit risk, liquidity risk, currency risk, and interest rate risk. 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;
- Short-term bank financing;
- Other financial liabilities.

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

As at 31 December 2016, had the CZK decreased by 10% against the EUR with all other variables holding constant, profit after-tax for the year would have been CZK 41 million higher. Conversely as at 31 December 2016, had the CZK increased by 10% against the EUR with all other variables holding constant, profit after-tax for the year would have been CZK 41 million lower.

As at 31 December 2015, had the CZK decreased by 10% against the EUR with all other variables holding constant, profit after-tax for the year would have been CZK 62 million higher. Conversely as at 31 December 2015, had the CZK increased by 10% against the EUR with all other variables holding constant, profit after-tax for the year would have been CZK 62 million lower.

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:

Interest rate change by 100 basic points*	Profit after-tax impact in CZK million	
	31.12.2016	31.12.2015
Decrease	(28)	(1)
Increase	28	23

* Assuming all other variables holding constant

CREDIT RISK

The counterparties for transactions of the Group's financial instruments 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. The maximum exposure to credit risk as at the end of the reporting period is represented by the carrying amounts of the financial assets in the statement of financial position.

In case of Cash and cash equivalents and Short-term bank financing concentrations of credit risk are limited as the Group places its cash with substantial credit institutions. Concentrations of credit risks relating to Trade and other receivables and Other financial assets are limited due to credit risk management tools, debt collection process and following policies and directions set in investment strategy approved by the General Meeting of the Group.

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 Group has changed approach to monitoring of credit risk arising from receivables from end-users. The change involves regular monitoring of payment discipline of the customers, allowing the immediate response to eventually slight deterioration in the payment discipline of the customers by adjusting activation and debt collecting process.

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

Risk category	Probability of default in payment in %*	bázev	/%**
		2016	2015
(A) Před splatností	0 – 1,99	84,3	84,5
(B) Do měsíce po splatnosti	2,00 - 21,99	6,9	5,8
(C) Do tří měsíců po splatnosti	22,00- 37,99	2,6	2,7
(D) Do roka po splatnosti	38,00 - 79,99	6,2	7,0
(E) Nad 1 rok - v defaultu	80,00- 100	0	0

* Probability of default in payment is determined by long-term payment discipline, which is continuously monitored by T-Mobile Czech Republic a.s. and is considered stable in time.

** Base is defined as nominal value of receivables, which are maximally one year overdue at balance sheet date.

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. Category (E) - in default consists of deactivated customers only.

Gross value of receivables which are past due but not individually impaired are presented in risk categories as follows:

31. 12. 2016		Risk	category			Standard &	Poor's Long-terr	n rating	Not	Total
CZK million	Α	В	С	D	E	BBB+	A- to A+	AA-	individually assessed	
Receivables from electronic communication services	3,099	_	_	_	-	_	_	_	_	3,099
Receivables from DTAG group companies	-	-	-	-	-	562	-	-	_	562
Other trade receivables	-	-	-	-	-	-	-	-	924	924
Financial receivables (gross) total	3,099					562			924	4,585

31. 12. 2015		Risk	category			Standard &	Poor's Long-ten	n rating	Not	Total
CZK million	Α	В	С	D	Е	BBB+	A- to A+	AA-	individually assessed	
Receivables from electronic communication services	2,997	-	-	-	-	-	-	-	-	2,997
Receivables from DTAG group companies	-	-	-	-	-	569	-	-	-	569
Other trade receivables	-	-	-	-	-	-	-	-	870	870
Financial receivables (gross) total	2,997	-	-	-	-	569	-	-	870	4,436

Gross value of receivables which are past due and individually impaired are presented in risk categories as follows:

31. 12. 2016		Risk	category			Standard &	Poor's Long-ten	n rating	Not	Total
CZK million	Α	В	С	D	E	BBB+	A- to A+	AA-	individually assessed	
Receivables from electronic communication services	-	261	93	226	2,807	-	-	-	_	3,387
Other trade receivables	-	_	-	-	-	-	_	-	22	22
Financial receivables (gross) total	-	261	93	226	2,807	-	-	-	22	3,409

31. 12. 2015		Risk	category			Standard &	Poor's Long-terr	n rating	Not	Total
CZK million	Α	В	С	D	Ε	BBB+	A- to A+	AA-	individually assessed	
Receivables from electronic communication services	_	204	96	250	2,796	_	_	_	_	3,346
Other trade r eceivables	-	_	-	-	-	-	-	-	32	32
Financial receivables (gross) total	-	204	96	250	2,796	-	-	-	32	3,378

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.

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

Other trade receivables from third parties as at 31 December 2016 are represented by receivables from dealers CZK 30 million (31 December 2015: CZK 73 million) where balances in this category exceeding a certain level are insured or secured by another instrument, such as a blank bill of exchange, roaming and interconnection receivables CZK 94 million (as at 31 December 2015: CZK 107 million) which do not give rise to significant credit risk and the Group does not monitor them individually and by receivables from business customers for other products of the Group, such as system integration, IT outsourcing, etc., of CZK 822 million (as at 31 December 2015: CZK 722 million). Credit check of business customers for other products of the Group do not give rise to significant credit risk due to characteristics of transactions and continuously credit monitoring is not necessary.

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 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 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 has a concentration of credit risk mainly towards banks regulated by Czech National Bank, see below.

31.12.2016	Standard & P				
CZK million	BBB+	A- to A+	AA-	Not assigned	Total
Cash in hand	-	_	-	14	14
Bank accounts	145	491	-	82	718
Cash equivalents	-	3,500	-	-	3,500
Short term bank financing and other financial assets	-	-	-	101	101
Total cash and cash equivalents and other financial assets exposure	145	3,991	-	197	4,333

31.12.2015	Standard & P	Standard & Poor's Dlouhodobý rating						
CZK million	BBB+	A- to A+	AA-	Not assigned	Total			
Cash in hand	-	_	-	11	11			
Bank accounts	49	345	-	312	706			
Cash equivalents	-	2,850	-	-	2,850			
Short term bank financing and other financial assets	-	-	-	66	66			
Total cash and cash equivalents and other financial assets exposure	49	3,195		389	3,633			

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 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 Group uses financial instruments and practices for optimising the management of the working capital and liquidity tied up in supply chain process, i.e. reverse factoring of the Group's trade payables.

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

From October 2015 the Group stopped selling new receivables under Helaba factoring agreement. The maximum exposure to loss resulting from credit risk and late-payment risk relative to the receivables sold as of 31 December 2016 was zero.

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 2016. The Group does not have any financial assets and liabilities that are measured at fair value at level 1 and 3.

CZK million	Lev	el 2
	31. 12. 2016	31. 12. 2015
Assets		
Currency forward contract with positive fair value	8	8
Total assets	8	8
Payables		
Currency forward contract with negative fair value	1	18
Total payables	1	18

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

The fair values of finance lease liabilities amounted to CZK 1,512 million as at 31 December 2016 (31 December 2015: CZK 1,454 million). The carrying amount of other categories of financial assets and liabilities both at 31 December 2016 and 31 December 2015 approximate their fair values. The classification of financial assets and liabilities into categories in accordance with IAS 39 is stated in Note 18.

Accounting for derivative financial instruments and hedging activities

Derivative financial instruments are initially recognised in the statement of financial position 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 or loss.

The Group uses currency forward contracts to hedge estimated cash flows. All transactions below the equivalent of EUR 15 million (CZK 405 million), are recognised as held for trading derivatives with changes in fair value being reflected in profit or loss. In 2016 and 2015, the Group did not apply hedge accounting.

4 CASH AND CASH EQUIVALENTS

CZK million	31.12.2016	31.12.2015
Cash at banks and in hand	732	717
Cash equivalents	3,500	2,850
Total	4,232	3,567

Cash equivalents as at 31 December 2016 and 31 December 2015 consist mainly of bank deposits, depository bills of exchange and REPO transactions.

5 TRADE AND OTHER RECEIVABLES

CZK million	31.12.2016	31.12.2015
Trade receivables	5,591	6,004
Unbilled receivables	2,403	1,810
Less: Provision for impairment	(2,622)	(2,589)
Trade receivables (net)	5,372	5,225
Currency forward contracts with positive fair value	8	8
Other receivables	22	192
Total	5,402	5,425

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

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

CZK million	Networkdus		Past due		Total
	Not yet due	up to 90 days	91-180 days	181–360 days	Total
31. 12. 2016					
Trade receivables:					
- from DTAG group	562	-	-	_	562
- from customers of electronic communication services*	3,099	-	-	_	3,099
- other trade receivables from third parties	896	28	-	_	924
Provisions:					
- for trade receivables from customers of electronic communication services*	(116)	-	-	_	(116)
- for other trade receivables from third parties	(22)	(1)	_	_	(23)
Trade receivables (net)	4,419	27	-	-	4,446

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

CZK million	N. C. M. L.			Total	
	Not yet due	up to 90 days 91		181–360 days	Iotal
31. 12. 2015					
Trade receivables:					
- from DTAG group	477	84	3	5	569
- from customers of electronic communication services*	2,997	-	-	_	2,997
- other trade receivables from third parties	803	66	-	_	869
Provisions:					
- for trade receivables from customers of electronic communication services*	(30)	-	-	_	(30)
- for other trade receivables from third parties	(22)	(2)	-	_	(24)
Trade receivables (net)	4,225	148	3	5	4,381

* 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				Past due			
	Not yet due	up to 90 days	91-180 days	181-360 days	1-2 years	2 years and more	Total
31. 12. 2016							
Trade receivables							
 from customers of electronic communication services* 	-	349	84	142	233	2,579	3,387
- other trade receivables from third parties	-	-	2	4	4	12	22
Provisions:							
 for trade receivables from customers of electronic communication services* 	-	(34)	(38)	(81)	(173)	(2,135)	(2,461)
- for other trade receivables from third parties	-	-	(2)	(4)	(4)	(12)	(22)
Trade receivables (net)	-	315	46	61	60	444	926

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

CZK million	Past due						
	Not yet due	up to 90 days	91-180 days	181-360 days	1-2 years	2 years and more	Total
31. 12. 2015							
Trade receivables							
 from customers of electronic communication services* 	-	301	91	158	304	2,492	3,346
- other trade receivables from third parties	-	8	6	3	1	14	32
Provisions:							
 for trade receivables from customers of electronic communication services* 	-	(28)	(17)	(124)	(229)	(2,117)	(2,515)
- for other trade receivables from third parties	-	-	(4)	(2)	(1)	(12)	(19)
Trade receivables (net)	-	281	76	35	75	377	844

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

Due dates of financial assets did not change during 2016 or 2015. Movements of the provision for impairment of receivables can be analysed as follows:

CZK million	2016	2015
Opening balance as at 1.1.	2,589	2,617
CE Colo Czech opening balance as at 1.1.	-	2
Net increase for the year	178	278
Utilisation of provision for write-off	(145)	(308)
Closing balance as at 31.12.	2,622	2,589

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

CZK million	2016	2015
Change in provision for doubtful receivables	111	(102)
Income from receivables previously written off	(17)	(21)
Receivables written-off	145	308
Total net loss from impairment of receivables	239	185
Interest income	(21)	(18)
Income from contractual penalty fees	(207)	(233)
Total net profit from trade receivables	11	(66)

6 INVENTORIES

CZK million	31.12.2016	31.12.2015
Handsets and accessories	441	427
Other inventories	232	264
Total	673	691

7 INTANGIBLE ASSETS

CZK million	Customer relationships	Software	GSM/UMTS and other licences	Other intangible fixed assets	Assets in the course of construction and advances paid	Total
Cost						
1.1.2015	103	8,182	7,503	601	700	17,089
GTS Czech – opening balance 1.1.2015	2,041	132	53	23	6	2,255
CE Colo Czech – opening balance 1.1.2015	336	3	-	-	-	339
Additions	-	-	-	_	1,042	1,042
Disposals	-	(41)	-	-	_	(41)
Transfers*	-	899	-	27	(926)	-
31.12.2015	2,480	9,175	7,556	651	822	20,684
Additions	_	_	_	-	1,851	1,851
Disposals	_	(97)	_	(3)	_	(100)
Transfers*	-	1,023	-	86	(1,109)	-
31.12.2016	2,480	10,101	7,556	734	1,564	22,435
Accumulated amortisation/Impairment						
1.1.2015	103	6,259	2,661	405	_	9,428
GTS Czech – opening balance 1.1.2015	125	44	5	5	_	179
CE Colo Czech – opening balance 1.1.2015	28	1	-	-	-	29
Amortisation	263	1,190	421	85	_	1,959
Disposals	_	(36)	_	(3)	_	(39)
31.12.2015	519	7,458	3,087	492	_	11,556
Amortisation	419	1,018	421	82	_	1,940
Disposals	_	(99)	_	(2)	_	(101)
31.12.2016	938	8,377	3,508	572	-	13,395
Net book value						
1.1.2015	_	1,923	4,842	196	700	7,661
31.12.2015	1,961	1,717	4,469	159	822	9,128
31.12.2016	1,542	1,724	4,048	162	1,564	9,040

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

SIGNIFICANT INDIVIDUAL INTANGIBLE ASSETS Licences

The carrying values and remaining amortization periods of the licenses are listed in the table below. For further information on these assets, please see Note 1.

	31.12	.2016	31.12.2	2015
CZK million	Carrying amount	Remaining amortization period (years)	Carrying amount	Remaining amortization period (years)
GSM licence	326	8	369	9
UMTS licence	1,546	8	1,745	9
LTE licence	2,176	13	2,355	14
Total GSM/UMTS and other licences	4,048		4,469	

During 2016 the Group purchased right to use frequency band for the provision of public communications network in 2600 MHz for the period of 13 years for total consideration in the amount of CZK 730 million. As at 31 December 2016 the right to use frequency band is presented as asset in the course of construction. The right to use frequency band is not ready to use yet as the Group is waiting for the Individual right authorization. Without this authorization the broadcasting cannot be provided to customers.

Software

The majority of software balance is made by NG CRM, a new platform for client relationship management (CRM) system. The carrying value of NG CRM as of 31 December 2016 is CZK 1,071 million plus CZK 86 million in section of Assets under construction (31 December 2015: CZK 933 million plus CZK 335 million under construction) and the remaining amortization period as of 31 December 2016 is 6 years (31 December 2015: 7 years). The platform is being implemented in stages and the last module is still under construction. The migrations to new CRM system affected a number of existing software and systems the modification of which was needed. The amount of these capital expenditures are not included in valuation of NG CRM but in valuation of existing software and systems.

Customer Relationships

The balance consists mainly of customer relationships acquired in a business combination with GTS Czech s.r.o. and CE Colo Czech s.r.o. The net book value of T-Mobile local customer relationship as of 31 December 2016 is CZK 710 million (31 December 2015: CZK 871 million) and the remaining amortization period as of 31 December 2016 is 5 years (31 December 2015: 6 years). The net book value of T-Mobile multinational customer relationship is CZK 620 million (31 December 2015: CZK 830 million) and the remaining amortization period as of 31 December 2016 is 6 years (31 December 2015: 16 years). Based on review of useful life performed as at 31 December 2016, amortisation period of multinational customer relationship was shortened from 17 to 8 years.

The net book value of CE Colo customer relationship as of 31 December 2016 is CZK 212 million (31 December 2015: CZK 260 Million) and the remaining amortization period as of 31 December 2016 is 5 years (31 December 2015: 6 years).

The table below shows the churn rate used in useful life calculation as of 31 December 2016 and as of 31 December 2015. The table also includes an analysis that shows how would be net book value affected if the sensitive parameter in the calculation is changed.

	31.12.2016	31.12.2015
Churn rate - Local customer relationship		
Used in the calculation of useful life	14.29%	14.29%
If increased by 20%, i.e. to	17.14%	17.14%
Change in the net book value (CZK million)	(69)	(42)
Churn rate - Multinational customer relationship		
Used in the calculation of useful life	12.03%	5.88%
If increased by 20%, i.e. to	14.43%	7.06%
Change in the net book value (CZK million)	(42)	(18)
Churn rate – CE Colo customer relationship		
Used in the calculation of useful life	14.29%	5.88%
If increased by 20%, i.e. to	17.14%	7.06%
Change in the net book value (CZK million)	(21)	(13)

8 GOODWILL

CZK million	31. 12 2016	31. 12 2015
Cost		
T-Systems Czech Republic, a.s.	131	131
GTS Czech s.r.o.	1,144	1,144
CE Colo Czech s.r.o.	100	100
Total	1,375	1,375

Goodwill was tested for impairment as of 31 December 2016. The Group is considered as one cash-generating unit ("CGU"). The Group establishes the recoverable amount by determining the CGU's fair value less cost to sell by using valuation techniques. The fair value was determined by calculating discounted projected cash flows over the next ten years with a terminal value. Cash flows beyond the ten-year period were extrapolated using the estimated long-term growth rate stated in the table below.

The calculation of expected future cash flows is based on an estimate of service revenue, operating expenditure (direct and indirect costs) and capital expenditure for the period 2017 – 2026.

Service revenue is projected separately for each main area (mobile, fixed, IT). Mobile revenues are projected based on the estimated number of subscribers in each year and the expected average revenue per user ("ARPU") in each year. Revenues from the fixed and IT businesses are estimated based on expected sales and sales prices.

The estimated number of customers/subscribers is based on past performance and management's expectations of market development. ARPU or sales prices are based on current industry trends and take into account the competition and other market factors.

Operating expenditure is based on the current structure of the business, adjusted for expected future developments, restructurings and cost saving measures. Capital expenditure is based on the historical experience of management and the planned development of the fixed and mobile network.

In general, the projections of the above mentioned components of expected future cash flows take into account the expected economic development, the competition and other market factors, regulation, as well as the Group's strategy.

The weighted average cost of capital ("WACC") used in the calculation to discount the cash flow projections was determined based on CAPM (Capital Asset Pricing Model) using the average betas of the peer group, a risk free rate using the Svensson methodology for Germany and adjusted for country specific risks, a debt ratio in line with the usual indebtedness of listed peer telecommunications companies and an additional debt risk premium considering average peer Group specific debt risks. The estimated long-term growth rate ("LTGR") takes into account the expected economic growth of the country.

The fair value measurement is categorised within level 3 of fair value hierarchy as per IFRS 13.

The analysis performed as at 31 December 2016 confirmed that the recoverable amount of the cash generating unit exceeds its carrying amount.

The table below shows the WACC and LTGR used in the fair value calculation for the goodwill impairment tests conducted as of 31 December 2016 and as of 31 December 2015. The table also includes an analysis that shows how much impairment would have been recognized if we changed the sensitive parameters in the calculations.

	31.12.2016	31.12.2015
WACC		
Used in the calculation	5.33%	5.58%
If changed to	9.33%	9.58%
Impairment would be (CZK million)	-	-
LTGR		
Used in the calculation	2%	2%
If changed to	(2)%	(2)%
Impairment would be (CZK million)	-	-
Nominal expected future cash flows		
If changed by	(30)%	(30)%
Impairment would be (CZK million)	-	-

If the nominal expected future cash flows, discount rates, or long term growth rate used for impairment testing had been changed as described in the table above for the projection period, this would not have resulted in any impairment.

9 PROPERTY AND EQUIPMENT

CZK million	Buildingsand land	Equipment and other fixed assets	Assets in the course of construction, advances and network spare parts	Total
Acquisition cost				
1.1.2015	11,704	22,327	1,559	35,590
GTS Czech- opening balance 1.1.2015	35	2,165	185	2,385
CE Colo Czech- opening balance 1.1.2015	348	143	6	497
Additions	270	725	2,171	3,166
Disposals	(2,288)	(1,584)	(64)	(3,936)
Transfers*	349	2,608	(2,957)	-
31.12.2015	10,418	26,384	900	37,702
Additions	817	893	2,314	4,024
Disposals	(2,516)	(2,583)	(67)	(5,166)
Transfers*	223	2,058	(2,281)	_
31.12.2016	8,942	26,752	866	36,560
Accumulated depreciation/Impairment				
1.1.2015	7,006	15,377	2	22,385
GTS Czech – opening balance 1.1.2015	17	300	_	317
CE Colo Czech- opening balance 1.1.2015	7	11	-	18
Depreciation	667	2,157	-	2,824
Disposals	(2,285)	(1,549)	-	(3,834)
31.12.2015	5,412	16,296	2	21,710
Depreciation	585	2,288	_	2,873
Disposals	(1,879)	(2,438)	-	(4,317)
31.12.2016	4,118	16,146	2	20,266
Net book value				
1.1.2015	4,698	6,950	1,557	13,205
31.12.2015	5,006	10,088	898	15,992
31.12.2016	4,824	10,606	864	16,294

* 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 own equipment 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 2016 was CZK 2,382 million (as at 31 December 2015: CZK 2,119 million).

Thereof the Group paid in 2013 an advance for financial lease of optical fibres amounting to CZK 643 million. As at 31 December 2016 the Group has overtaken 779 optical fibres (amounting to CZK 1,218 million) (as at 31 December 2015: 323 optical fibres amounting to CZK 886 million) from planned 800, related to advance payments made in 2013.

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 2016 and 31 December 2015 are as follows:

CZK million	31.12.2016	31.12.2015
Up to 1 month	21	20
1 to 3 months	62	39
3 to 12 months	167	177
Up to 1 year	250	236
1 to 5 years	458	448
Over 5 years	1,099	1,088
Total minimum lease payments	1,807	1,772
Up to 1 year	(49)	(50)
1 to 5 years	(221)	(226)
Over 5 years	(279)	(315)
Future interest expense on finance leases	(549)	(591)
Up to 1 year	201	184
1 to 5 years	237	222
Over 5 years	820	773
Net present value of finance lease liabilities*	1,258	1,179

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

JOINT ARRANGEMENT

In 2013 the Group entered into joint arrangement with group O2 Czech Republic a.s. concerning a 2G and 3G network sharing, i.e. sharing of active and passive mobile network elements on a territorial basis of Czech Republic. As at 31 December 2016, 1,523 sites were shared on the Group side and 1,555 sites on O2 Czech Republic a.s. side (as at 31 December 2015: 525 sites on the Group side and 560 sites on O2 Czech Republic a.s. side).

In 2014 the Group entered into a similar joint arrangement with O2 Czech Republic a.s. concerning sharing of LTE technologies for mobile networks. The contractual arrangement involves sharing of active mobile network elements on the same territorial basis of Czech Republic as for 2G and 3G technologies sharing.

As at 31 December 2016, 1,917 sites on the Group side and 1,913 sites on O2 Czech Republic a.s. side were shared (as at 31 December 2015: 1,187 sites on the Group side and 1,187 sites on O2 Czech Republic a.s. side).

Both contracts are based on balanced principles and after having considered the contractual rights and obligations, they were assessed as joint arrangements according to IFRS 11. For this classification was determining, that the major of strategic decisions were specified jointly next to signing of a contract or will be done during validity of the contract. The arrangement is a joint operation, because it does not involve a separate legal entity comprising the activities performed under the arrangement.

Network sharing in the context of these contracts means sharing of transmitting sites including related tangible assets used for providing of 2G and 3G as well as LTE services. Operators keep full control over the content of provided services to its customers, acquiring and managing of customers, price policy, marketing and customer support. Both parties remain individually responsible for keeping of legal contractual obligations resulting from telecommunication licences and related laws and regulations.

Due to the different classification of active and passive mobile network elements, the Group adopted two different approaches to the assets under both network sharing agreements. Active mobile network elements were classified as individually held assets and recognized at cost, consistently with other solely owned assets by the Group. Passive mobile network elements were classified as jointly held assets, the Group recognizes 50% share of such assets subject to the network sharing agreements.

The Group considered risks resulting from joint arrangements and evaluated them as immaterial.

10 BUSINESS COMBINATIONS

In 2014 DTAG acquired GTS Group including GTS Czech and CE Colo Czech.

On 1 January 2015 the Company acquired the 100% share of GTS Czech from DTAG for CZK 4,210 million (all paid in cash) and merged with the entity as of the same date.

The following table summarises the assets acquired and liabilities and equity assumed of GTS Czech as at the acquisition date 1 January 2015.

Assets acquired and liabilities assumed at 1 January 2015	CZK million
Cash and cash equivalents	669
Trade and other receivables	721
Inventories	6
Prepaid expenses and other current assets	63
Intangible assets	2,059
Goodwill	1,144
Property and equipment	2,086
Other non-current assets	42
Other financial assets	12
TOTAL ASSETS	6,802
Trade and other payables	582
Loans	1,361
Provisions	154
Deferred income	10
TOTAL LIABILITIES	2,107
NET EQUITY ACQUIRED	4,695

On 1 January 2015 the Company acquired 100. share in the CE Colo Czech s.r.o. for CZK 1,422 million (all paid in cash).

CE Colo Czech s.r.o. primary business activity is lease of space in data centres.

The following table summarises the assets acquired and liabilities assumed of CE Colo Czech as at the acquisition date 1 January 2015 at values taken over from the consolidated financial statements of DTAG.

Assets acquired and liabilities assumed at 1 January 2015	CZK million
Cash and cash equivalents	26
Trade and other receivables	27
Prepaid expenses and other current assets	1
Intangible assets	310
Goodwill	100
Property and equipment	479
TOTAL ASSETS	943
Trade and other payables	126
Other financial liabilities	714
TOTAL LIABILITIES	840
NET EQUITY ACQUIRED	103

The consolidation difference represents the excess of consideration paid for the CE Colo Czech over the net book value of its assets and liabilities as at the acquisition date. The value of net assets represents fair value of net assets at the date, when DTAG obtained control over GTS Group (including Ce Colo Czech) in 2014, adjusted for movements during the 7 months period until Ce Colo Czech was acquired by the Company. The consolidation difference has been recorded as a decrease of the Group's equity.

Consolidation difference as at 1 January 2015	CZK million
Consideration paid	1,422
Net assets acquired	(103)
Consolidation difference	1,319

11 TRADE AND OTHER PAYABLES

CZK million	31.12.2016	31.12.2015
Trade payables	1,486	1,400
Operational expenditure accruals	1,918	1,759
Capital expenditure accruals	242	179
Total trade payables	3,646	3,338
Currency forward contracts with negative fair value	1	18
Total financial liabilities	3,647	3,356
Liabilities to employees	558	590
Other taxes and social security liabilities	277	272
Other payables	88	69
Total non-financial liabilities	923	931
Total	4,570	4,287

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
31.12.2016	·					
Trade payables	220	793	358	102	13	1,486
Operational expenditure accruals	376	1,407	80	55	-	1,918
Capital expenditure accruals	44	179	6	13	-	242
Total trade payables	640	2,379	444	170	13	3,646
Currency forward contractswith negative fair value	-	122	122	-	413	657
Currency forward contractswith positive fair value	_	17	17	157	439	630
Total forward contracts*	-	139	139	157	852	1,287

* Contracted nominal value. Under the contracts the Group will pay the nominal amounts in CZK and receive amounts in foreign currencies stated based on the agreed forward exchange rates.

CZK million	On demand	Up to 30 days	31–60 days	61-90 days	Over 90 days	Total
31.12.2015						
Trade payables	200	843	290	64	3	1,400
Operational expenditure accruals	418	1,167	106	68	-	1,759
Capital expenditure accruals	21	142	16	-	-	179
Total trade payables	639	2,152	412	132	3	3,338
Currency forward contractswith negative fair value	-	186	136	136	178	636
Currency forward contractswith positive fair value	-	20	19	19	579	637
Total forward contracts*		206	155	155	757	1,273

* Contracted nominal value. Under the contracts the Group will pay the nominal amounts in CZK and receive amounts in foreign currencies stated based on the agreed forward exchange rates.

12 OTHER FINANCIAL LIABILITIES

CZK million	31.12.2016	31.12.2015
Total current other financial liabilities	201	184
Non-current finance lease liabilities	1,057	995
Long-term advances from post-paid customers*	6	6
Total non-current other financial liabilities	1,063	1,001
Total	1,264	1,185

* Advances from post-paid customers that are refundable at the termination of the contract represent guarantee for trade receivables.

CZK million	31. 12. 2016	31. 12. 2015
Up to 1 month	17	15
1 – 3 months	34	31
3 – 12 months	150	138
Up to 1 year	201	184
1 to 5 years	242	227
Over 5 years	821	774
Total other financial liabilities	1,264	1,185

The total limit of bank overdrafts and flexible credit lines available to the Group as at 31 December 2016 was EUR 1 million (CZK 27 million) and CZK 1,475 million (as at and 31 December 2015 EUR 1 million or CZK 27 million and CZK 1,475 million). As at 31 December 2016 and 31 December 2015, the Group did not draw any overdrafts.

13 PROVISIONS

CZK million	31.12.2016	31.12.2015
Other provisions	39	64
Total current provisions	39	64
Asset retirement obligation	771	750
Other provisions	123	147
Total non-current provisions	894	897
Total	933	961

CZK million	Asset retirement obligation	Other provisions	Total
1.1.2015	679	74	753
GTS Czech- opening balance 1.1.2015	-	123	123
Charge for the year (additions)	80	138	218
Unused amounts reserved	(10)	(13)	(23)
Used during the year	-	(123)	(123)
Unwinding of interest	1	12	13
31.12.2015	750	211	961
Charge for the year (additions)	53	51	104
Unused amounts reversed	(38)	(82)	(120)
Used during the year	-	(22)	(22)
Unwinding of interest	6	4	10
31.12.2016	771	162	933

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. Realisation of provision is expected in 2029 (date of LTE licence expiration). Other provisions comprise mainly onerous rent contracts reserve and executive management incentive plans reserves.

14 DEFERRED INCOME

CZK million	31.12.2016	31.12.2015
Deferred revenue related to unused prepaid airtime of prepaid and credit tariff subscribers	502	483
T-Mobile Bonus (IFRIC 13)	59	60
Other	91	96
Total current	652	639
Total non-current	3	3

15 DEFERRED TAX LIABILITY

CZK million	31.12.2016	31.12.2015
Accelerated tax depreciation	(4,120)	(3,199)
Tax depreciation of receivables	(68)	38
Liabilities to employees	381	404
Provisions	933	952
Other differences	117	207
Basis for deferred income tax calculation	(2,757)	(1,598)
Net deferred income tax liability	(524)	(304)

CZK million	31.12.2016	31.12.2015
Deferred income tax liabilities:		
- deferred income tax liability to be recovered after more than 12 months	(1,042)	(855)
- deferred income tax liability to be recovered after less than 12 months	(13)	0
Total deferred income tax liabilities	(1,055)	(855)
Deferred income tax assets:		
- deferred income tax asset to be recovered after more than 12 months	378	365
- deferred income tax asset to be recovered within 12 months	153	186
Total deferred income tax assets	531	551
Net deferred income tax liability	(524)	(304)

The net deferred income tax liability as at 31 December 2016 and 31 December 2015 was calculated using the corporate income tax rates, shown in the table below, depending on the period when the temporary differences are expected to reverse.

	Corporate income tax rate		
Period	2016	2015	
2016 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
1.1.2015	(11)	(528)	(539)
GTS Czech- opening balance 1.1.2015	-	(7)	(7)
CE Colo Czech – opening balance 1.1.2015	_	(97)	(97)
Profit or (loss) for the current period	11	(223)	(212)
31.12.2015	-	(855)	(855)
Profit or (loss) for the current period	(13)	(187)	(200)
31.12.2016	(13)	(1,042)	(1,055)

Deferred income tax assets CZK million	Tax provision for receivables	Provisions	Accelerated accounting depreciation	Other	Total
1.1.2015	-	220	200	34	454
GTS Czech – opening balance 1.1.2015	-	27	5	8	40
Profit or (loss) for the current period	8	10	40	(1)	57
31.12.2015	8	257	245	41	551
Profit or (loss) for the current period	(8)	(7)	14	(19)	(20)
31.12.2016	-	250	259	22	531

16 DERIVATIVE FINANCIAL INSTRUMENTS

FORWARD CONTRACTS

As at the end of 2016, the Group had open currency forward contracts with a total nominal value of CZK 1,287 million (as at 31 December 2015: CZK 1,273 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 2016 were initiated during 2016 with maturity by the end of 2017. During 2016, currency forward contracts in the total nominal value of CZK 2,657 million were settled (in 2015: CZK 9,415 million).

Open currency forward contracts (CZK million)	31.12.2016	31.12.2015
Open currency forward contracts hedging other foreign currency liabilities:		
Positive fair value (Note 5)	8	8
Negative fair value (Note 11)	(1)	(18)
Total	7	(10)

17 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 2016 and 31 December 2015, the registered capital was represented by 520 thousand shares. All shares have equal voting rights.

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 Group or parties controlled by the Group 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.

As at 1 January 2015, merger between the Company and GTS Czech s.r.o. took place. The transaction was a group reorganization under common control recorded against the Company's equity (share premium and retained earnings). After the transaction the Group share premium amounted to CZK 397 million and retained earnings to CZK 23,793 million.

The Capital Funds comprises statutory reserve fund that the Company is required to retain according to its Statutes. Use of the statutory reserve fund is limited by Statutes of the Company. The statutory reserve fund may not be distributed to the shareholders.

In 2016, the Group paid dividends amounted to CZK 4,706 million (in 2015: dividends of CZK 0 million) (refer to Note 27). The dividend per share paid out in 2016 amounted to CZK 9,051.

18 ADDITIONAL INFORMATION ABOUT FINANCIAL INSTRUMENTS

Financial assets and liabilities by category	Category per IAS 39	31. 12. 2016	31. 12. 2015
(CZK million)		Carrying amount	Carrying amount
Assets			
Cash and cash equivalents, of which:		4,232	3,567
Cash	Loans and receivables	732	717
Term deposits	Loans and receivables	3,500	2,850
Trade and other receivables**, of which		5,402	5,425
Trade and other receivables	Loans and receivables	5,394	5,417
Currency forward contracts with positive fair value	At fair value through profit or loss (for trading)	8	8
Short-term bank financing	Loans and receivables	93	58
Liabilities			
Current trade and other payables**, of which:		3,647	3,356
Trade payables	Financial liabilities at amortised cost	3,646	3,338
Currency forward contracts with negative fair value	At fair value through profit or loss (for trading)	1	18
Current other financial liabilities, of which:		201	184
Liabilities from finance lease	Financial liabilities at amortised cost	201	184
Non-current other financial liabilities, of which:		1,063	1,001
Deposits received	Financial liabilities at amortised cost	6	6
Finance lease liabilities	Financial liabilities at amortised cost	1,057	995

* Financial assets and liabilities are categorized according to risk rate and in the level of detail required by the Group for management purposes. ** Excluding non-financial assets/liabilities (refer to Notes 5 and 11)

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 the statement of financial position, when there is a legally enforceable right of offsetting recognized amounts and an 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 2016:

31.12.2016 CZK million	Gross amounts offsetting in the tatement of financial position	Gross amounts set off in the statement of financial position	Net amount after offsetting in the statement of financial position	Amounts subject to master netting and similar arrangements not set off n the statement of financial position	Net amount of exposure
Trade and other receivables	5,402	-	5,402	21	5,381
Trade payables	(3,646)	-	(3,646)	(21)	(3,625)

The following table presents trade receivables and trade payables which were subject to offsetting as at 31 December 2015:

31.12.2016 CZK million	Gross amounts offsetting in the tatement of financial position	Gross amounts set off in the statement of financial position	Net amount after offsetting in the statement of financial position	Amounts subject to master netting and similar arrangements not set off n the statement of financial position	Net amount of exposure
Trade and other receivables	5,455	-	5,455	89	5,366
Trade payables	(3,323)	-	(3,323)	(89)	(3,234)

19 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.

Tržby podle činností mil. Kč	2016	2015
Sales of goods	2,35	2,366
Sales of mobile telecommunication services	17,849	17,872
Sales of fix telecommunication services	5,214	5,453
Sales of IT services	1,274	1,385
Total revenue	26,472	27,076

20 OTHER OPERATING INCOME

CZK million	2016	2015
Gain from disposals of fixed assets	230	253
Release of provisions	25	13
Income from recharged services	708	529
Rent	58	70
Fines and penalties	4	14
Income from promotion	93	94
Other operating income	70	82
Total	1,188	1,055

21 COST OF GOODS, RAW MATERIALS AND TELECOMMUNICATION SERVICES

CZK million	2016	2015
Costs of goods and raw materials	2,196	2,441
Costs of telecommunication services	5,248	5,662
Maintenance of telecommunication network	573	539
Energy consumption – telecommunication network	478	451
Other	249	216
Total	8,744	9,309

22 EMPLOYEE BENEFITS

CZK million	2016	2015
Salary costs	2,346	2,407
Social security costs – obligatory and supplementary pension insurance	502	517
Social security costs - other	278	285
Board remuneration	3	3
Total	3,129	3,212
Average number of employees	3,286	3,442

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 2016, the total contribution provided was CZK 24 million (in 2015: CZK 26 million).

23 DEPRECIATION AND AMORTISATION

CZK million	2016	2015
Amortisation of licences	421	421
Amortisation of other intangible fixed assets	1,519	1,539
Depreciation of tangible fixed assets	2,873	2,823
Total	4,813	4,783

24 OTHER OPERATING EXPENSES

CZK million	2016	2015
Costs of external marketing services	664	604
Commissions to business partners	738	723
Net loss from impairment of receivables and receivables write off	238	149
Rental and operating leases	1,105	1,088
Expenses from cross charges of services shared in DTAG Group	375	336
Repair and maintenance (except telecommunication network)	644	713
Licence fees	370	370
Other operating expenses related to employees	183	162
Legal, consulting and auditing fees	190	113
Office supplies, postage, bank charges	30	192
Consumption of electricity, water and gas, cleaning, security	109	119
Other	197	174
Total	4,843	4,743

25 FINANCE INCOME AND COSTS

CZK million	2016	2015
Interest income	1	1
of which:		
- from loans and receivables	1	1
Foreign exchange gains	31	83
of which:		
- from financial assets and liabilities at fair value through profit or loss	7	21
Other finance income	54	49
Total finance income	86	133
Interest expenses	(68)	(101)
of which:		
- from financial liabilities at amortised costs	(68)	(101)
Foreign exchange losses	(31)	(97)
of which:		
- from financial assets and liabilities at fair value through profit or loss	(3)	(35)
Other finance costs	(11)	(13)
Total finance costs	(110)	(211)
Net finance expense	(24)	(78)

26 INCOME TAX

The income tax expense consists of the following:

CZK million	2016	2015
Current income tax	(1,068)	(1,062)
Deferred income tax (refer to Note 15)	(220)	(155)
Income tax expense	(1,288)	(1,217)

The charge for the year was calculated as follows:

CZK million	2016	2015
Profit before tax	6,107	6,006
Tax by applying the statutory tax rate*	(1,160)	(1,141)
Impact of:		
Non-tax deductible expenses	(82)	(84)
Non-taxable revenues	40	51
Additional decrease/(increase) of tax related to prior periods	(32)	16
Other	(54)	(59)
Income tax expense	(1,288)	(1,217)

* Income tax rate of 19% was applied in 2016 and 2015 respectively, based on the effective Income Tax Act.

27 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, executive managers and parties close to them. DTAG group represents all companies controlled by DTAG. The following transactions are related to the shareholders, subsidiaries and other related parties.

The Group is controlled by the entities as described in Note 1.

TRANSACTIONS WITH SHAREHOLDERS (DIRECT, INDIRECT AND ULTIMATE PARENT COMPANIES):

CZK million	2016	2015
Roaming, interconnection and related purchased services	173	202
Other purchased goods and services	87	44
Interest expense on loans provided to the Group	-	29
Repayment of loans provided to the Group*	-	2,042
Expenses from re-invoicing of services	184	207
Purchases of foreign currency at market value**	1.335	8,465
Acquisition of subsidiaries (See Note 10)	-	5,632
Total purchases	1,779	16,621
Roaming, interconnection and related sold services	250	321
Income from re-invoicing of services and using common platforms	228	185
Total sales	478	506

* The loan has been prematurely repaid to DTAG. The interest rate was set at the same level as was originally contracted with external bank.

** The purchases of foreign currencies comprise mainly forwards and swaps. The price is set at the best level of all market offers.

Outstanding balances arising from sales/purchases of goods and services from shareholders:

CZK million	31.12.2016	31.12.2015
Receivables from roaming, interconnection and related sold services	304	586
Receivables from derivatives (fair value)	3	4
Total receivables	307	590
Payables from roaming, interconnection and related purchased services	540	432
Liabilities from derivatives (fair value)	1	13
Total payables	541	445

In 2016 and 2015 the Group did not have any transaction related to its parent company Deutsche Telekom Europe B.V. (former CMobil B.V.).

TRANSACTIONS WITH OTHER RELATED PARTIES WITHIN THE DTAG GROUP:

CZK million	2016	2015
Roaming, interconnection and related purchased services	344	328
Other purchased goods and services	160	198
Expenses from re-invoicing of services	189	129
Total purchases	693	655
Roaming, interconnection and related sold services	458	442
Income from re-invoicing of services and using common platforms	379	248
IT services and related services	1	1
Other income	4	-
Total sales	842	691

Outstanding balances arising from sales/purchases of goods and services from other related parties within the DTAG group:

CZK million	31.12.2016	31.12.2015
Receivables from roaming, interconnection and related sold services	31	22
Receivables and prepayments from other services and discounts	240	158
Total receivables	271	180
Payables from roaming, interconnection and related purchased services	62	86
Payables from other services and discounts	179	113
Total payables	241	199

Short-term employee benefits

	2016		2015	
CZK million	Average number of employees	Amount	Average number of employees	Amount
Executive management	33	156	40	171
Board of Directors	4	3	4	3
Supervisory Board	4	-	4	-
Total	41	159	48	174

Executive management includes executive directors and other directors of the Group.

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 to pension insurance amounted in 2016 to CZK 26 million (in 2015: CZK 29 million).

Contributions for management to supplementary pension fund amounted in 2016 to CZK 2 million (in 2015: CZK 1 million).

Post-employment and termination benefits provided to management members:

CZK million	2016	2015
Motivation bonus scheme paid*	2	-
Severance pay	5	2

* The Group provides post-employment benefits in the form of a motivation bonus scheme to members of its management. Subject to certain conditions being met, the eligible persons are entitled to receive a pay-out bonus derived from their salary level.

Remuneration of executive management

The Group offers several long-term incentive plans to its executive management members with a new package being launched each year and with each tranche lasting for 4 years. A total provision of CZK million has been recognised:

Incentive plan	Type of settlement	31.12.2016	31.12.2015
Variable II	Cash-settled	29	48
LTI (Long-Term Incentive Plan)	Cash-settled	15	9
SMP (Share Matching Plan)	Equity-settled	2	0,5

Dividends

Based on the resolution of the sole shareholder from 2 May 2016, the Group distributed the profit to the sole shareholder as a dividend in the aggregate amount of CZK 4,706 million.

Based on the resolution of the sole shareholder from 26 May 2015, the Group retained the whole profit and distributed no dividend in 2015.

28 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.

29 COMMITMENTS

The Group's future capital commitments to major technology and services suppliers from concluded agreements as at 31 December 2016 and 31 December 2015 are as follows:

CZK million	31.12.2016	31.12.2015
Up to 1 year	1,770	2,331
1 – 3 years	349	403
3 – 5 years	113	122
Over 5 years	232	281
Total	2,464	3,137

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	31.12.2016	31.12.2015
Up to 1 year	816	762
1 – 3 years	680	667
3 – 5 years	544	532
Over 5 years	496	751
Total	2,536	2,712

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

30 SUBSEQUENT EVENTS

There are no significant subsequent events as of the date of approval of these financial statements.

31 APPROVAL OF THE FINANCIAL STATEMENTS

These financial statements have been approved by the Board of Directors of the Group for issuance on 22 March 2017. These financial statements can be amended on request and approval of the Annual Shareholders Meeting.

Ilias Drakopoulos Chairman of the Board of Directors

Robert Hauber Vice-chairman of the Board of Directors



Independent auditor's report

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

Opinion

We have audited:

- The accompanying consolidated financial statements of T-Mobile Czech Republic a.s., with its registered
 office at Tomíčkova 2144/1, Praha 4 ("the Company") and its subsidiary (together "the Group") prepared
 in accordance with International Financial Reporting Standards as adopted by the European Union,
 which comprise the consolidated statement of financial position as at 31 December 2016 and the consolidated
 statements of comprehensive income, changes in equity and cash flows for the year then ended and notes
 to the consolidated financial statements, which include significant accounting policies and other explanatory
 information.
- The accompanying separate financial statements of the Company prepared in accordance with International Financial Reporting Standards as adopted by the European Union, which comprise the statement of financial position as at 31 December 2016 and the statements of comprehensive income, changes in equity and cash flows for the year then ended and notes to the separate financial statements, which include significant accounting policies and other explanatory information.

In our opinion:

- The accompanying consolidated financial statements give a true and fair view of the consolidated financial
 position of the Group as at 31 December 2016, of its consolidated financial performance and its cash flows
 for the year then ended in accordance with International Financial Reporting Standards as adopted
 by the European Union.
- The accompanying separate financial statements give a true and fair view of the financial position
 of the Company standing alone as at 31 December 2016, of its financial performance and its cash flows
 for the year then ended in accordance with International Financial Reporting Standards as adopted
 by the European Union.

The consolidated and separate financial statements are further referred to together as financial statements.

Basis for Opinion

We conducted our audit in accordance with the Act on Auditors and Standards on Auditing of the Chamber of Auditors of the Czech Republic. These standards consist of International Standards on Auditing (ISAs) which may be supplemented and modified by related application guidance. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the Act on Auditors and Code of Ethics for Professional Accountants issued by the International Ethics Standards Board for Accountants (IESBA) and accepted by the Chamber of Auditors of the Czech Republic, and we have fulfilled our other ethical responsibilities in accordance with these regulations. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other Information

In compliance with Section 2(b) of the Act on Auditors, the other information comprises the information included in the Annual Report other than the financial statements and auditor's report thereon. The Board of Directors is responsible for the other information.

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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 Evidence No 021.



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

Our opinion on the financial statements does not cover the other information. In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge about the Group and the Company obtained in the audit or otherwise appears to be materially misstated. In addition, we assess whether the other information has been prepared, in all material respects, in accordance with applicable law and regulation, in particular, whether the other information complies with law and regulation in terms of formal requirements and procedure for preparing the other information in the context of materiality, i.e. whether any non-compliance with these requirements could influence judgments made on the basis of the other information.

Based on the procedures performed, to the extent we are able to assess it, we report that:

- The other information describing the facts that are also presented in the financial statements is, in all material
 respects, consistent with the financial statements; and
- The other information is prepared in compliance with applicable law and regulation.

In addition, our responsibility is to report, based on the knowledge and understanding of the Group and the Company obtained in the audit, on whether the other information contains any material misstatement of fact. Based on the procedures we have performed on the other information obtained, we have not identified any material misstatement of fact.

Responsibilities of the Board of Directors and Supervisory Board for the Financial Statements

The Board of Directors is responsible for the preparation and fair presentation of the financial statements in accordance with Financial Reporting Standards as adopted by the European Union and for such internal control as the Board of Directors determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Board of Directors is responsible for assessing the Group and the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Board of Directors either intends to liquidate the Group or the Company or to cease operations, or has no realistic alternative but to do so.

The Supervisory Board is responsible for overseeing the financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the above stated requirements will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with the above stated requirements, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud
 or error, design and perform audit procedures responsive to those risks, and obtain audit evidence
 that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material
 misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion,
 forgery, intentional omissions, misrepresentations, or the override of internal controls.
- Obtain an understanding of internal controls relevant to the audit 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 and the Company's internal controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Board of Directors.



Shareholder of T-Mobile Czech Republic Independent auditor's report

- Conclude on the appropriateness of the Board of Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group and the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group or the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the notes, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities
 or business activities within the Group to express an opinion on the consolidated financial statements.
 We are responsible for the direction, supervision and performance of the Group audit. We remain solely
 responsible for our audit opinion.

We communicate with the Board of Directors, Supervisory Board and Audit Committee regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

22 March 20 behave lugg Hidther

PricewaterhouseCoopers Audit, s.r.o. represented by

Tomáš Bašta

Tomas Bas Partner

Petra Bočáková Statutory Auditor, Evidence No. 2253

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