

# 05

Financial part



# Interim condensed consolidated financial statements

for the six months ended 30 June 2011 prepared  
in accordance with International accounting standard 34

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## General information

Telefónica Czech Republic, a.s. Group (the "Group") consists of Telefónica Czech Republic, a.s. (the "Company") and its subsidiaries: Telefónica Slovakia, s.r.o., Telefónica O2 Business Solutions, spol. s r.o., CZECH TELECOM Germany GmbH and CZECH TELECOM Austria GmbH.

The Company has a form of a joint stock company and is incorporated and domiciled in the Czech Republic. The address of its registered office is Za Brumlovkou 266/2, Prague 4, 140 22, Czech Republic.

The Group is a member of the Telefónica Group of companies (the "Telefónica Group") with a parent company, Telefónica, S.A. (the "Telefónica").

The Company is the principal supplier of fixed line telecommunication services and is one of the four suppliers of mobile telephone services in the Czech Republic.

The Company's shares are traded on the Prague Stock Exchange.

The Company and T-Mobile Czech Republic a.s. signed an agreement on sharing the 3G network. The agreement concerns currently unserved areas with lower population density and will bring high-speed mobile data to more locations. The joint project will accelerate construction of the network and significantly expand the 3G coverage of both operators.

The Company's name has been changed from Telefónica O2 Czech Republic, a.s. to Telefónica Czech Republic, a.s. and the change was incorporated in Commercial Register on 16 May 2011.

On 10 May 2011 the name of the company Telefónica O2 Slovakia, s.r.o. has been changed to Telefónica Slovakia, s.r.o. and the change was incorporated in Commercial Register of the Slovak Republic.

These condensed consolidated financial statements were not audited.

## Interim consolidated statement of comprehensive income

## For the six months ended 30 June 2011

In CZK million	Notes	For the six months ended 30 June 2011	For the six months ended 30 June 2010
Revenue	0	25,974	27,908
Gains from sale of non-current assets	4, 5	28	(3)
Internal expenses capitalized in fixed assets		317	310
Operating expenses		(16,039)	(16,993)
Impairment loss		(5)	(13)
Depreciation and amortisation		(5,792)	(5,733)
Operating profit	0	4,483	5,476
Interest income		52	34
Interest expense		(111)	(132)
Other finance expense (net)		23	(23)
Profit before income tax	0	4,447	5,355
Taxes on income	1, 2	(836)	(1,001)
<b>Profit for the year</b>	<b>1</b>	<b>3,611</b>	<b>4,354</b>
<b>Other comprehensive income</b>			
Translation differences		(46)	(59)
Other comprehensive income, net of tax		(46)	(59)
<b>Total comprehensive income, net of tax</b>		<b>3,565</b>	<b>4,295</b>
Profit attributable to:			
Equity holders of the Company		3,611	4,354
Total comprehensive income attributable to:			
Equity holders of the Company		3,565	4,295
Earnings per share (CZK) – basic*		11	14

\* There is no dilution of earnings as no convertible instruments have been issued by the Company.

## Interim consolidated statement of financial position

As at 30 June 2011

In CZK million	Notes	30 June 2011	31 December 2010
<b>ASSETS</b>			
Property, plant and equipment		53,901	56,651
Intangible assets		20,893	21,437
Investment in associate	12	22	22
Other financial assets		172	175
<b>Non-current assets</b>		<b>74,988</b>	<b>78,285</b>
Inventories		592	606
Receivables and prepayments		7,938	8,638
Income tax receivable		896	453
Cash and cash equivalents	6	10,820	4,798
<b>Current assets</b>		<b>20,246</b>	<b>14,495</b>
<b>Non-current assets classified as held for sale</b>		<b>4</b>	<b>12</b>
<b>Total assets</b>		<b>95,238</b>	<b>92,792</b>
<b>EQUITY AND LIABILITIES</b>			
Ordinary shares		32,209	32,209
Share premium		24,374	24,374
Retained earnings, funds and reserves		7,297	16,593
<b>Total equity</b>		<b>63,880</b>	<b>73,176</b>
Long-term financial debts		2,801	2,883
Deferred taxes		3,615	3,936
Non-current provisions for liabilities and charges		64	52
Non-current other liabilities		86	25
<b>Non-current liabilities</b>		<b>6,566</b>	<b>6,896</b>
Short-term financial debts		310	141
Trade and other payables		24,268	12,408
Provisions for liabilities and charges		214	171
<b>Current liabilities</b>		<b>24,792</b>	<b>12,720</b>
<b>Total liabilities</b>		<b>31,358</b>	<b>19,616</b>
<b>Total equity and liabilities</b>		<b>95,238</b>	<b>92,792</b>

## Interim consolidated statement of changes in shareholders' equity

## For the six months ended 30 June 2011

In CZK million	Notes	Share capital	Share premium	Foreign exchange translation reserve	Equity settled share based payments reserve	Funds	Retained earnings	Total
<b>At 1 January 2010</b>		<b>32,209</b>	<b>24,374</b>	<b>(55)</b>	<b>38</b>	<b>6,452</b>	<b>10,861</b>	<b>73,879</b>
Currency translation differences – amount arising in period		-	-	(59)	-	-	-	(59)
Net profit	1	-	-	-	-	-	4,354	4,354
<b>Total comprehensive income</b>		<b>-</b>	<b>-</b>	<b>(59)</b>	<b>-</b>	<b>-</b>	<b>4,354</b>	<b>4,295</b>
Capital contribution		-	-	-	14	-	-	14
Dividends declared in 2010	3	-	-	-	-	-	(12,884)	(12,884)
<b>At 30 June 2010</b>		<b>32,209</b>	<b>24,374</b>	<b>(114)</b>	<b>52</b>	<b>6,452</b>	<b>2,331</b>	<b>65,304</b>
<b>At 1 January 2011</b>		<b>32,209</b>	<b>24,374</b>	<b>(162)</b>	<b>38</b>	<b>6,452</b>	<b>10,265</b>	<b>73,176</b>
Currency translation differences – amount arising in period		-	-	(46)	-	-	-	(46)
Net profit	1	-	-	-	-	-	3,611	3,611
<b>Total comprehensive income</b>		<b>-</b>	<b>-</b>	<b>(46)</b>	<b>-</b>	<b>-</b>	<b>3,611</b>	<b>3,565</b>
Capital contribution		-	-	-	23	-	-	23
Dividends declared in 2011	3	-	-	-	-	-	(12,884)	(12,884)
<b>At 30 June 2011</b>		<b>32,209</b>	<b>24,374</b>	<b>(208)</b>	<b>61</b>	<b>6,452</b>	<b>992</b>	<b>63,880</b>

## Interim consolidated statement of Cash flow

For the six months ended 30 June 2011

In CZK million	Notes	For the six months ended 30 June 2011	For the six months ended 30 June 2010
<b>Cash from operating activities</b>			
Cash received from operations		28,192	29,476
Cash paid to suppliers and employees		(17,184)	(17,994)
Dividends received		5	3
Net interest and other financial expenses paid		(14)	(20)
Taxes paid		(1,599)	(1,466)
<b>Net cash from operating activities</b>		<b>9,400</b>	<b>9,999</b>
<b>Cash flow from investing activities</b>			
Proceeds on disposals of property, plant and equipment and intangible assets		42	49
Payments on investments in property, plant and equipment and intangible assets		(3,443)	(2,980)
<b>Net cash used in investing activities</b>		<b>(3,400)</b>	<b>(2,931)</b>
<b>Cash flow from financing activities</b>			
Dividends paid		21	34
<b>Net cash used in financing activities</b>		<b>21</b>	<b>34</b>
<b>Effect of foreign exchange rate changes on collections and payments</b>		<b>2</b>	<b>2</b>
<b>Net increase / (decrease) in cash and cash equivalents during the period</b>		<b>6,022</b>	<b>7,104</b>
<b>Cash and cash equivalents at the beginning of the period</b>		<b>4,798</b>	<b>1,269</b>
<b>Cash and cash equivalents at the end of the period</b>	<b>6</b>	<b>10,820</b>	<b>8,373</b>
<b>Balance at the beginning of the period</b>		<b>4,798</b>	<b>1,269</b>
Cash on hand and at banks		4,774	1,251
Other cash equivalents		24	18
<b>Balance at the end of the period</b>		<b>10,820</b>	<b>8,373</b>
Cash on hand and at banks		10,799	8,348
Other cash equivalents		21	25

## Accounting policies

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## A. Basis of preparation

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

The consolidated financial statements were prepared in accordance with International Accounting Standard IAS 34 Interim Financial Reporting ("IAS 34").

The interim condensed consolidated financial statements do not include all the information and disclosures required in the annual financial statements, and should be read in conjunction with the Group's annual consolidated financial statements as at 31 December 2010.

The amounts shown in these consolidated financial statements are presented in millions Czech Crowns ("CZK"), if not stated otherwise.

## B. Significant accounting policies

The accounting policies adopted in the preparation of the interim condensed consolidated financial statements are consistent with those followed in the preparation of the consolidated annual financial statements for the year ended 31 December 2010.

## C. Change in accounting policy

No significant changes in accounting policies were applied in the interim period of 2011 and 2010.

## D. Seasonality of operations

There is no seasonal nature either in fixed line segment or mobile telecommunication segment. Telecommunication business of the Group is not regarded as highly seasonal.

# Notes to the interim condensed consolidated financial statements

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## 1. Segment information

Business segments recognised by the Group are as follows:

- Fixed - network communications services using a fixed network and IS/ICT services provided by the Company and other consolidated subsidiaries,
- Mobile - mobile communications services provided by the Company and by Telefónica Slovakia, s.r.o.

<b>For the six months ended 30 June 2011</b>			
<b>In CZK million</b>	<b>Fixed</b>	<b>Mobile*</b>	<b>Group</b>
Revenues	11,533	14,786	26,319
Inter-segment sales	(158)	(187)	(345)
<b>Total consolidated revenues</b>	<b>11,375</b>	<b>14,599</b>	<b>25,974</b>
Operating profit	630	3,853	4,483
Interest and other financial costs (net)			(36)
Profit before tax			4,447
Tax			(836)
Profit after tax			3,611
Minority interest			-
<b>Net profit</b>			<b>3,611</b>
<b>As at 30 June 2011</b>			
Assets (excluding goodwill and non-current assets held for sale)	52,774	29,004	81,778
Goodwill	136	13,320	13,456
Non-current assets held for sale	4	-	4
<b>Total assets</b>	<b>52,914</b>	<b>42,324</b>	<b>95,238</b>

\* Standalone Revenues of Telefónica Slovakia, s.r.o. of CZK 1,780 million included.

<b>For the six months ended 30 June 2010</b>			
<b>In CZK million</b>	<b>Fixed</b>	<b>Mobile*</b>	<b>Group</b>
Revenues	12,587	15,727	28,314
Inter-segment sales	(171)	(235)	(406)
<b>Total consolidated revenues</b>	<b>12,416</b>	<b>15,492</b>	<b>27,908</b>
Operating profit	1,529	3,947	5,476
Interest and other financial costs (net)			(121)
Profit before tax			5,355
Tax			(1,001)
Profit after tax			4,354
Minority interest			-
<b>Net profit</b>			<b>4,354</b>
<b>As at 31 December 2010</b>			
Assets (excluding goodwill and non-current assets held for sale)	52,220	29,859	82,079
Goodwill	128	13,320	13,448
Non-current assets held for sale	161	-	161
<b>Total assets</b>	<b>52,509</b>	<b>43,179</b>	<b>95,688</b>

\* Standalone Revenues of Telefónica Slovakia, s.r.o. of CZK 1,256 million included.

Revenue of the Group is predominantly derived from domestic trading activities and as a result, segment reporting is only shown on the basis of business segments.

The inter-segment pricing rates applied in 2011 and 2010 were determined on the same basis as rates applicable for other mobile operators and are consistent with rates applied for pricing with other mobile operators.

## 2. Income tax

In CZK million	For the six months ended 30 June 2011	For the six months ended 30 June 2010
Total income tax expense is made up of:		
— Current income tax charge	1,157	1,275
— Deferred income tax credit	(321)	(274)
Taxes on income	836	1,001

Deferred income taxes are calculated using currently enacted tax rates expected to apply when the asset is realized or the liability settled. For 2011 and 2010 19% applied.

## 3. Dividends proposed

In CZK million	30 June 2011	30 June 2010
Dividends declared (including withholding tax)	12,884	12,884

Dividends include withholding tax on dividends paid by the Company to its shareholders. There has been no interim dividend paid in respect of 2011 and 2010. Approval of the 2010 profit and the decision regarding the amount of any dividend payment for this financial year took place at the Annual General Shareholders Meeting on 28 April 2011 (2010: 7 May 2010). Pursuant to the decision of the Annual General Shareholders Meeting the dividend for 2010 profit is expected to be paid out on 6 October 2011 in amount CZK 40 per share.

## 4. Property plant and equipment

### Acquisitions and disposals

During the six months ended 30 June 2011, the Group acquired assets with a cost of CZK 1,919 million (as at 30 June 2010: CZK 1,799 million). Assets with a net book value of CZK 26 million were disposed of by Group during the six months ended 30 June 2011 (as at 30 June 2010: CZK 6 million).

The Group achieved a total gain from the sale of the above fixed assets (including assets held for sale) amounting to CZK 25 million (as at 30 June 2010: CZK 13 million) and total losses in amou

## 5. Intangible fixed assets

### Acquisitions and disposals

During the six months ended 30 June 2011, the Group acquired assets with a cost of CZK 635 million (as at 30 June 2010: CZK 580 million).

The Group achieved a total gain from the sale of the above intangible fixed assets amounting to CZK 3 million (as at 30 June 2010: CZK 0 million) during the six months ended 30 June 2011.

## 6. Cash and cash equivalents

In CZK million	30 June 2011	31 December 2010
Cash at current bank accounts	177	220
Cash at cash-pooling structures (inter-company) (Note 11)	10,643	4,578
Total cash and cash equivalents	10,820	4,798

As at 30 June 2011, the Group had available equivalent of CZK 4,204 million (as at 31 December 2010: CZK 4,240 million) of undrawn committed facilities.

As of 30 June 2011 and 31 December 2010 no cash and cash equivalents were pledged.

## 7. Inventories

As at 30 June 2011 the inventories are stated net of an allowance of CZK 67 million (as at 31 December 2010: CZK 61 million), reducing the value of the inventories to their net realisable value.

## 8. Restructuring costs

During the six months period ended 30 June 2011 restructuring costs of CZK 158 million (as at 30 June 2010: CZK 427 million) have been recognised for the redundancy payments.

## 9. Contingencies

The Company is a participant to several litigations ensuing from common business relations. The following has changed compared to the 2010 Annual Report:

### 1) AUGUSTUS spol. s r.o. – CZK 294 million sued

The proceeding regarding the petition filed by AUGUSTUS spol. s r.o. for CZK 294 million was finally terminated due to the failure to pay the court fee. The petition was based on the contract for issuing phone cards between the Company and AUGUSTUS spol. s r.o., which was terminated 13 years ago. The claims were unjustified.

## **2) The Office for Protection of Competition (OPC) – a penalty of CZK 81.7 million**

On 24 March 2011, the Regional Court in Brno revoked again the resolution of the Office for Protection of Competition, namely the statement from 2004 imposing a penalty in the amount of CZK 81.7 million for an alleged abuse of a dominant position. The OPC returned the amount in 2010, after the resolution was revoked for the first time. The administrative proceedings will have to take place again.

## **3) Vodafone Czech Republic a.s. – a litigation regarding an interconnection contract**

On 30 June 2011, Vodafone Czech Republic a.s. (formerly Český Mobil/Oskar Mobil) filed a petition with the Metropolitan Court in Prague against the Company for damages in the amount of CZK 538 million, including appurtenances, and for returning the unjustified enrichment in the amount of CZK 117 million, incl. appurtenances. According to the petition, the Company failed to transfer traffic in the network operated by the mobile operator in compliance with the respective mutual interconnection agreements. On 30 September 2009, the Metropolitan Court in Prague rejected the petition by judgement as unjustified. On 15 February 2011, The High Court confirmed the rejection to a full extent. The proceeding was thus finally terminated in favour of the Company. Vodafone Czech Republic a.s. filed a protest in June, however, only to the extent of CZK 26 million. With respect to the development to date, the Company believes that the protest is unjustified and that even the filing conditions have not been met.

## **4) The administrative proceedings in the matter of an alleged abuse of a dominant position on the Internet broadband connection market**

After the Regional Court in Brno ordered the Office for Protection of Competition (OPC) to refrain from executing the preliminary investigation proceeding from November 2008 until February 2011, the OPC commenced an administrative proceeding in March 2011, the subject matter of which is an alleged abuse of a dominant position on the Internet broadband connection market. The Company provided the OPC with a statement proving that it had no dominant position, therefore it could not have abused it. At the same time, it provided the OPC with other items of evidence demonstrating correctness of all procedures. The OPC continues to request other supporting data.

## **5) VOLNÝ, a.s. – a litigation for CZK 4 billion**

On 28 March 2011, VOLNÝ, a.s. filed a petition with the Metropolitan Court in Prague against the Company for an amount exceeding CZK 4 billion for an alleged abuse of a dominant position on the market of Internet broadband connection provided to households via ADSL. The amount is meant to represent the lost profit for years from 2004 until 2010. VOLNÝ, a.s. claims to have had 30% share on the dial-up Internet market in 2003 and thus implies in its petition that it should automatically have the same result on the broadband market, which it does not. Allegedly, it is due to the margin squeeze applied by the Company in the wholesale access to ADSL services. The Company replied to the petition in July 2011 by noting that both the claim and the calculations submitted by the plaintiff were unsubstantiated and by pointing at discrepancies in the petition claims.

The Company considers disclosing other information regarding the said litigations not advisable, as it might anticipate the Company's position in these cases.

The Company's management is convinced that all risks relating to the litigations have been duly reflected in the financial statements.

## 10. Commitments

### Operating leases

The aggregate future minimum lease payments under operating leases are as follows:

In CZK million	30 June 2011	31 December 2010
No later than 1 year	1,378	1,421
Later than 1 year and not later than 5 years	4,585	4,630
Later than 5 years	3,763	4,087
Total	9,726	10,138

### Capital and other commitments

In CZK million	30 June 2011	31 December 2010
Capital and other expenditure contracted but not provided for in the financial statements	5,022	4,699

The majority of contracted amounts relate to the telecommunications network and service contracts.

## 11. Related party transactions

The Group provides services to all related parties on normal commercial terms. Sales and purchase transactions with related parties are based on contractual agreements negotiated on normal commercial terms and conditions and at market prices. Outstanding balances of assets and liabilities are unsecured, interest free (excl. financial assets and liabilities used for financing) and the settlement occurs either in cash or by offsetting. The financial assets balances are tested for the impairment at the balance sheet date, and no allowance or write off was incurred.

The following transactions were carried out with related parties:

### I. Parent company:

Balance sheet In CZK million	30 June 2011	31 December 2010
a) Receivables	1	1
b) Payables (excl.dividend payable)	393	1,072

Comprehensive income In CZK million	For the six months ended 30 June 2011	For the six months ended 30 June 2010
a) Sales of services and goods	-	4
b) Purchases of services and goods	22	9

There was no dividend paid as at 30 June 2011 to Telefónica, S.A. The dividend payable to Telefónica, S.A. is in the amount of CZK 8,943 million (31 December 2010: 0 Kč).

For the six months ended 30 June 2011 the royalty fees to Telefónica, S.A. amounted to CZK 382 million (for the six months ended 30 June 2010: 423 CZK million).

**II. Other related parties – Telefónica Group:**

<b>Balance sheet</b> <b>In CZK million</b>	<b>30 June 2011</b>	<b>31 December 2010</b>
a) Receivables	422	445
b) Payables (excl.dividend payable)	1,806	1,536
c) Short-term receivables (interest)	8	3
d) Cash equivalents (Note 6)	10,643	4,578

<b>Comprehensive income</b> <b>In CZK million</b>	<b>For the six months</b> <b>ended 30 June 2011</b>	<b>For the six months</b> <b>ended 30 June 2010</b>
a) Sales of services and goods	361	398
b) Purchases of services and goods	563	335
c) Interest income	36	22

There was no capital purchases for the six months ended 30 June 2011 and 30 June 2010.

The list of the Telefónica companies with which the Company had any transaction in 2011 and 2010 includes the following entities: Telefónica S.A., Telefónica de España, S.A.U., Telefónica Germany GmbH& CO.OHG, Telefónica UK Ltd., Telefónica Ireland Ltd., Telefónica Móviles España, S.A.U., Telefónica Móviles Argentina, S.A., Pléyade Peninsular, O2 Holdings Ltd., Telefónica Deutschland GmbH, ALTAIR ASSURANCES S.A., Telefónica Móviles Guatemala, S.A., Telefónica Móviles El Salvador, S.A. de C.V., Telefónica Móviles Panamá, S.A., Telefónica Móviles Chile, S.A., Otecel, S.A., Telefónica Móviles Nicaragua, S.A., Telefónica Móviles Columbia, S.A., Telefónica Investigación y Desarrollo, S.A., Portugal Telecom, Telecom Italia S.p.A., Telfisa Global, BV, Telefónica International Wholesale Services, Telefónica International Wholesale Services II, S.L., S.A., Atento Chequia, Telefónica Compras Electrónica, S.L., Telefónica Móviles Mexico, S.A., Telefónica Móviles del Uruguay, S.A., Telefónica Móviles Peru, S.A., Telefónica Venezuela, S.A., China Unicom (Hong Kong) Limited, Telefónica Global Roaming GmbH, Vivo, S.A., Telefónica Europe People Services Limited, Jajah Ltd., O2 Communication, Hansenet Telekommunikation GmbH, MOPET CZ a.s., TELEFÓNICA FACTORING E.F.C., S.A.

Liabilities to TELEFÓNICA FACTORING E.F.C., S.A. represent due balances arising from the assigned receivables by the suppliers using Group factoring.

## a) Key management compensation

Members of the Board of Directors and of the Supervisory Board of the Telefónica Czech Republic, a.s. were provided with benefits as follows:

<b>In CZK million</b>	<b>For the six months</b> <b>ended 30 June 2011</b>	<b>For the six months</b> <b>ended 30 June 2010</b>
Salaries and other short-term benefits	55	57
Personal indemnification insurance	3	3
<b>Total</b>	<b>58</b>	<b>60</b>

## b) Loans to related parties

There were no loans provided to members of Board of Directors and Supervisory Board in 2010 and 2011.

There were no loans was provided to related parties by the Group.

## 12. Principal subsidiary undertakings and associates

		Group's interest	Cost of investment in CZK million	Country of incorporation	Activity	Method of consolidation
<b>Subsidiaries</b>						
1.	Telefónica O2 Business Solutions, spol. s r.o.	100 %	237	Czech Republic	Network and consultancy services in telecommunications, IT/ICT services	Full consolidation
2.	CZECH TELECOM Germany GmbH	100 %	10	Germany	Data transmission services	Full consolidation
3.	CZECH TELECOM Austria GmbH	100 %	11	Austria	Data transmission services	Full consolidation
4.	Telefónica Slovakia, s.r.o.	100 %	6,116	Slovakia	Mobile telephony, internet and data transmission services	Full consolidation
<b>Associates</b>						
5.	První certifikační autorita, a.s.	23 %	9	Czech Republic	Rendering of certification services	Not consolidated
6.	AUGUSTUS, spol. s r.o.	40 %	–	Czech Republic	Sales by auctions and advisory services	Not consolidated
7.	MOPET CZ a.s.	14 %	13	Czech Republic	Real time payment services via mobile phones	Not consolidated

## 13. Events after the statement of financial position date

### WiFi acquisitions and demerger project

As of the date of preparation of this Interim condensed consolidated financial statements Telefónica O2 Business Solutions, spol. s r.o. purchased a WiFi network infrastructure, customer base and related assets from seven local providers of Internet access on WiFi technology platform. These purchases were made through purchase of assets or part of enterprise and were reported in accordance with IFRS 3.

On 27 July 2011 the company of Telefónica Czech Republic, a.s. as the sole shareholder of Telefónica O2 Business Solutions, spol. s r.o. (hereinafter the "demerged company") approved a demerger spin-off project. Based on the project a part of enterprise is to be spun-off into a newly founded subsidiary Internethome, s.r.o. The effective date of the transaction is 1 January 2011. The main activity of the part of enterprise being spun-off was providing O2 Info content for Telefónica Czech Republic, a.s. transmitted on television channel O2 TV. The spin-off into the newly flunder subsidiary Internethome, s.r.o. will be legally effective following completion of all statutory requirements once it is registered in the Commercial Register.

From the accounting point of view the activities of the demerged company associated with the acquisition of the WiFi network infrastructure and related assets from local providers of the Internet access on WiFi technology platform made through purchase of assets or part of enterprise will be treated as transactions carried out on account of the new subsidiary. The main activity of the new subsidiary is to provide Internet access on WiFi platform.

The demerged company will continue with its core business of providing services of the information and communication technologies.