



**CONSOLIDATED ANNUAL REPORT 2015**  
**Česká telekomunikační infrastruktura a.s.**

**N.B.**

Česká telekomunikační infrastruktura a.s. is also hereinafter referred to as “CETIN” or the “Company”.

Česká telekomunikační infrastruktura a.s. and its subsidiaries make up Česká telekomunikační infrastruktura – hereinafter referred to as the “CETIN Group”.

## Contents

Introduction by the Chairman of the Board of Directors  
Company profile  
Company bodies and executive management  
The organisational structure of the company  
Report of the Board of Directors on business operations  
The telecommunications market in the Czech Republic  
Risk management  
Social responsibility  
Research and development  
Environmental protection  
Human Resources  
Material subsequent events

## Annexes

Report on related party transactions  
Consolidated financial statements and report of the independent auditor  
Standalone financial statements and report of the independent auditor

## Introduction by the Chairman of the Board of Directors

Ladies and gentlemen,

The Czech telecommunication market last year witnessed an extremely bold and innovative event. For the first time anywhere in the world, an integrated operator was voluntarily divided into a wholesale provider of telecommunication infrastructure services and an operator providing services to end customers. Česká telekomunikační infrastruktura a.s. was created by separation from O2 Czech Republic a.s. on 1 June 2015 and this Annual Report presents the results of its economic activity for the first year of its independent existence. It should be mentioned in this regard that Česká telekomunikační infrastruktura a.s. is no newcomer in the market – its infrastructure has been the backbone of Czech telecommunication services for several decades now and provides services to all.

By becoming independent, Česká telekomunikační infrastruktura a.s. is opening a new chapter for itself and for the Czech telecommunication market as a whole. Division was not the ultimate objective, but merely the beginning, allowing the company to start its journey towards the demanding objectives that it has set for itself. O2 Czech Republic a.s. will naturally remain our biggest business partner. The long-term mission of Česká telekomunikační infrastruktura a.s., however, is to become a recognised national supplier of telecommunication infrastructure to all important players on the telecommunication market. Internally, the company will focus on modernising the network in order to further strengthen its leading market position with the best and largest network in the country and on achieving operational efficiencies that will continue to be translated into favourable prices for the whole market. The company's ambition is to demonstrate to other telecommunications operators on the Czech market that using the services of its infrastructure is the best choice for them in terms of scope, quality and security.

Ing. Martin Vlček

Chairman of the Board of Directors



## Company profile

### Basic information about the company

Trade name:	Česká telekomunikační infrastruktura a.s.
Legal form:	joint stock company (akciová společnost)
Registered office of the company:	Olšanská 2681/6, Žižkov, 130 00 Praha 3
Company Registration Number:	04084063
Commercial Court:	Metropolitan Court in Prague, file B 20623
Date of foundation:	1 June 2015
Equity capital:	CZK 3,102,200,670

### The incorporation of the company:

Česká telekomunikační infrastruktura a.s. was created by separation from O2 Czech Republic a.s., and as a result it received part of the assets and liabilities of the original company as specified in the separation project prepared on 13 March 2015 by the original company. The Company was registered in the Commercial Register on 1 June 2015. The record date of division is 1 January 2015 and for this reason the Company is reporting its financial results for the entire calendar year 2015.

### Presentation of the company

CETIN manages and operates the largest telecommunication network covering the whole of the Czech Republic. It is an independent wholesale provider without ties to a specific retail operator. Its philosophy is based on the principle of open access to the network under fair and equal conditions for all operators.

CETIN is the owner and operator of the largest telecommunication network in the country. Covering 99.6 % of the population with a combination of GSM, UMTS, LTE and CDMA mobile technology, broadcasted by almost 6,000 base stations, using SDH, WDM, Ethernet and IP fixed technology. The CETIN network incorporates 20,000,000 km of metallic cable pairs, passing almost all households and businesses. The Company owns 38,000 km of optical cable throughout the Czech Republic and adds to this figure every day. The Company participates in the international market through its points of access in London, Vienna, Bratislava, Frankfurt and soon Hong Kong.

CETIN with its skilled employees and extensive infrastructure is the most efficient, most reliable and safest provider of wholesale services in the country. More than 1,200 employees work at CETIN to make sure that customers are able to deploy their networks fast and efficiently, and operate them and make them accessible throughout the Czech Republic. They handle major projects for the operators and telecommunication services providers to ensure the most efficient deployment of industry leading infrastructure.

## Company bodies and senior management

### Board of Directors

Ing. Martin Vlček	Chairman of the Board of Directors, since 1.6.2015
Ing. Petr Slovák	Vice-Chairman of the Board of Directors, since 1.6.2015
Michal Frankl	Member of the Board of Directors, since 1.6.2015

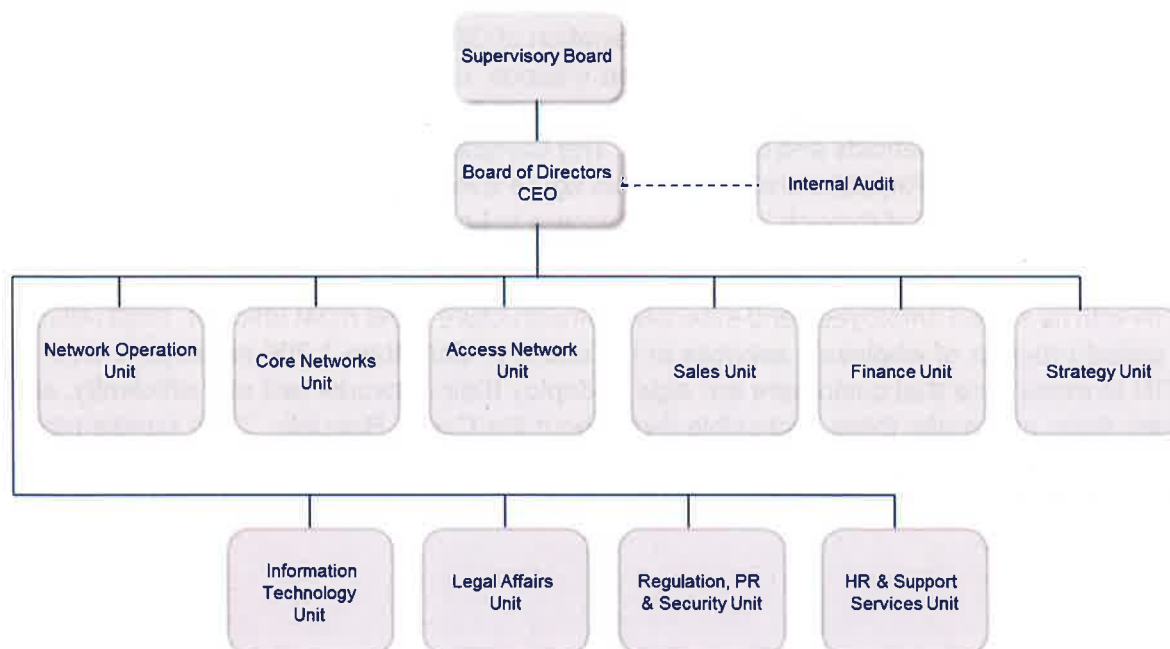
### Supervisory Board

Ing. Ladislav Chvátal	Chairman of the Supervisory Board, since 1.6.2015
Mgr. Lubomír Král	Vice-Chairman of the Supervisory Board, since 1.6.2015
Vladimír Mlynář	Member of the Supervisory Board, since 1.6.2015

### Executive management

Ing. Petr Slovák	Chief Executive Officer, since 1 June 2015
Ing. Jiří Kánský, CSc.	Director, Network Operation Unit, since 1 June 2015
Ing. Vladimír Filip	Director, Core Networks Unit, since 1 June 2015
Ing. Petr Gazda	Director, Access Network Unit, since 1 June 2015
Ing. Petr Možiš	Director, Sales Unit, since 9 November 2015
Ing. Filip Cába	Director, Finance Unit, since 1 June 2015
Colin James Shea	Director, Strategy Unit, since 1 June 2015
Ing. Jiří Nováček	Director, Information Technology Unit, since 1 June 2015
Mgr. Petr Prouza	Director, Legal Affairs Unit, since 1 June 2015
Mgr. Michal Frankl	Director, Regulation, PR and Security Unit, since 1 June 2015
Bc. Milena Synáčková	Director, HR and Support Services Unit, since 1 July 2015
Ing. František Čech, MBA	Manager, Internal Audit Unit, since 1 June 2015

## The organisational structure of the company



## Report of the Board of Directors on business operations

### The start of operations

Upon its incorporation the Company received part of the assets and liabilities of the original company, O2 Czech Republic a.s. The separated parte included all assets and all debts related to the Infrastructure and Wholesale Division. Therefore, the newly incorporated company, CETIN, primarily assumed the following:

- (i) the fixed public communication network, in particular transmission systems, connecting or routing equipment and other resources, including passive network elements, which allow the transmission of signals over lines, by radio, optical or other electromagnetic resources in the fixed network;
- (ii) the physical infrastructure of the mobile public communication network, with the exception of the core parts of this network;
- (iii) data centres;
- (iv) all associated documentation (the content of physical and electronic archives and databases, maps, schedules, building permits, contracts etc.) ;
- (v) contracts and the rights and obligations arising from them as required for the future independent activity of CETIN, in particular the rights and obligations arising from labour relations, trademarks, lease contracts, contracts on the location of equipment, contracts of relaying, contracts of purchase and wholesale contracts;
- (vi) the balances in the related bank accounts;
- (vii) real estates associated with the operation of the Infrastructure and Wholesale Division and related property rights and easements; and
- (viii) ownership interest in subsidiaries CZECH TELECOM Germany GmbH and CZECH TELECOM Austria GmbH.

A total of 1,174 employees who had been organisationally assigned to the Infrastructure and Wholesale Division at the original company, O2 Czech Republic a.s., transferred to the Company on 1 June 2015 as a result of the separation.

The Company thus upon its incorporation continued providing services which had hereunto been provided by the Infrastructure and Wholesale Division to the original company, O2 Czech Republic a.s., and to its other contractual partners without interruption, and neither the provision of these services nor commercial relations were substantially affected by the incorporation of the Company.

### The business operations of the Company

The CETIN Group comprises Česká telekomunikační infrastruktura a.s. and its subsidiaries CZECH TELECOM Germany GmbH and CZECH TELECOM Austria GmbH. The CETIN Group does not have a subdivision abroad. The majority of the services provided by the CETIN Group in 2015 were provided through communication networks and related assets within the Czech Republic. The main purpose of the subsidiaries is to allow the Company to operate points of presence abroad, providing international transit services to foreign operators.

The Company only provides wholesale telecommunication infrastructure services to other telecommunication operators. The Company does not provide services directly to end users.

The Company divides its business into two segments – the provision of national network services and international transit services. These two segments operate in different markets,

the services are provided using different assets and the business models, profitability and capital expenditures requirements are fundamentally different.

National network services primarily consist of mobile network services, mass fixed network services – access to the network, xDSL, IPTV and voice service, data services, data centres and other services. The main customers are providers of services in the Czech telecommunication market. The Company achieves very high profitability of these services and invests considerable amounts in the development of the infrastructure for these services.

International transit services primarily consist of the transmission of international voice traffic for international operators from all over the world. Considerable revenues with a very low margin are characteristic of this type of service, but the required operating and capital expenses are minimum.

The main source of revenue and profit for the Company in 2015 were three major contracts with O2 Czech Republic a.s. One is a contract on the provision of mobile network services, the second a contract on access to the public fixed telecommunication network and the third a contract on the provision of data centre services. The contracts represent the long-term commitment by O2 Czech Republic a.s. to use the services on the one hand and the commitment by the Company to the agreed service levels and their improvement on the other.

#### Products and services

Mobile network services – the Company is the main provider of mobile network services for O2 Czech Republic a.s. It also operates the mobile network for T-Mobile Czech Republic a.s. in half of the country through a shared network. The letting of space in transmission stations is a secondary source of income.

Mass fixed network services – the Company primarily offers to all operators in the Czech market under equal conditions services involving access to the fixed network for the absolute majority of housing units in the country, together with related voice services, xDSL broadband Internet access (broadband, FBB), IPTV paid television, local-loop unbundling (LLU) and colocation of technology.

Data services – the Company also provides operators with data services on leased lines for their corporate customers.

International transit services – the Company provides international operators from all over the world with the transmission of international traffic, primarily voice.

Other services – included here are dark fibres rentals, housing in data centres, national interconnection services, roaming support services, forced network transfers, duct hire and other related services.

#### Comments on the financial results

Comments on the consolidated financial results of the CETIN Group are provided in this section. A comparison with previous periods is not possible because the CETIN Group is reporting the results of the first year of its existence. Detailed information is provided in the Consolidated Financial Statements for the year ending 31 December 2015 in the further part of this Annual Report.



## Revenues, costs and profit

The total consolidated revenues of the CETIN Group in 2015 were CZK 20.6 billion. The total consolidated operating costs in 2015 were CZK 12.6 billion, while the costs of sales in the international transit segment accounted for the largest part. Other important costs were the property costs and network operating and maintenance costs. The CETIN Group spent a total of CZK 1.2 billion on personnel expenses.

The consolidated EBIT in 2015 was CZK 2.3 billion, whereas the predominant part of this profit comes from the national network segment. Post-tax profit of the CETIN Group for the year 2015 was CZK 1.8 billion.

## Tangible non-current assets

The Company obtained the land, buildings and equipment required for the operations of the Company with a net book value of CZK 54.0 billion upon its incorporation. This value was established by an expert report as the market value of these assets on 1 January 2015 in accordance with the statutory obligation<sup>[1]</sup> of the Company upon its incorporation and financial reporting under Czech accounting standards following previously reporting under international financial reporting standards (IFRS). Reduced by the depreciation and other adjustments during the year, the net value of land, buildings and equipment was CZK 51.1 billion as at 31 December 2015.

## Cash and debt

The Company received a syndicated loan of CZK 32.2 billion, divided into two tranches, from an international syndicate of banks in the course of 2015. The first amounted to CZK 10.2 billion, due in 3 years, and the second CZK 22 billion, due in 7 years. The Company pre-paid a total of CZK 3.4 billion from its own free cash flows in 2015 and thus reduced its debt level to CZK 28.9 billion.

The purpose of the syndicated loan was to provide a loan in the form of financial assistance of CZK 32.2 billion to the company PPF Arena 2 B.V., due in 7 years. Detailed information on both loans is provided in section 18 of Annex to the Consolidated Financial Statements, which is a part of this Report.

## Capital expenditure

The CETIN Group acquired assets with a value of CZK 2.8 billion in 2015. These investments were channelled mainly into the development of telecommunications infrastructure. The main investment projects were the continued deployment of the 4G/LTE mobile network and consolidation of the existing 2G/3G mobile networks in a shared network with T-Mobile Czech Republic a.s.

## Cash flows

The net operating cash flow of the CETIN Group in 2015 was CZK 7.8 billion. After changes of working capital, the net cash flow from operating activities before tax and interest was a total of CZK 7.0 billion. Cash flows used for investment activities was CZK 34.3 billion, whereas the main part was a loan of CZK 32.2 billion provided to PPF Arena 2 B.V. (the financial

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<sup>[1]</sup> According to Act No. 125/2008 Sb. on transformations of business corporations and cooperatives, Section 253, paragraph 2

assistance). Cash flows from financing activities consisted of a syndicated loan of CZK 32.2 billion, reduced by pre-payments in the course of the year to a final value of CZK 28.9 billion.

Overall, the net increase of cash during the year was CZK 0.6 billion. The significant cash flows from operating activities of the CETIN Group was thus invested in the development of the telecommunication structure and used to reduce the debt. No distribution of profit was made in the course of 2015, nor were any other performances or payments made to shareholders.

#### Treasury shares

In accordance with Act No. 125/2008 Sb. on transformations of business corporations and cooperatives, as amended (the "Transformations Act"), the Company made a public offer on 15 June 2015 of a contract to all owners of shares issued by the Company which were issued for shares in the company O2 Czech Republic a.s., Company Registration Number: 601 93 336, having its registered office at: Praha 4 – Michle, Za Brumlovkou 266/2, Postcode: 140 22, Czech Republic (the "Company being divided"), a vote on which was taken against the division of the Company being divided by separation and the incorporation of the Company in accordance with Section 309 in conjunction with Section 146 and subs. of the Transformations Act.

The public offer was accepted by three shareholders and the Company acquired a total of 1,600 own shares.

#### Outlook for 2016

The CETIN Group will continue to focus on further modernisation and development of the telecommunication infrastructure and on increasing the efficiency of its operations in 2016. In terms of commercial performance, the Company will be maintaining and improving the satisfaction of its existing customers with the services provided and at the same time will actively seek to win new customers in both commercial segments. The CETIN Group expects to further strengthen its leading position in the Czech telecommunication market through the best and largest networks, attractive products and services with attractive prices and neutrality towards all operators in the market. In the international transit segment, the CETIN Group will be expanding its points of presence abroad and seek to gain new business partners all over the world.

The CETIN Group expects that its main investments in 2016 will continue to be channeled into completion of the deployment of the 4G/LTE mobile network and consolidation of the 2G/3G networks in cooperation with T-Mobile Czech Republic a.s. The group will continue to invest substantial amounts in modernising the existing fixed networks, mainly by increasing the speed of connection by installing remote DSLAMs and reinforcing the backbone network in line with the expected increase in demands on capacity.

In terms of operations, the CETIN Group will continue to focus on increasing the efficiency of its operating model, increasing its flexibility in providing services to customers and increasing their level of satisfaction.

In terms of the financial results, the group expects revenue growth primarily in the international transit segment, compensating the continuing price erosion in the data services market and the declining demand for fixed voice services. The continuing growth of capital expenditures for the development and modernisation of critical telecommunication infrastructure in 2016 will however not have a significant effect on the Company's ability to generate stable free cash flows.

## The telecommunications market in the Czech Republic

Among the most significant changes in the telecommunications market in 2015 were the separation of O2 Czech Republic a.s. on 1 June 2015, consolidation of CETIN and T-Mobile Czech Republic a.s. mobile networks in a large part of the country and the continued deployment of LTE coverage across the country.

### The development of regulation and associated legislation

From the position of CETIN, the regulatory environment in the Czech electronic communications market in 2015 was primarily influenced by the development of legislation, by analyses of the relevant markets, by product regulation and by processes associated with the division of O2 Czech Republic a.s.

Regulation (EU) 2015/2120 of the European Parliament and of the Council was issued in November 2015 addressing the assurance of network neutrality and the provision of roaming services. The regulation mainly applies to retail services.

The review of the European regulatory framework for electronic communications has also been underway since September 2015.

### Division of regulatory obligations

Following the separation of O2 Czech Republic a.s., CETIN partly assumed regulatory obligations imposed following the analyses of the relevant markets conducted by the Czech Telecommunication Office ("CTU") during previous periods. This involves the obligation to provide access in the relevant markets of call origination and termination at a fixed location and markets of physical and broadband access to the infrastructure and the leased lines market under the terms and conditions set by the remedies decision.

### Analyses of the relevant markets and regulatory measures

In August 2015, the CTU issued new decisions on imposing obligations in the relevant markets involving physical access to infrastructure and broadband access and the leased lines market, thus concluding the third round of analyses of the relevant markets. The decisions newly imposed on CETIN the obligation to provide access to the optical infrastructure on an equivalence of inputs basis as of the first quarter of 2016. The prices of new types of access are not subject to direct price regulation by the CTU.

The CTU opened the fourth round of market analyses in September 2015.

### State policy and support in the area of high-speed Internet access

In 2015, the Ministry of Industry and Trade of the Czech Republic ("MIT") continued its preparation of a programme of subsidies for deploying high-speed networks in areas that currently have no high-speed access to the Internet. This is part of the Operational Programme Enterprise and Innovations for Competitiveness, financed by European Union structural funds.

The MIT is also preparing the transposition of Directive 2014/61/EU of the European Parliament and the Council of 15 May 2014 on measures to reduce the cost of deploying high-speed telecommunications networks.

## Membership of associations and societies

In 2015, CETIN became a member of prominent industrial associations and societies that support the development of the electronic communications market in the Czech Republic. The main organisations joined are the Information Technology and Telecommunication Association (ICTU), the Czech Telecommunications Association and the Chamber of Commerce of the Czech Republic.

## Risk management

Business activities of CETIN are exposed to market, operating and financial risks. Risks are identified by all units on an ongoing basis and evaluated by the Finance unit in terms of potential financial impacts and probability. Risks identified as significant and current are periodically monitored and company bodies regularly review these risks and assign tasks to risk owners to take pre-emptive measures to effectively limit the impacts or probability of these risks.

Among the main market risks are public regulation, market consolidation and price erosion. Operating risks are primarily failures of the network infrastructure, services and critical systems, natural disasters, cyberattacks and information leakage. Financial risks are mainly the receivables credit risk and the risk of currency exchange rates changes.

A specific part of risk management in the Company is security of information and information technology within the context of ISO/IEC 2700X standards and the Act on Cyber Security, including the implementing decrees. The Company is implementing a system of security management according to international ISO 2700X standard. Objectives supporting compliance with this legislation in 2015 focused mainly on the preparation of all-encompassing analysis of operational risks in the new and existing information technology, which will be carried out in 2016.

## Social responsibility

CETIN signed a contract of general partnership with the Prague Spring international music festival in 2015. Partnership will begin in 2016, the 71<sup>st</sup> year of the oldest, best-known and most extensive classical music festival in the Czech Republic. Prague Spring is traditionally one of the highlights of the cultural calendar in the Czech Republic and each year presents the very best of classical music. The Company's ambitions in the world of telecommunication technology are much the same – to connect the Czech Republic using a modern telecommunication infrastructure and offer the very best of modern technology.

## Research and development

The CETIN Group did not report any research and development activities in 2015.

## Environmental protection

CETIN is well aware of the importance of keeping the environment healthy and unharmed for present and future generations. These concerns are therefore incorporated into the Company

strategy and into everyday activities. The company implemented an environmental management system according to international ISO 14001 standard and certification was successfully completed in June 2015. Objectives limiting negative impacts on the environment in 2015 focused on reducing the consumption of electricity at central offices, fuel savings and replacing cooling media in air-conditioning units. Energy management certification process according to international ISO 50001 standard has been launched in 2015.

## Human Resources

The average workforce in the Company in 2015 was 1,215 full-time equivalents, while the actual number of persons employed at the end of 2015 was 1,268 persons. 94 positions, including insourcing of employees at Commercial Data Centre Operations, have been created since the creation of CETIN. Recruitment and selection of new employees was primarily focused on fulfilling the needs of deployment of fixed and mobile networks and IT operations. The Company will continue in this focus in the following years in line with its strategic objectives of network development.

The Company seeks to engage with students and graduates, succeeding last year with its Internship programme. University students gradually gain work experience through temporary contracts, while the best ones have been offered full-time positions after they completed their studies. Next year, CETIN would like to intensify its rapport with secondary schools through talks and internship for students, and to participate in job fairs, where mainly graduates in technical subjects seek employment.

In the area of human resource management and building a healthy company culture, the Company considers open communication between management and employees at all levels and in all regions to be absolutely key, the aim being to explain the objectives and values of CETIN and in doing so allow all employees to become involved in building a successful and efficient company.

## Material subsequent events

Shares of all minority shareholders of the Company were transferred to the main shareholder, PPF A4 B.V., with the passing of 11 January 2016 as a result of the decision of the general meeting of the Company held on 3 December 2015 (squeeze-out). The forced transfer of shares applied also to the treasury shares, which the Company acquired as a result of the acceptance of the public offer to purchase shares, made by the Company on 15 June 2015.

All other material events occurring after the date of the financial statements are referred to in section 28 of the Annex to the Consolidated Financial Statements, which is part of this report.

## Annexes

Report on related party transactions

Consolidated financial statements and report of the independent auditor

## Report on related party transactions between the controlling party and controlled company and on related party transactions between the controlled company and other companies controlled by the same controlling party for the accounting period of 2015

Česká telekomunikační infrastruktura a.s., with its registered office at Praha 3, Olšanská 2681/6, Postcode: 130 00, Company Registration Number: 040 84 063, registered in the Commercial Register maintained at the Metropolitan Court in Prague, file B 20623 (hereinafter referred to as the “**Company**” or “**CETIN**” or “**Česká telekomunikační infrastruktura**”, is obliged to prepare a report on related party transactions between the controlling party and the Company and on related party transactions between the Company and other companies controlled by the same controlling party according to Section 82 and subs. of Act No. 90/2012 Sb., on business corporations and cooperatives (Business Corporations Act), as amended (hereinafter referred as the “Business Corporations Act”) for the accounting period of 2015; this report is hereinafter referred to as the “Report on Related Party Transactions”.

The Company was incorporated on 1 June 2015 by separating from O2 Czech Republic a.s., with a registered office at Praha 4 – Michle, Za Brumlovkou 266/2, Postcode: 140 22, Company Registration Number: 601 93 336, registered in the Commercial Register maintained at the Metropolitan Court in Prague, file B 2322 (hereinafter referred to as “**O2 Czech Republic**”).

N.B. This Report relates to the accounting period of the Company from 1 January 2015 to 31 December 2015. The Company however, as previously stated, was incorporated on 1 June 2015. The accounting period commences on the record date of the separation (in this case 1 January 2015), in accordance with the relevant legal regulations, which establishes an accounting fiction. The Company could realistically have entered into legal relations to which this Report relates as of the date of its incorporation. Therefore, this Report does not contain any information about facts or situations which arose and continued before 1 June 2015 and which are not relevant to the Company after that date. For the avoidance of any doubt, however, we state that this Report does not conceal information about contracts with companies which are or were after 1 June 2015 the controlling party of the Company or with companies controlled by the same controlling party as the Company, even if such contracts were entered into prior to the specified date.

## Report on Related Party Transactions for the period from 1 June 2015 to 31 December 2015

### **Controlling party: Ing. Petr Kellner**

Date of birth: 20 May 1964

Place of residence: Vrané nad Vltavou, Březovská 509, District of Praha-západ, Postcode 252 45

Mr. Petr Kellner was the party having a stake giving him control of the Company as of its incorporation on 1 June 2015 (whereby Mr. Kellner controlled its legal predecessor, O2 Czech Republic, from 28 January 2014). From 1 June 2015 to the end of the accounting period, Mr. Petr Kellner indirectly controlled a stake of 84.7 % to 94.9 % in the voting rights of the Company. Mr. Petr Kellner held this indirect share in the voting rights of the Company through the companies PPF Arena 2 B.V., PPF A3 B.V., PPF A4 B.V. and Anthiarose Limited, which acted in concert in relation to the Company, and his individual share in the voting rights of the Company changed in the course of the relevant accounting period, whereby from 29 October 2015 to the end of the 2015 accounting period Mr. Petr Kellner controlled the Company through the company PPF A4 B.V. alone.

After closing the 2015 accounting period (with the passing of 11 January 2016) all shares of all other stakeholders in the Company were transferred to the main stakeholder, the company PPF A4 B.V., as a result of a resolution of the general meeting of the Company held on 3 December 2015. PPF A4 B.V. thus became the single stakeholder in the Company. As this situation occurred after the close of the 2015 accounting period, this situation is not considered any further on the pages of this Report on Related Party Transactions.

## 1. Structure of relations between the controlling party and the Company and between the Company and other companies controlled by the same controlling party

The companies PPF Arena 2 B.V., PPF A3 B.V., Anthiarose Limited and PPF A4 B.V., through which Mr. Petr Kellner was the controlling party of the Company during the relevant period, are part of the PPF Group.

According to the information provided by the company PPF, a.s., an overview was compiled of entities directly or indirectly controlled by the same controlling party - Mr. Petr Kellner – including other information about their structure. The overview is presented in Annex 1 to this Report on Related Party Transactions.

## 2. The function of the Company and the incorporation of the Company

### The role of the Company

The Company is a wholesale provider of infrastructure services in the segment of fixed and mobile communication networks to other telecommunications operators in the Czech Republic. Through its access points abroad, it also provides voice and data transit services to international operators.

### The incorporation of the Company and the separation from O2 Czech Republic

On 13 March 2015 the Board of directors of O2 Czech Republic approved the separation of O2 Czech Republic by spin-off with the incorporation of the Company. For this purpose the Company prepared and approved a separation project, including the related accounting documents. The separation of O2 Czech Republic was also approved by the Supervisory Board of O2 Czech Republic on the same date. The separation of O2 Czech Republic was approved by the general meeting of O2 Czech Republic on 28 April 2015. The record date of the separation was set to be 1 January 2015. The separation entered into legal effect and the Company was founded on the effective date of the entry of the separation in the Commercial Register on 1 June 2015.

A defined part of the assets and liabilities of O2 Czech Republic passed to the Company based on the above mentioned separation project. The separated part included all assets and all debts related to the Infrastructure and Wholesale Division. The Company therefore primarily assumed the following:

- (i) the fixed public communication network, in particular transmission systems, connecting or routing equipment and other resources, including passive network elements, which allow the transmission of signals over lines, by radio, optical or other electromagnetic resources in the fixed network;
- (ii) the physical infrastructure of the mobile public communication network, with the exception of the core parts of this network, data centres;



- (iii) all associated documentation (the content of physical and electronic archives and databases, maps, schedules, building permits, contracts etc.);
- (iv) the relevant contracts and the rights and obligations arising from these as required for the future independent activity of the Company.

A total of 1,174 employees who had been organisationally assigned to the Infrastructure and Wholesale Division at O2 Czech Republic transferred to the Company on 1 June 2015 as a result of the separation.

Ownership interest in subsidiaries CZECH TELECOM Germany GmbH and CZECH TELECOM Austria GmbH also passed to the Company as a result of the separation.

The Company and O2 Czech Republic have been operating as mutually independent companies since 1 June 2015. The bodies of both companies and the commercial and managerial leadership of both companies, including security, information and control systems, were entirely separated as of this date. Purely commercial relations exist between the Company, the PPF Group and its subsidiaries on the one hand and with O2 Czech Republic and its subsidiaries on the other, in which the Company mainly acts in the position of a supplier to O2 Czech Republic of telecommunication and other services. Therefore, there are no relations between the companies which could negate the purpose of the separation and the commercial and competitive independence arising from it.

Contracts were therefore entered into by and between the Company and O2 Czech Republic as of 1 June 2015 which regulated their mutual relations (an overview of these contracts is presented in section 5 of this Report).

### 3. Methods and means of control

Mr. Petr Kellner controlled the Company during the relevant period through holding the majority of shares of the Company and consequently a majority share in voting rights, through the companies PPF Arena 2 B.V., PPF A3 B.V., PPF A4 B.V. and Anthiarose Limited as already mentioned, whereby the only change in the course of 2015 accounting period were changes in the structure of the stakes held by these companies (see the introductory part of this Report on Related Party Transactions).

Exercising the majority share in voting rights is the fundamental means of controlling the Company. Other means used in the case of the Company are requests which PPF Arena 2 B.V. and PPF A4 B.V. made to the Board of Directors of the Company *ad hoc* as the qualified or main stakeholder using the procedure expressly anticipated by the law. During the 2015 accounting period these were the request of PPF A2 B.V. to convene the general meeting of the Company to discuss an the request for the provision of financial assistance to PPF A2 B.V. and the request of PPF A4 B.V. to convene the general meeting of the Company regarding the approval of the forced transfer of all shares of other stakeholders in the Company to PPF A4 B.V., as the main stakeholder.

### 4. Overview of negotiations pursuant to Section 82(2)(d) of the Business Corporations Act

During the 2015 accounting period, the Company did not take any action at the instigation of or in the interest of the controlling party or the companies which it controls concerning the Company's assets exceeding 10% of the Company's share capital, ascertained from the most recent financial statements.

The Company received, on 2 June 2015, a request from the main stakeholder, PPF Arena 2 B.V., for the provision of financial assistance in the form of a loan intended for the full repayment of an acquisition loan and for possible acquisition of other shares in the Company. The Company subsequently entered into negotiations relating to the assessment and approval of the financial assistance in the form of a loan from the Company with a principal up to CZK 32.2 billion, due within a maximum of 7 years. The negotiations primarily consisted of a feasibility study of the financial assistance, preparation of a report on financial assistance (of 12 June 2015, which was duly made available to stakeholders), engaging external advisors (as stated in the report on financial assistance) and the convening and organisation of the general meeting of the Company, which was held on 22 July 2015 and at which the provision of the financial assistance was approved. As a result of the decision of the general meeting regarding the approval of provision of the financial assistance, the Company entered into a Term Facilities Agreement up to CZK 32,200,000,000 with a syndicate of banks on 31 July 2015 and an Intra-Group Loan Agreement of up to CZK 32,200,000,000 (Financing Facility Agreement) with PPF Arena 2 B.V. on 31 July 2015 and received from the said syndicate a loan of CZK 32.2 billion and further provided PPF Arena 2 B.V. with a loan of CZK 32.2 billion, with a repayment period of 7 years. Expenses of a total of CZK 24.5 million and EUR 675 thousand arose for the Company in the 2015 accounting period in connection with the preparation of approval and provision of the financial assistance. These expenses were paid to the Company by the PPF Group. The Company therefore did not incur any loss in this regard, since the Company did not bear the expenses specified above. The Company also paid to the syndicate of banks an Arrangement fee of CZK 67,750,000 related to the loan received. The Company is reimbursed on the Arrangement Fee on an ongoing basis through the "additional margin", which further creates additional profit for the Company.

## 5. Overview of mutual contracts

The following contracts existed or were entered into between the Company and the controlling party or companies controlled by the same controlling party within the 2015 accounting period:

- Service Level Agreement, *contracting party*: PPF a.s., *description of performance*: the subject-matter of the contract is the provision of support, in particular in the management of the company and in the area of internal audit.
- Contract on Services involving the Operation of Information Technology, *contracting party*: PPF IT Services s.r.o.,<sup>1</sup> *description of performance*: the Company purchases services consisting of the provision of IT operations, IT infrastructure support and application support.
- Lease Contract, *contracting party*: PPF IT Services s.r.o.,<sup>1</sup> *description of performance*: the letting or sub-letting of space from the Company to be used for undertaking business.
- Non-disclosure Agreement on the Protection of Confidential Information, *contracting party*: PPF IT Services s.r.o.,<sup>1</sup> *description of performance*: the rules of protecting and not disclosing certain information in connection with commercial dealings between the contracting parties.
- Contract on the Provision of Support Services, *contracting party*: PPF IT Services s.r.o.,<sup>1</sup> *description of performance*: the provision of certain support services to PPF IT Services s.r.o.
- Data Processing Contract, *contracting party*: PPF IT Services s.r.o.,<sup>1</sup> *description of performance*: the terms and conditions of processing personal and other data between the contracting parties according to the Personal Data Protection Act.

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<sup>1</sup> On 29 May 2015, a 100 % stake in the company PPF IT Services s.r.o. was transferred from PPF a.s. to O2 Czech Republic. The company was subsequently renamed O2 IT Services s.r.o.

- Master Contract on Payment and Banking Services, *contracting party*: PPF banka a.s., *description of performance*: the subject matter of the contract is the establishment of a credit limit for the Company and the opening of accounts in CZK, EUR and USD.
- Master Contract on the Provision of the Services of an Event Agency, *contracting party*: Public Picture & Marketing a.s., *description of performance*: the contracting party provides the Company with services consisting of the preparation and management of events, advertising services for various target groups to varying extents according to the requirements and orders of the Company, Below-the-Line services, programmes for building loyalty among involved parties, the organisation of conferences, training sessions and talks, the organisation of one-off events.
- Master Contract on the Provision or Mediation of Travel Desk Services, *contracting party*: Public Picture & Marketing a.s., *description of performance*: the contracting party provides the Company with a set of services consisting of booking flight tickets, accommodation, travel tickets, obtaining visas, car hire bookings, reporting.
- Contracts on the Processing of Personal Data Relating to the Travel Desk Contract; *contracting party*: Public Picture & Marketing a.s., *description of performance*: the processing of personal data – one has CETIN in the position of administrator and one in the position of processor.
- Agreement on the Payment of Expenses; *contracting party*: PPF Group N.V., *description of performance*: the undertaking of the contracting party to pay the Company the expenses which the Company pays in connection with the preparation of approval of financial assistance for PPF Arena 2 B.V. or with the syndicated loan.
- Intra-Group Loan Agreement of up to CZK 32,200,000,000 (Financing Facility Agreement), *contracting party*: PPF Arena 2 B.V., *description of performance*: the terms and conditions of the provision of a loan of CZK 32.2 billion, due within a maximum of 7 years, by the Company to PPF Arena 2 B.V.
- Mobile Network Services Agreement; *contracting party*: O2 Czech Republic, *description of performance*: a contract on mobile network services which ensures access for O2 Czech Republic to the infrastructure and functionalities of the Radio Access Network mobile network on the part of CETIN and performance by CETIN consists of the operations and maintenance of the 2G, 3G, LTE and CDMA networks, consolidation of the 2G and 3G networks, development of the LTE network.
- Non-Disclosure Agreement; *contracting party*: O2 Czech Republic, *description of performance*: the application of rules for maintaining confidentiality of information from Mobile Network Services Agreement between CETIN and O2 Czech Republic in cooperation with T-Mobile Czech Republic a.s.
- Contract on Access to Terminal Sections; *contracting party*: O2 Czech Republic, *description of performance*: data services according to a new reference offer terminated in regional capitals.
- Contract on Access to the Public Fixed Communication Network; *contracting party*: O2 Czech Republic, *description of performance*: a contract based on a reference offer, the subject-matter of which is arrangement of services involving connection to the network at a terminal point, access to a publicly-accessible telephone services and to broadband services in the CETIN fixed network.
- Contract on Connection of the CETIN Public Fixed Communication Network to the O2 CZ Public Mobile Communication Network; *contracting party*: O2 Czech Republic, *description of performance*: the provision of electronic communication services and activities to subscribers connected to the networks of the contracting parties and to other users, the connection and maintenance of connection of infrastructures of their public communication networks.

- Service Agreement – Wholesale Roaming Services, *contracting party*: O2 Czech Republic, *description of performance*: obtaining discount contracts with roaming partners on behalf of O2 Czech Republic.
- Data Centre Service Level Agreement, *contracting party*: O2 Czech Republic, *description of performance*: the lease of space in data centres owned by CETIN.
- Contract on Collocation for Specific Locations, *contracting party*: O2 Czech Republic, *description of performance*: The provision of collocation space and physical collocation services in certain locations.
- Contract on the Provision of Carrier-type Services, *contracting party*: O2 Czech Republic, *description of performance*: Carrier ATM Access data services.
- Contract on the Provision of Billing for Wholesale Services, *contracting party*: O2 Czech Republic, *description of performance*: arrangement of billing for wholesale services for O2 Czech Republic.
- Contract on the Provision of Billing for Wholesale Services, *contracting party*: O2 Slovakia s.r.o. (O2 SK), *description of performance*: arrangement of billing for wholesale services for O2 SK.
- Lease Contracts, *contracting party*: O2 Czech Republic, *description of performance*: the letting or subletting of office space owned by CETIN.
- Contract on the Provision of Support Services by CETIN for O2 CZ / by O2 CZ for CETIN; *contracting party*: O2 Czech Republic, *description of performance*: the temporary provision of mutual support services.
- Contract on the Provision of Support Services by CETIN for O2 SK / by O2 SK for CETIN; *contracting party*: O2 Slovakia s.r.o., *description of performance*: the temporary provision of mutual support services.
- Contract on the Termination of International Voice Operation; *contracting party*: O2 Czech Republic, *description of performance*: the transit of international operations originating in the O2 Czech Republic fixed and mobile network, including operations originating in the O2 Slovakia network.
- Contract on the Lease of Optical Fibres, *contracting party*: O2 Czech Republic, *description of performance*: the lease of optical fibres.
- Contract on the Use of Optical Fibres, *contracting party*: O2 Slovakia s.r.o. (O2 SK), *description of performance*: the exclusive use of optical fibres owned by O2 SK by CETIN and regular maintenance.
- Contract on the Provision of Technological Housing Services, *contracting party*: O2 Czech Republic, *description of performance*: the lease of space within the technological areas of CETIN for the location of technology by O2 Czech Republic.
- Contracts of Purchase for the Sale of Assets of O2 CZ to CETIN / CETIN to O2 CZ; *contracting party*: O2 Czech Republic, *description of performance*: to finalise the property settlement between the companies.
- Contracts of Purchase for the Sale of Assets of O2 SK to CETIN / CETIN to O2 SK; *contracting party*: O2 Slovakia s.r.o., *description of performance*: to finalise the property settlement between the companies.
- Contracts of Purchase for the Sale of Assets of O2 IT Services s.r.o. to CETIN; *contracting party*: O2 IT Services s.r.o.; *description of performance*: the transfer of ownership rights to things – computers, mobile telephones etc.

- Services Agreement on Signalling and GRX / IPX, *contracting party*: O2 Czech Republic, *description of performance*: CETIN ensures SCCP and diameter signalling, GRX/S8 payload mobile data exchange.
- Master Agreement on the Terms and Conditions of the Provision of Mobile Electronic Communication Services; *contracting party*: O2 Czech Republic, *description of performance*: O2 Czech Republic provides the Company with electronic communication services through mobile networks and supplies mobile telephones and accessories under the agreed terms and conditions.
- Contract on the Terms and Conditions of Supplying Microsoft Products; *contracting party*: O2 Czech Republic, *description of performance*: the subject-matter of the contract is the transfer of Microsoft licences from O2 Czech Republic, obtained by O2 Czech Republic before 31 May 2015, to CETIN.
- Cooperation Contract; *contracting parties*: PPF a.s. and O2 Czech Republic, *description of performance*: cooperation to concern the company Česká telekomunikační infrastruktura in connection with the entry of the separation of O2 Czech Republic in the Commercial Register.
- Agreement on the Payment of Costs for the Evaluation of Bidders; *contracting party*: PPF a.s., *description of performance*: the subject-matter of the contract is the evaluation of the information of bidders.
- Contract on the Supply of an Application Migration Project; *contracting party*: O2 IT Services s.r.o; *description of performance*: the migration of the applications used by O2 IT Services s.r.o. to the CETIN infrastructure, the provision of servicing services for certain applications and other ad hoc services.
- Contract on the Assignment of Rights and Obligations from a Contract; *contracting party*: O2 IT Services s.r.o; *description of performance*: O2 IT Services s.r.o. assigns to CETIN a Contract on the Supply of Services for arrangement of Operations, Supervision and Servicing of Non-IT Technology at a Data Centre with supplier ALTRON a.s.
- Master Contract on the Commercial Lease of movables; *contracting party*: O2 Slovakia s.r.o. (O2 SK), *description of performance*: determination of the master terms and conditions for the lease of movables laid down in each constituent contract; this contract passed to CETIN on 1 June 2015; O2 Czech Republic is no longer a contracting party to this contract.
- Agreement on Administration Related to the Offer to Purchase Shares; *contracting party*: PPF banka a.s.; *description of performance*: administration and settlement of transactions related to the mandatory public offer for the purchase of shares which the Company was obliged to make to shareholders who voted against the separation of O2 Czech Republic a.s. at the general meeting of O2 Czech Republic a.s. on 28 April 2015.
- Loan Contract; *contracting party*: PPF banka a.s.; *description of performance*: loan to cover current operating needs.
- Contract on the Pledge of Claims from Deposit Transactions; *contracting party*: PPF banka a.s.; *description of performance*: the establishment of security interest in all existing and future claims for the payment of monies from the relevant deposit transactions to the benefit of PPF Bank.
- Contract on the Provision of a Voice Solution; *contracting parties*: PPF a.s. and O2 Czech Republic, *description of performance*: the accession of CETIN to the Contract on the Provision of a Voice Solution VOLUME 1 + 1.
- Non-disclosure Agreement; *contracting party*: O2 Czech Republic, *description of performance*: maintaining confidentiality regarding information from the Project for the Construction and

Transfer of the Functioning of the Signal Transfer Point and Number Portability systems from the O2 Czech Republic network to the new environment of the Company.

- Non-disclosure Agreement; *contracting party*: O2 Czech Republic, *description of performance*: maintaining confidentiality regarding information relating to the implementation of the “Checker” project, the subject-matter of which is the sharing of mobile networks between the company and T-Mobile Czech Republic a.s.
- Mandate Contract on Arrangement of Trade in Money Market and Derivative Investment Instruments; *contracting party*: PPF banka a.s.; *description of performance*: the arrangement of trade on money and foreign exchange markets and trade in financial derivatives.
- Personal Data Processing Contracts, *contracting party*: O2 Czech Republic, *description of performance*: the processing of personal data associated with the performance of selected contracts entered into with O2 Czech Republic.
- Master Services Agreement (on Signalling GRX/IPX); *contracting party*: O2 Slovakia s.r.o.; *description of performance*: the provision of roaming signalling services and roaming data exchange (2G/3G/4G) to O2 Slovakia, s.r.o.
- Non-disclosure Agreement; *contracting party*: O2 Czech Republic, *description of performance*: maintaining confidentiality regarding information from the separation of O2 Czech Republic and COPE, which undertakes the transfer and any required modification of existing applications (including of the system infrastructure and its application support) from the environment of O2 Czech Republic to the new environment of the Company for the purpose of separating the IT systems of the Company and O2 Czech Republic.
- Non-disclosure Agreement; *contracting party*: O2 Czech Republic, *description of performance*: maintaining confidentiality regarding a joint project with Mycroft Mind, a.s., and O2 Czech Republic, in which the transmission of data readings in the electricity grid is modelled.
- Indemnity Undertaking; *contracting parties*: PPF Group N.V. and PPF Arena 2 B.V.; *description of performance*: confirmation by CETIN that it is aware of and that it consents to the fact that PPF Group N.V. undertakes to pay PPF Arena 2 B.V. any potential claims which CETIN brings against that entity.
- Confidentiality Agreement; *contracting parties*: O2 Czech Republic and Genpact International, Inc.; *description of performance*: setting the terms and conditions of protection of the information shared or trade secrets, in connection with the potential transfer of services of the accounting department.
- Liquidity Support Undertaking; *contracting parties*: PPF Group N. V., PPF Arena 1 B.V. and PPF Arena 2 B.V.; *description of performance*: a guarantee for CETIN that in the case that a direct debtor does not have sufficient liquid resources to pay obligations arising from loan documentation, either PPF Arena 1 B.V. or PPF Group N. V. will supplement finances in the form of premium or direct contribution to the equity capital of PPF A2 such that it is ensured that these obligations are discharged.
- Contract on the Provision of Address Space; *contracting party*: O2 Czech Republic, *description of performance*: the mutual provision for use of Address Space (IP Address Space), which, as a result of the separation of O2 Czech Republic, which, inter alia, resulted in the complete separation of the Contracting Parties, the Company and O2 Czech Republic cannot presently use as was anticipated upon separation.

From the perspective of the controlled company, performance based on the contracts specified above was invariably at a level corresponding in terms of price and quality to the services provided on the market by third parties or to third parties. Any other information from the contracts specified cannot be made public with respect to the need to ensure trade secrecy and the agreed obligation to maintain confidentiality.

## 6. Assessment of whether the Company has incurred any damage and assessment of its settlement according to Section 71 and 72 of the Business Corporations Act

All contracts described in point 5 of this Report on Related Party Transactions were entered into under the terms and conditions usual in commercial relations. In the same way, all performance provided and received based on these contracts was implemented under the terms and conditions common in commercial relations and the Company incurred no damage as a result of these contracts. The payment of the costs associated with the analysis and approval of the financial assistance was described in point 4 of this Report.

## 7. Conclusion

The most significant events in 2015 were the incorporation of the Company and the start of its commercial activities. The Company and its subsidiaries (in particular its commercial and management leadership and management) and other companies from the PPF Group were completely separated from O2 Czech Republic as a result of the incorporation of the Company. Therefore, there are no non-standard relations among them which could negate the purpose of separation and the commercial and competitive independence arising from it. All relations are regulated by the relevant contracts, which have been and are entered into under the terms and conditions common in commercial relations.

The Board of Directors of the Company declares that, based on an evaluation of the function of the Company in relation to the controlling party and to companies controlled by the same controlling party, the Company has not enjoyed any special advantages or suffered any disadvantages or risks arising from relations between the Company and the controlling party and/or the companies controlled by the same controlling party. The Company has not incurred any damages which should be settled according to Section 71 and Section 72 of the Business Corporations Act.

The Board of Directors of the Company declares that it made an adequate effort when collecting and verifying information for the purpose of this Report on Related Party Transactions and the conclusions at which it arrived were formulated with thorough consideration, whereby all information presented in this Report on Related Party Transactions it considers to be accurate and complete.

Prague, 9.3.2016

Česká telekomunikační infrastruktura a.s.

## Annex 1 – List of companies directly or indirectly controlled by the same controlling party

Controlling party: Ing. Petr Kellner

Trade name	Company Identification / Registration Number	State of registration	The manner and means of control	Remark	Interest via
AB 1 B.V.	56007043	The Netherlands	Company controlled by the same controlling party by way of ownership interest		Air Bank a.s.
AB 2 B.V.	57279667	The Netherlands	Company controlled by the same controlling party by way of ownership interest		Air Bank a.s.
AB 3 B.V.	58435425	The Netherlands	Company controlled by the same controlling party by way of ownership interest		Air Bank a.s.
AB 4 B.V.	34186049	The Netherlands	Company controlled by the same controlling party by way of ownership interest		Air Bank a.s.
AB 5 B.V.	34192873	The Netherlands	Company controlled by the same controlling party by way of ownership interest		Air Bank a.s.
AB 6 B.V.	58435956	The Netherlands	Company controlled by the same controlling party by way of ownership interest		Air Bank a.s.
AB 7 B.V.	57279241	The Netherlands	Company controlled by the same controlling party by way of ownership interest		Air Bank a.s.
Accord Research, s.r.o.	290 48 974	Czech Republic	Company controlled by the same controlling party by way of ownership interest		PPF Capital Partners Fund B.V.



Trade name	Company Identification / Registration Number	State of registration	The manner and means of control	Remark	Interest via
Air Bank a.s.	29045371	Czech Republic	Company controlled by the same controlling party by way of ownership interest		Home Credit B.V.
Airline Gate 1 s.r.o.	02973081	Czech Republic	Company controlled by the same controlling party by way of ownership interest		PPF banka a.s.
ALCAMORA LIMITED	HE 290 379	Republic of Cyprus	Company controlled by the same controlling party by way of ownership interest		PPF Real Estate Holding B.V.
ALMONDSEY LIMITED	HE 291 856	Republic of Cyprus	Company controlled by the same controlling party by way of ownership interest		PPF Real Estate Holding B.V.
ALRIK VENTURES LIMITED	HE 318 488	Republic of Cyprus	Company controlled by the same controlling party by way of ownership interest		TOLESTO LIMITED
ANTHEMONA LIMITED	HE 289 677	Republic of Cyprus	Company controlled by the same controlling party by way of ownership interest		Comcity Office Holding B.V.
ANTHIAROSE LIMITED	HE 224463	Republic of Cyprus	Company controlled by the same controlling party by way of ownership interest		PPF Group N.V.
ARANCIATA a.s.	27621707	Czech Republic	Company controlled by the same controlling party by way of ownership interest	to 1 December 2015	WAIPA ENTERPRISES LIMITED
Areál Ďáblice s.r.o.	03762939	Czech Republic	Company controlled by the same controlling party by way of ownership interest	from 2 February 2015	Office Star Nine s.r.o.

Trade name	Company Identification / Registration Number	State of registration	The manner and means of control	Remark	Interest via
Art Office Gallery a.s.	24209627	Czech Republic	Company controlled by the same controlling party by way of ownership interest		Office Star Eight a.s.
ASTAVEDO LIMITED	HE 316 792	Republic of Cyprus	Company controlled by the same controlling party by way of ownership interest		Home Credit B.V.
Autotým, s.r.o.	3040836	Czech Republic	Company controlled by the same controlling party by way of ownership interest		Home Credit Lab N.V.
B2S Servisní, a.s.	19013825	Czech Republic	Company controlled by the same controlling party by way of ownership interest		ANTHIAROSE LIMITED
Bavella B.V.	52522911	The Netherlands	Company controlled by the same controlling party by way of ownership interest		PPF Group N.V.
Bestsport Services, a.s. v likvidaci	24215171	Czech Republic	Company controlled by the same controlling party by way of ownership interest		ANTHIAROSE LIMITED
Bestsport, a.s.	24214795	Czech Republic	Company controlled by the same controlling party by way of ownership interest		LINDUS SERVICES LIMITED
Bolt Start Up Development a.s.	04071336	Czech Republic	Company controlled by the same controlling party by way of ownership interest		O2 Czech Republic a.s.
BORACORA LIMITED	HE 251 936	Republic of Cyprus	Company controlled by the same controlling party by way of ownership interest		GLANCUS INVESTMENTS INC. FIGERA LIMITED

Trade name	Company Identification / Registration Number	State of registration	The manner and means of control	Remark	Interest via
Boryspil Project Management Ltd.	34999054	Ukraine	Company controlled by the same controlling party by way of ownership interest		Pharma Consulting Group Ltd.
Bucca Properties Ltd.	1377468	British Virgin Islands	Company controlled by the same controlling party by way of ownership interest		BORACORA LIMITED
Capellalaan (Hoofddorp) B.V.	58391312	The Netherlands	Company controlled by the same controlling party by way of ownership interest		Seven Assets Holding B.V.
CAPERTON HOLDINGS LIMITED	HE 173 977	Republic of Cyprus	Company controlled by the same controlling party by way of ownership interest		Corvus Services Limited
Celestial Holdings Group Limited	1471389	British Virgin Islands	Company controlled by the same controlling party by way of ownership interest		PPF Real Estate Holding B.V.
CF Commercial Consulting (Beijing) Limited	78860280-7	People's Republic of China	Company controlled by the same controlling party by way of ownership interest		Home Credit B.V.
CITY TOWER Holding a.s.	02650665	Czech Republic	Company controlled by the same controlling party by way of ownership interest		PPF Real Estate Holding B.V.
CITY TOWER, a.s.	271 03 251	Czech Republic	Company controlled by the same controlling party by way of ownership interest		CITY TOWER Holding a.s.
CJSC "Intrust NN"	106525903589 6	Russian Federation	Company controlled by the same controlling party by way of ownership interest		STINCTUM HOLDINGS LIMITED

Trade name	Company Identification / Registration Number	State of registration	The manner and means of control	Remark	Interest via
CJSC "Investments trust"	103773986505 2	Russian Federation	Company controlled by the same controlling party by way of ownership interest		FELISTON ENTERPRISES LIMITED
Click Credit s.r.o.	29378401	Czech Republic	Company controlled by the same controlling party by way of ownership interest	to 31 August 2015	Home Credit B.V.
Codar Invest B.V.	27278985	The Netherlands	Company controlled by the same controlling party by way of ownership interest		ANTHIA ROSE LIMITED
Comcity Office Holding B.V.	64411761	The Netherlands	Company controlled by the same controlling party by way of ownership interest	from 26 October 2015	PPF Real Estate Holding B.V.
Corvus Services Limited	1061050	British Virgin Islands	Company controlled by the same controlling party by way of ownership interest		VELTHEMIA LIMITED
Czech Equestrian Team a.s.	019 52 684	Czech Republic	Company controlled by the same controlling party acting in concert by way of ownership interest		SUNDOWN FARMS LIMITED
Česká telekomunikační infrastruktura a.s.	040 84 063	Czech Republic	Company controlled by the same controlling party by way of ownership interest		PPF A4 B.V.
DADRIN LIMITED	HE 321 173	Republic of Cyprus	Company controlled by the same controlling party by way of ownership interest		TOLESTO LIMITED
De Reling (Droten) B.V.	58164235	The Netherlands	Company controlled by the same controlling party by way of ownership interest		Seven Assets Holding B.V.

Trade name	Company Identification / Registration Number	State of registration	The manner and means of control	Remark	Interest via
DELIFLEX LIMITED	HE 221 768	Republic of Cyprus	Company controlled by the same controlling party by way of ownership interest		Celestial Holdings Group Limited
Different Money s.r.o.	035 70 967	Czech Republic	Company controlled by the same controlling party by way of ownership interest		Home Credit Lab N.V.
DONMERA LIMITED	HE 204 966	Republic of Cyprus	Company controlled by the same controlling party by way of ownership interest	to 1 December 2015	PPF Group N.V.
DOUSAVI LIMITED	HE 331 420	Republic of Cyprus	Company controlled by the same controlling party by way of ownership interest		Bavella B.V.
Eastern Properties B.V.	58756566	The Netherlands	Company controlled by the same controlling party by way of ownership interest		PPF Real Estate Holding B.V.
Easy Dreams Company Limited	304583265	Vietnam	Company controlled by the same controlling party by way of ownership interest	to 8 February 2015	Home Credit International a.s.
ELDORADO LICENSING LIMITED	HE 144 889	Republic of Cyprus	Company controlled by the same controlling party by way of ownership interest		LLC Eldorado
ELTHYSIA LIMITED	HE 290 356	Republic of Cyprus	Company controlled by the same controlling party by way of ownership interest		PPF Real Estate Holding B.V.
ENADOCO LIMITED	HE 316 486	Republic of Cyprus	Company controlled by the same controlling party by way of ownership interest		Home Credit B.V.

Trade name	Company Identification / Registration Number	State of registration	The manner and means of control	Remark	Interest via
ETO LICENSING LIMITED	HE 179 386	Republic of Cyprus	Company controlled by the same controlling party by way of ownership interest		FACIPERO INVESTMENTS LIMITED
EusebiusBS (Arnhem) B.V.	58169778	The Netherlands	Company controlled by the same controlling party by way of ownership interest		Seven Assets Holding B.V.
FACIPERO INVESTMENT S LIMITED	HE 232 483	Republic of Cyprus	Company controlled by the same controlling party by way of ownership interest		PPF Group N.V.
Favour Ocean Limited	1065678	Hong Kong	Company controlled by the same controlling party by way of ownership interest		Home Credit Asia Limited
FAYDE INVESTMENT S LIMITED	HE 310 390	Republic of Cyprus	Company controlled by the same controlling party by way of ownership interest		KARMION HOLDINGS LIMITED FIGERA LIMITED
FELISTON ENTERPRISES LIMITED	HE 152674	Republic of Cyprus	Company controlled by the same controlling party by way of ownership interest		SALEMONTO LIMITED
FERRYMAT HOLDINGS LIMITED	HE 313289	Republic of Cyprus	Company controlled by the same controlling party by way of ownership interest		KARMION HOLDINGS LIMITED FIGERA LIMITED
FIGERA LIMITED	HE 251 908	Republic of Cyprus	Company controlled by the same controlling party by way of ownership interest		PPF Real Estate Holding B.V.
Fodina B.V.	59400676	The Netherlands	Company controlled by the same controlling party by way of ownership interest		PPF Group N.V.

Trade name	Company Identification / Registration Number	State of registration	The manner and means of control	Remark	Interest via
Foreign Insurance Closed Joint Stock Company "PPF Insurance"	806000245	Belarus	Company controlled by the same controlling party by way of ownership interest		SEPTUS HOLDING LIMITED, TALPA ESTERO LIMITED, RHASKOS FINANCE LIMITED, SYLANDER CAPITAL LIMITED, ENADOCO LIMITED, ASTAVEDO LIMITED
GABELLI CONSULTANCY LIMITED	HE 160 589	Republic of Cyprus	Company controlled by the same controlling party by way of ownership interest		VELTHEMIA LIMITED
GALIO INVESTMENTS LIMITED	HE 310 260	Republic of Cyprus	Company controlled by the same controlling party by way of ownership interest		KARMION HOLDINGS LIMITED FIGERA LIMITED
Garco Group B.V.	34245884	The Netherlands	Company controlled by the same controlling party by way of ownership interest		GLANCUS INVESTMENTS INC.
Gen Office Gallery a.s.	24209881	Czech Republic	Company controlled by the same controlling party by way of ownership interest		Office Star Eight a.s.
German Properties B.V.	61008664	The Netherlands	Company controlled by the same controlling party by way of ownership interest		PPF Real Estate Holding B.V.
GIM Invest Co Limited	109594	Jersey	Company controlled by the same controlling party by way of ownership interest	to 11 December 2015	PPF Group N.V.
GLANCUS INVESTMENTS INC.	1396023	British Virgin Islands	Company controlled by the same controlling party by way of		PPF Real Estate Holding B.V.

Trade name	Company Identification / Registration Number	State of registration	The manner and means of control	Remark	Interest via
			ownership interest		
GRACESPRING LIMITED	HE 208 337	Republic of Cyprus	Company controlled by the same controlling party by way of ownership interest		Celestial Holdings Group Limited
Grandview Resources Corp.	1664098	British Virgin Islands	Company controlled by the same controlling party by way of ownership interest		Bavella B.V.
Guangdong Home Credit Financing Guarantee Co., Ltd	76732894-1	People's Republic of China	Company controlled by the same controlling party by way of ownership interest		Home Credit Asia Limited
HC Asia N.V.	34253829	The Netherlands	Company controlled by the same controlling party by way of ownership interest		Home Credit B.V.
HC Broker, s.r.o.	29196540	Czech Republic	Company controlled by the same controlling party by way of ownership interest		Home Credit a.s.
HC Consumer Finance Philippines, Inc	CS 201301354	Republic of the Philippines	Company controlled by the same controlling party by way of ownership interest		HC Philippines Holding B.V.
HC Insurance Services s.r.o.	1487779	Czech Republic	Company controlled by the same controlling party by way of ownership interest		Home Credit B.V.
HC Philippines Holding B.V.	35024270	The Netherlands	Company controlled by the same controlling party by way of ownership interest		HC Asia N.V.
Hofplein Offices (Rotterdam) B.V.	64398064	The Netherlands	Company controlled by the same controlling party by way of	from 23 October 2015	PPF Real Estate Holding B.V.



Trade name	Company Identification / Registration Number	State of registration	The manner and means of control	Remark	Interest via
			ownership interest		
Home Credit a.s.	26978636	Czech Republic	Company controlled by the same controlling party by way of ownership interest		Home Credit B.V.
Home Credit Asia Limited	890063	Hong Kong	Company controlled by the same controlling party by way of ownership interest		HC Asia N.V.
Home Credit B.V.	34126597	The Netherlands	Company controlled by the same controlling party by way of ownership interest		PPF Financial Holding B.V.
Home Credit Business Management (Tianjin) Co., Ltd.	67596220-8	People's Republic of China	Company controlled by the same controlling party by way of ownership interest		Home Credit Asia Limited
Home Credit Consumer Finance (China) Co., Ltd	63606746-2	People's Republic of China	Company controlled by the same controlling party by way of ownership interest		Home Credit B.V.
Home Credit Egypt Trade S.A.E.	50614	Egypt	Company controlled by the same controlling party by way of ownership interest		HC Philippines Holding B.V.
HOME CREDIT EUROPE PLC	7744459	United Kingdom of Great Britain and Northern Ireland	Company controlled by the same controlling party by way of ownership interest		PPF Group N.V.
Home Credit India B.V.	52695255	The Netherlands	Company controlled by the same controlling party by way of ownership interest		HC Asia N.V.
HOME CREDIT INDIA FINANCE	U65910HR199 7PTC047448	Republic of India	Company controlled by the same controlling party by way of		Home Credit India B.V.

Trade name	Company Identification / Registration Number	State of registration	The manner and means of control	Remark	Interest via
PRIVATE LIMITED			ownership interest		
Home Credit Indonesia B.V.	52695557	The Netherlands	Company controlled by the same controlling party by way of ownership interest		HC Asia N.V.
Home Credit International a.s.	60192666	Czech Republic	Company controlled by the same controlling party by way of ownership interest		Home Credit B.V.
Home Credit Lab N.V.	52695689	The Netherlands	Company controlled by the same controlling party by way of ownership interest		Home Credit B.V.
Home Credit Slovakia, a.s.	36234176	Slovak Republic	Company controlled by the same controlling party by way of ownership interest		Home Credit B.V.
Home Credit US Holding, LLC	5467913	United States of America	Company controlled by the same controlling party by way of ownership interest		Home Credit B.V.
Home Credit US, LLC	5482663	United States of America	Company controlled by the same controlling party by way of ownership interest		Home Credit US Holding
Home Credit Vietnam Finance Company Limited	0307672788	Vietnam	Company controlled by the same controlling party by way of ownership interest		Home Credit B.V.
HOPAR LIMITED	HE 188 923	Republic of Cyprus	Company controlled by the same controlling party by way of ownership interest		PPF PROPERTY LIMITED
Chelton Properties Limited	1441835	British Virgin Islands	Company controlled by the same controlling party by way of		Ing. Petr Kellner

Trade name	Company Identification / Registration Number	State of registration	The manner and means of control	Remark	Interest via
			ownership interest		
INTELCES s.r.o.	03495663	Czech Republic	Company controlled by the same controlling party by way of ownership interest		PPF a.s.
Internethome, s.r.o.	24161357	Czech Republic	Company controlled by the same controlling party by way of ownership interest		O2 Czech Republic a.s.
JARVAN HOLDINGS LIMITED	HE 310 140	Republic of Cyprus	Company controlled by the same controlling party by way of ownership interest		PPF Real Estate Holding B.V. FIGERA LIMITED
JH Media Services Plus s.r.o.	04002423	Czech Republic	Company controlled by the same controlling party by way of ownership interest	from 18 December 2015	Bestsport, a.s.
Johan H (Amsterdam) B.V.	58163239	The Netherlands	Company controlled by the same controlling party by way of ownership interest		Seven Assets Holding B.V.
Joint Stock Company "Gorod Molodogo Pokolenija"	102770047375 6	Russian Federation	Company controlled by the same controlling party by way of ownership interest		JARVAN HOLDINGS LIMITED
Joint Stock Company "Sibzavod Centre"	103550101722 1	Russian Federation	Company controlled by the same controlling party by way of ownership interest		LLC Trust - Invest
JONSA LIMITED	HE 275 110	Republic of Cyprus	Company controlled by the same controlling party by way of ownership interest		Celestial Holdings Group Limited FIGERA LIMITED

Trade name	Company Identification / Registration Number	State of registration	The manner and means of control	Remark	Interest via
JSC Yugo - Vostochnaya promyshlennaya kompaniya "KARTONTARA"	1037700008895	Russian Federation	Company controlled by the same controlling party by way of ownership interest		JARVAN HOLDINGS LIMITED
JSC Home Credit Kazakhstan	70-700-1910-AO	Kazakhstan	Company controlled by the same controlling party by way of ownership interest		HC Asia N.V.
KARMION HOLDINGS LIMITED	HE 312 004	Republic of Cyprus	Company controlled by the same controlling party by way of ownership interest		PPF Real Estate Holding B.V.
Karperstraat (Amsterdam) B.V.	58163883	The Netherlands	Company controlled by the same controlling party by way of ownership interest		Seven Assets Holding B.V.
Karta Realty Limited	MC 167710	Cayman Islands	Company controlled by the same controlling party by way of ownership interest	to 2 November 2015	VELTHEMIA LIMITED
Langen Property B.V.	61012777	The Netherlands	Company controlled by the same controlling party by way of ownership interest		German Properties B.V.
LINDUS Real s.r.o.	29139309	Czech Republic	Company controlled by the same controlling party by way of ownership interest		LINDUS SERVICES LIMITED
LINDUS SERVICES LIMITED	HE 281 891	Republic of Cyprus	Company controlled by the same controlling party by way of ownership interest		Prague Entertainment Group B.V.
LLC Alfa South	1077760158618	Russian Federation	Company controlled by the same controlling party by way of ownership interest		GRACESPRING LIMITED

Trade name	Company Identification / Registration Number	State of registration	The manner and means of control	Remark	Interest via
LLC Alians R	1086627000635	Russian Federation	Company controlled by the same controlling party by way of ownership interest		JONSA LIMITED
LLC Almondsey	1127747228190	Russian Federation	Company controlled by the same controlling party by way of ownership interest		ALMONDSEY LIMITED LLC Charlie Com
LLC Bonus Center Operations	1127746491861	Russian Federation	Company controlled by the same controlling party by way of ownership interest		LLC Home Credit & Finance Bank
LLC BRAMA	1107746950431	Russian Federation	Company controlled by the same controlling party by way of ownership interest		JARVAN HOLDINGS LIMITED
LLC Bryanskii Torgovij Centr-Invest	1063250034385	Russian Federation	Company controlled by the same controlling party by way of ownership interest		JARVAN HOLDINGS LIMITED
LLC Collect Credit	36726094	Ukraine	Company controlled by the same controlling party by way of ownership interest		Home Credit B.V.
LLC DELTA	5077746981637	Russian Federation	Company controlled by the same controlling party by way of ownership interest	to 26 May 2015	STEPHOLD LIMITED
LLC Delta Com	1137746330358	Russian Federation	Company controlled by the same controlling party by way of ownership interest		ALMONDSEY LIMITED LLC Charlie Com
LLC EASTERN PROPERTIES RUSSIA	1137746929836	Russian Federation	Company controlled by the same controlling party by way of ownership interest		Bavella B.V.

Trade name	Company Identification / Registration Number	State of registration	The manner and means of control	Remark	Interest via
LLC EI Logistic	102020130247 2	Russian Federation	Company controlled by the same controlling party by way of ownership interest	from 22 May 2015	TAPADEO LIMITED
LLC Eldomarket	104500295035 4	Russian Federation	Company controlled by the same controlling party by way of ownership interest		LLC Eldorado FACIPERO INVESTMENTS LIMITED
LLC Eldorado	507774635445 0	Russian Federation	Company controlled by the same controlling party by way of ownership interest		FACIPERO INVESTMENTS LIMITED
LLC Ellin	102160176739 5	Russian Federation	Company controlled by the same controlling party by way of ownership interest		LLC Invest Realty
LLC ERKO	104470218086 3	Russian Federation	Company controlled by the same controlling party by way of ownership interest		Joint Stock Company "Gorod Molodogo Pokolenija"
LLC Fantom	105300116330 2	Russian Federation	Company controlled by the same controlling party by way of ownership interest		FAYDE INVESTMENTS LIMITED
LLC Financial Innovations	104779656622 3	Russian Federation	Company controlled by the same controlling party by way of ownership interest		LLC Home Credit & Finance Bank
LLC Home Credit & Finance Bank	102770028093 7	Russian Federation	Company controlled by the same controlling party by way of ownership interest		Home Credit B.V. Home Credit International a.s.
LLC Home Credit Insurance	102773923601 8	Russian Federation	Company controlled by the same controlling party by way of ownership interest		Home Credit B.V.

Trade name	Company Identification / Registration Number	State of registration	The manner and means of control	Remark	Interest via
LLC Home Credit Online	115774658794 3	Russian Federation	Company controlled by the same controlling party by way of ownership interest	from 30 June 2015	Home Credit Lab N.V.
LLC HOMER SOFTWARE HOUSE	35364346	Ukraine	Company controlled by the same controlling party by way of ownership interest		REDLIONE LIMITED Home Credit B.V.
LLC Charlie Com	113774633033 6	Russian Federation	Company controlled by the same controlling party by way of ownership interest		ALMONDSEY LIMITED LLC Almondsey
LLC ICC Klokovo	112774618650 1	Russian Federation	Company controlled by the same controlling party by way of ownership interest	not part of the Group from 1 February 2015 to 29 December 2015	LLC Rutar Invest
LLC In Vino	105230913862 8	Russian Federation	Company controlled by the same controlling party by way of ownership interest		LLC Alfa South
LLC IN VINO - ANAPA - 2	107230100020 0	Russian Federation	Company controlled by the same controlling party by way of ownership interest		LLC IN VINO HOLDING
LLC IN VINO HOLDING	7734565173	Russian Federation	Company controlled by the same controlling party by way of ownership interest		UNDERTREA HOLDINGS LIMITED
LLC In Vino Natukhaevskoe	105230908188 0	Russian Federation	Company controlled by the same controlling party by way of ownership interest		LLC IN VINO HOLDING
LLC Invest Realty	105774621266 6	Russian Federation	Company controlled by the same controlling party by way of ownership interest		LLC Eldorado FACIPERO INVESTMENTS LIMITED

Trade name	Company Identification / Registration Number	State of registration	The manner and means of control	Remark	Interest via
LLC K-Development	1077760004629	Russian Federation	Company controlled by the same controlling party by way of ownership interest		JARVAN HOLDINGS LIMITED
LLC KEPS	1127746190604	Russian Federation	Company controlled by the same controlling party by way of ownership interest		GALIO INVESTMENTS LIMITED
LLC Kvartal Togliatti	1056320172567	Russian Federation	Company controlled by the same controlling party by way of ownership interest		PPF PROPERTY LIMITED
LLC LB Orel	1135749000793	Russian Federation	Company controlled by the same controlling party by way of ownership interest		LLC EASTERN PROPERTIES RUSSIA LLC LB Voronezh
LLC LB Voronezh	1133668033872	Russian Federation	Company controlled by the same controlling party by way of ownership interest		LLC EASTERN PROPERTIES RUSSIA LLC LB Orel
LLC Logistics - A	1115048002156	Russian Federation	Company controlled by the same controlling party by way of ownership interest		ELTHYSIA LIMITED FIGERA LIMITED
LLC Logistika - Ufa	1150280069477	Russian Federation	Company controlled by the same controlling party by way of ownership interest	from 18 November 2015	TAPADEO LIMITED
LLC Microfinance organization Home Credit Express	1027700280640	Russian Federation	Company controlled by the same controlling party by way of ownership interest		Home Credit B.V.



Trade name	Company Identification / Registration Number	State of registration	The manner and means of control	Remark	Interest via
LLC Mitino Sport City	110774647338 3	Russian Federation	Company controlled by the same controlling party by way of ownership interest		MICROLIGHT TRADING LIMITED
LLC PPF Life Insurance	102773903109 9	Russian Federation	Company controlled by the same controlling party by way of ownership interest		PPF Group N.V.
LLC PPF Real Estate Russia	105774955756 8	Russian Federation	Company controlled by the same controlling party by way of ownership interest		PPF Real Estate Holding B.V.
LLC RAV Agro	107366702287 9	Russian Federation	Company controlled by the same controlling party by way of ownership interest		Bavella B.V. Grandview Resources Corp.
LLC RAV Agro Orel	111574100149 6	Russian Federation	Company controlled by the same controlling party by way of ownership interest		LLC RAV Agro
LLC RAV Agro Penza	111580200176 5	Russian Federation	Company controlled by the same controlling party by way of ownership interest		LLC RAV Agro
LLC RAV Agro Pro	103360013555 7	Russian Federation	Company controlled by the same controlling party by way of ownership interest		LLC RAV Agro LLC RAV Molokoprodukt
LLC RAV Molokoprodukt	108362700156 7	Russian Federation	Company controlled by the same controlling party by way of ownership interest		LLC RAV Agro Bavella B.V. Grandview Resources Corp.
LLC RAV Myasoprodukt	111366805110	Russian Federation	Company controlled by the same controlling party by way of ownership interest	to 23 December 2015	Bavella B.V. Grandview Resources Corp.

Trade name	Company Identification / Registration Number	State of registration	The manner and means of control	Remark	Interest via
LLC RAV Myasoproduct - Orel	1,13575E+12	Russian Federation	Company controlled by the same controlling party by way of ownership interest		LLC RAV Molokoprodukt
LLC RAV Niva	102360123252 2	Russian Federation	Company controlled by the same controlling party by way of ownership interest		LLC RAV Agro
LLC RAV Niva Orel	111366805109 0	Russian Federation	Company controlled by the same controlling party by way of ownership interest		LLC RAV Agro
LLC Razvitie	115500900260 9	Russian Federation	Company controlled by the same controlling party by way of ownership interest	from 15 June 2015	VELTHEMIA LIMITED
LLC Regional Real Estate	113774621795 0	Russian Federation	Company controlled by the same controlling party by way of ownership interest		PPF REAL ESTATE LIMITED
LLC Rentol	102770040350 0	Russian Federation	Company controlled by the same controlling party by way of ownership interest		LLC Eldorado FACIPERO INVESTMENTS LIMITED
LLC ROKO	510774604932 9	Russian Federation	Company controlled by the same controlling party by way of ownership interest		JONSA LIMITED
LLC ROST Agro	110360100003 0	Russian Federation	Company controlled by the same controlling party by way of ownership interest		LLC RAV Agro
LLC Ruskij Val	105774971575 9	Russian Federation	Company controlled by the same controlling party by way of ownership interest	to 1 February 2015	LLC DELTA

Trade name	Company Identification / Registration Number	State of registration	The manner and means of control	Remark	Interest via
LLC Rutar Invest	1137746325640	Russian Federation	Company controlled by the same controlling party by way of ownership interest	from 29 December 2015	STEPHOLD LIMITED
LLC Skladi 104	5009049271	Russian Federation	Company controlled by the same controlling party by way of ownership interest		GABELLI CONSULTANCY LIMITED
LLC Skolkovo Gate	1137746214979	Russian Federation	Company controlled by the same controlling party by way of ownership interest	from 2 July 2015	Trigon II B.V.
LLC Sotio	1117746901502	Russian Federation	Company controlled by the same controlling party by way of ownership interest		Sotio N.V.
LLC Sotio	EIN 35-2424961	United States of America	Company controlled by the same controlling party by way of ownership interest		Sotio N.V.
LLC Spectrum	1097746356806	Russian Federation	Company controlled by the same controlling party by way of ownership interest		NIDALEE HOLDING LIMITED
LLC Stabilnost	5087746280200	Russian Federation	Company controlled by the same controlling party by way of ownership interest	to 21 December 2015	VELTHEMIA LIMITED
LLC Strata	7702765300	Russian Federation	Company controlled by the same controlling party by way of ownership interest		VELTHEMIA LIMITED
LLC Stroyinvest	1056320172611	Russian Federation	Company controlled by the same controlling party by way of ownership interest		LLC Kvartal Togliatti

Trade name	Company Identification / Registration Number	State of registration	The manner and means of control	Remark	Interest via
LLC TGK - Trilogy	1155027001030	Russian Federation	Company controlled by the same controlling party by way of ownership interest	from 23 July 2015	LLC PPF Real Estate Russia
LLC TK Donskoe	1056102003715	Russian Federation	Company controlled by the same controlling party by way of ownership interest		LLC Trust - Invest
LLC Torgovij complex Lipetskiy	1074823001593	Russian Federation	Company controlled by the same controlling party by way of ownership interest		JARVAN HOLDINGS LIMITED
LLC Tower	1117746550020	Russian Federation	Company controlled by the same controlling party by way of ownership interest		JARVAN HOLDINGS LIMITED
LLC Trade center "Permskiy"	1087746243694	Russian Federation	Company controlled by the same controlling party by way of ownership interest		LLC Eldorado FACIPERO INVESTMENTS LIMITED
LLC Trust - Invest	1057746391306	Russian Federation	Company controlled by the same controlling party by way of ownership interest		JARVAN HOLDINGS LIMITED
LLC Uhrozhay	1063627011910	Russian Federation	Company controlled by the same controlling party by way of ownership interest		LLC Yug
LLC Yug	1083627001567	Russian Federation	Company controlled by the same controlling party by way of ownership interest		LLC LB Voronezh
LONGORIA a.s.	27630188	Czech Republic	Company controlled by the same controlling party by way of ownership interest	to 1 December 2015	WAIPA ENTERPRISES LIMITED

Trade name	Company Identification / Registration Number	State of registration	The manner and means of control	Remark	Interest via
LvZH (Rijswijk) B.V.	58163999	The Netherlands	Company controlled by the same controlling party by way of ownership interest		Seven Assets Holding B.V.
Mapleridge Development Limited	1668985	British Virgin Islands	Company controlled by the same controlling party by way of ownership interest		ANTHIAROSE LIMITED
MARAFLEX LIMITED	HE 203 470	Republic of Cyprus	Company controlled by the same controlling party by way of ownership interest	to 18 December 2015	Maraflex s.r.o.
Maraflex s.r.o.	2415852	Czech Republic	Company controlled by the same controlling party by way of ownership interest		PPF Group N.V.
MICROLIGHT TRADING LIMITED	HE 224 515	Republic of Cyprus	Company controlled by the same controlling party by way of ownership interest		PPF Real Estate Holding B.V.
MIDATANER a.s.	29055768	Czech Republic	Company controlled by the same controlling party by way of ownership interest	to 1 December 2015	WAIPA ENTERPRISES LIMITED
Millennium Tower (Rotterdam) B.V.	56261330	The Netherlands	Company controlled by the same controlling party by way of ownership interest		Seven Assets Holding B.V.
MINIFLEX LIMITED	HE 221 915	Republic of Cyprus	Company controlled by the same controlling party by way of ownership interest		Celestial Holdings Group Limited

<b>Trade name</b>	<b>Company Identification / Registration Number</b>	<b>State of registration</b>	<b>The manner and means of control</b>	<b>Remark</b>	<b>Interest via</b>
MOETON a.s.	27864561	Czech Republic	Company controlled by the same controlling party by way of ownership interest		PPF FO Management B.V.
Monheim Property B.V.	61012521	The Netherlands	Company controlled by the same controlling party by way of ownership interest		German Properties B.V.
Monchylein (Den Haag) B.V.	58163603	The Netherlands	Company controlled by the same controlling party by way of ownership interest		Seven Assets Holding B.V.
Montería, spol. s r.o.	27901998	Czech Republic	Company controlled by the same controlling party by way of ownership interest		PPF FO Management B.V.
Moranda, a.s.	28171934	Czech Republic	Company controlled by the same controlling party by way of ownership interest		PPF Group N.V.
Mystery Services s.r.o.	24768103	Czech Republic	Company controlled by the same controlling party by way of ownership interest		PPF a.s.
NACUDU LIMITED	HE 254 166	Republic of Cyprus	Company controlled by the same controlling party by way of ownership interest		PPF Group N.V.
Net Gate s.r.o.	247 65 651	Czech Republic	Company controlled by the same controlling party by way of ownership interest		PPF banka a.s.
NIDALEE HOLDING LIMITED	HE 310 150	Republic of Cyprus	Company controlled by the same controlling party by way of ownership interest		KARMION HOLDINGS LIMITED FIGERA LIMITED

<b>Trade name</b>	<b>Company Identification / Registration Number</b>	<b>State of registration</b>	<b>The manner and means of control</b>	<b>Remark</b>	<b>Interest via</b>
O2 Business Services, a.s.	50087487	Czech Republic	Company controlled by the same controlling party by way of ownership interest		O2 Czech Republic a.s.
O2 Czech Republic a.s.	60193336	Czech Republic	Company controlled by the same controlling party by way of ownership interest		PPF Arena 2 B.V. PPF A3 B.V.
O2 Family, s.r.o.	24215554	Czech Republic	Company controlled by the same controlling party by way of ownership interest		O2 Czech Republic a.s.
O2 IT Services s.r.o.	02819678	Czech Republic	Company controlled by the same controlling party by way of ownership interest		O2 Czech Republic a.s.
O2 Slovakia, s.r.o.	35848863	Slovak Republic	Company controlled by the same controlling party by way of ownership interest		O2 Czech Republic a.s.
O2 TV s.r.o.	03998380	Czech Republic	Company controlled by the same controlling party by way of ownership interest		O2 Czech Republic a.s.
Office Star Eight a.s.	27639177	Czech Republic	Company controlled by the same controlling party by way of ownership interest		PPF PROPERTY LIMITED
Office Star Five, spol. s r.o.	27639185	Czech Republic	Company controlled by the same controlling party by way of ownership interest		TENACITY LIMITED
Office Star Nine, spol. s r.o.	27904385	Czech Republic	Company controlled by the same controlling party by way of ownership interest		PPF PROPERTY LIMITED

Trade name	Company Identification / Registration Number	State of registration	The manner and means of control	Remark	Interest via
Office Star Two, spol. s r.o.	27639169	Czech Republic	Company controlled by the same controlling party by way of ownership interest		TENACITY LIMITED
OJSC Home Credit Bank	807000056	Belarus	Company controlled by the same controlling party by way of ownership interest		Home Credit B.V.
ORIBASE Pharma SAS	499 824 670	France	Company controlled by the same controlling party by way of ownership interest		PPF Capital Partners Fund B.V.
PACHATA LIMITED	HE 188 914	Republic of Cyprus	Company controlled by the same controlling party by way of ownership interest		ANTHIAROSE LIMITED
Pharma Consulting Group Ltd.	34529634	Ukraine	Company controlled by the same controlling party by way of ownership interest		HOPAR LIMITED FIGERA LIMITED
Pompenburg (Rotterdam) B.V.	58163506	The Netherlands	Company controlled by the same controlling party by way of ownership interest		Seven Assets Holding B.V.
PPF a.s.	25099345	Czech Republic	Company controlled by the same controlling party by way of ownership interest		PPF Group N.V.
PPF A3 B.V.	61684201	The Netherlands	Company controlled by the same controlling party by way of ownership interest		PPF Group N.V.
PPF A4 B.V.	63365391	The Netherlands	Company controlled by the same controlling party by way of ownership interest	from 22 May 2015	PPF Group N.V.



Trade name	Company Identification / Registration Number	State of registration	The manner and means of control	Remark	Interest via
PPF Advisory (CR) a.s.	25792385	Czech Republic	Company controlled by the same controlling party by way of ownership interest		PPF Group N.V.
PPF ADVISORY (RUSSIA) LIMITED	HE 276 979	Republic of Cyprus	Company controlled by the same controlling party by way of ownership interest		PPF Group N.V.
PPF Advisory (UK) Limited	5539859	United Kingdom of Great Britain and Northern Ireland	Company controlled by the same controlling party by way of ownership interest		PPF Group N.V.
PPF ADVISORY (UKRAINE) LIMITED	HE 162 172	Republic of Cyprus	Company controlled by the same controlling party by way of ownership interest		PPF Group N.V.
PPF Arena 1 B.V.	59009187	The Netherlands	Company controlled by the same controlling party by way of ownership interest		PPF Group N.V.
PPF Arena 2 B.V.	59029765	The Netherlands	Company controlled by the same controlling party by way of ownership interest		PPF Arena 1 B.V.
PPF Art a.s.	63080672	Czech Republic	Company controlled by the same controlling party by way of ownership interest		PPF a.s.
PPF banka a.s.	47116129	Czech Republic	Company controlled by the same controlling party by way of ownership interest		PPF Financial Holding B.V.
PPF Capital Partners Fund B.V.	55003982	The Netherlands	Company controlled by the same controlling party by way of ownership interest		PPF Group N.V.

Trade name	Company Identification / Registration Number	State of registration	The manner and means of control	Remark	Interest via
PPF CO 1 B.V.	34275402	The Netherlands	Company controlled by the same controlling party by way of ownership interest		PPF Group N.V.
PPF CO 2 B.V.	34275486	The Netherlands	Company controlled by the same controlling party by way of ownership interest	to 31 December 2015	PPF Group N.V.
PPF CO 3 B.V.	34360935	The Netherlands	Company controlled by the same controlling party by way of ownership interest		PPF Group N.V.
PPF Financial Consulting s.r.o.	24225657	Czech Republic	Company controlled by the same controlling party by way of ownership interest		PPF banka a.s.
PPF Financial Holdings B.V.	61880353	The Netherlands	Company controlled by the same controlling party by way of ownership interest		PPF Group N.V.
PPF FO Management B.V.	34186296	The Netherlands	Company controlled by the same controlling party by way of ownership interest		PPF Holdings S.á r.l.
PPF GATE a.s.	27654524	Czech Republic	Company controlled by the same controlling party by way of ownership interest		PPF Real Estate Holding B.V.
PPF Group N.V.	33264887	The Netherlands	Company controlled by the same controlling party by way of ownership interest		Ing. Petr Kellner PPF Holdings B.V.
PPF Healthcare N.V.	34308251	The Netherlands	Company controlled by the same controlling party by way of ownership interest		PPF Group N.V.

Trade name	Company Identification / Registration Number	State of registration	The manner and means of control	Remark	Interest via
PPF Holdings B.V	34186294	The Netherlands	Company controlled by the same controlling party by way of ownership interest		PPF Holdings S.á r.l.
PPF Holdings S.á r.l.	B 186335	Luxembourg	Company controlled by the same controlling party by way of ownership interest		Ing. Petr Kellner
PPF HOME CREDIT IFN S.A.	23668948	Romania	Company controlled by the same controlling party by way of ownership interest	to 22 October 2015	Home Credit B.V.
PPF Partners 1 GP Limited	49291	Guernsey	Company controlled by the same controlling party by way of ownership interest		PPF Partners Limited
PPF Partners a.s. v likvidaci	28515064	Czech Republic	Company controlled by the same controlling party by way of ownership interest		PPF a.s.
PPF Partners Limited	49292	Guernsey	Company controlled by the same controlling party by way of ownership interest		PPF Group N.V.
PPF PROPERTY LIMITED	HE 189 164	Republic of Cyprus	Company controlled by the same controlling party by way of ownership interest		GLANCUS INVESTMENTS INC. FIGERA LIMITED
PPF Real Estate Holding B.V.	34276162	The Netherlands	Company controlled by the same controlling party by way of ownership interest		PPF Group N.V.
PPF REAL ESTATE LIMITED	HE 188 089	Republic of Cyprus	Company controlled by the same controlling party by way of ownership interest		PPF Real Estate Holding B.V.

Trade name	Company Identification / Registration Number	State of registration	The manner and means of control	Remark	Interest via
PPF Real Estate s.r.o.	27638987	Czech Republic	Company controlled by the same controlling party by way of ownership interest		PPF Real Estate Holding B.V.
PPF reality a.s.	29030072	Czech Republic	Company controlled by the same controlling party by way of ownership interest		PPF Real Estate Holding B.V.
PPF RUSSIA LIMITED	HE 172 467	Republic of Cyprus	Company controlled by the same controlling party by way of ownership interest		PPF Group N.V.
PPF SECRETARIAL LIMITED	HE 340 708	Republic of Cyprus	Company controlled by the same controlling party by way of ownership interest	from 12 February 2015	PPF SERVICES LIMITED
PPF SERVICES LIMITED	HE 92432	Republic of Cyprus	Company controlled by the same controlling party by way of ownership interest		PPF Group N.V.
Prague Entertainment Group B.V.	63600757	The Netherlands	Company controlled by the same controlling party by way of ownership interest	from 26 June 2015	PPF Group N.V.
PT Home Credit Indonesia	03.193.870.7-021.000	Republic of Indonesia	Company controlled by the same controlling party by way of ownership interest		Home Credit Indonesia B.V.
Public Picture & Marketing a.s.	25667254	Czech Republic	Company controlled by the same controlling party by way of ownership interest		PPF a.s.
RAVENSBORNE LIMITED	HE 188 284	Republic of Cyprus	Company controlled by the same controlling party by way of ownership interest		Celestial Holdings Group Limited

Trade name	Company Identification / Registration Number	State of registration	The manner and means of control	Remark	Interest via
Real Estate Russia B.V.	63458373	The Netherlands	Company controlled by the same controlling party by way of ownership interest	from 5 June 2015	PPF Real Estate Holding B.V.
REDLIONE LIMITED	HE 178 059	Republic of Cyprus	Company controlled by the same controlling party by way of ownership interest		Home Credit B.V.
REPIENO LIMITED	HE 282 866	Republic of Cyprus	Company controlled by the same controlling party by way of ownership interest		PPF Real Estate Holding B.V. GLANCUS INVESTMENTS INC.
Retail Star 22, spol. s r.o.	24132161	Czech Republic	Company controlled by the same controlling party by way of ownership interest		PPF Real Estate Holding B.V. FIGERA LIMITED
Retail Star 3, spol. s r.o.	24120031	Czech Republic	Company controlled by the same controlling party by way of ownership interest	to 23 September 2015	PPF Real Estate Holding B.V.
RHASKOS FINANCE LIMITED	HE 316 591	Republic of Cyprus	Company controlled by the same controlling party by way of ownership interest		Home Credit B.V.
RobbyNet s.r.o.	014 08 437	Czech Republic	Company controlled by the same controlling party by way of ownership interest		PPF Real Estate Holding B.V.
Ruconfin B.V.	55391176	The Netherlands	Company controlled by the same controlling party by way of ownership interest		PPF banka a.s.

Trade name	Company Identification / Registration Number	State of registration	The manner and means of control	Remark	Interest via
RYAZAN INVESTORS COMPANY LIMITED	HE 180 968	Republic of Cyprus	Company controlled by the same controlling party by way of ownership interest		GLANCUS INVESTMENTS INC.
RYAZAN SHOPPING MALL LIMITED	HE 180 951	Republic of Cyprus	Company controlled by the same controlling party by way of ownership interest		RYAZAN INVESTORS COMPANY LIMITED
Saint World Limited	1065677	Hong Kong	Company controlled by the same controlling party by way of ownership interest		Home Credit Asia Limited
SALEMONTA LIMITED	HE 161 006	Republic of Cyprus	Company controlled by the same controlling party by way of ownership interest		BORACORA LIMITED
JSC Bank Home Credit	513-1900-AO (UI)	Kazakhstan	Company controlled by the same controlling party by way of ownership interest		LLC Home Credit & Finance Bank
SEPTUS HOLDING LIMITED	HE 316 585	Republic of Cyprus	Company controlled by the same controlling party by way of ownership interest		Home Credit B.V.
Settembre Holdings Limited	1449898	British Virgin Islands	Company controlled by the same controlling party by way of ownership interest		ANTHIA ROSE LIMITED
Seven Assets Holding B.V.	58163050	The Netherlands	Company controlled by the same controlling party by way of ownership interest		PPF Real Estate Holding B.V.
Shenzhen Home Credit Financial Service Co., Ltd.	79663852-7	People's Republic of China	Company controlled by the same controlling party by way of ownership interest		Favour Ocean Limited

Trade name	Company Identification / Registration Number	State of registration	The manner and means of control	Remark	Interest via
Shenzhen Home Credit Number One Consulting Co., Ltd.	66417425-7	People's Republic of China	Company controlled by the same controlling party by way of ownership interest		Home Credit Asia Limited
Sichuan Home Credit Financing Guarantee Co., Ltd.	66046758-9	People's Republic of China	Company controlled by the same controlling party by way of ownership interest		Home Credit Asia Limited
SILINE CONSULTING LIMITED	HE 281 961	Republic of Cyprus	Company controlled by the same controlling party by way of ownership interest		Celestial Holdings Group Limited
SILLERUD LIMITED	HE 224 392	Republic of Cyprus	Company controlled by the same controlling party by way of ownership interest		Celestial Holdings Group Limited
Slovak Trade Company, s.r.o.	36659 061	Slovak Republic	Company controlled by the same controlling party by way of ownership interest		SILINE CONSULTING LIMITED
SOTIO a.s.	24662623	Czech Republic	Company controlled by the same controlling party by way of ownership interest		Sotio N.V.
Sotio Medical Research (Beijing) Co. Ltd	110000410283 022	People's Republic of China	Company controlled by the same controlling party by way of ownership interest		Sotio N.V.
Sotio N.V.	34302290	The Netherlands	Company controlled by the same controlling party by way of ownership interest		PPF Group N.V.
Standish Holdings Ltd.	1870560	British Virgin Islands	Company controlled by the same controlling party by way of ownership interest	from 28 April 2015	PPF Real Estate Holding B.V.

Trade name	Company Identification / Registration Number	State of registration	The manner and means of control	Remark	Interest via
STEPHOLD LIMITED	HE 221 908	Republic of Cyprus	Company controlled by the same controlling party by way of ownership interest		Celestial Holdings Group Limited
STINCTUM HOLDINGS LIMITED	HE 177 110	Republic of Cyprus	Company controlled by the same controlling party by way of ownership interest		SALEMONTA LIMITED
SUNDOWN FARMS LIMITED	HE 310 721	Republic of Cyprus	Company controlled by the same controlling party acting in concert by way of ownership interest		Vixon Resources Limited Chelton Properties Limited
Sundown s.r.o.	242 60 479	Czech Republic	Company controlled by the same controlling party acting in concert by way of ownership interest		SUNDOWN FARMS LIMITED
SYLANDER CAPITAL LIMITED	HE 316 597	Republic of Cyprus	Company controlled by the same controlling party by way of ownership interest		Home Credit B.V.
TALPA ESTERO LIMITED	HE 316 502	Republic of Cyprus	Company controlled by the same controlling party by way of ownership interest		Home Credit B.V.
TANAINA HOLDINGS LIMITED	HE 318 484	Republic of Cyprus	Company controlled by the same controlling party by way of ownership interest		TOLESTO LIMITED
TANFORD LIMITED	HE 167 324	Republic of Cyprus	Company controlled by the same controlling party by way of ownership interest		Ing. Petr Kellner
TAPADEO LIMITED	HE 341 777	Republic of Cyprus	Company controlled by the same controlling party by way of ownership interest	from 15 April 2015	KARMION HOLDINGS LIMITED FIGERA LIMITED



Trade name	Company Identification / Registration Number	State of registration	The manner and means of control	Remark	Interest via
TELISTAN LIMITED	HE 341 864	Republic of Cyprus	Company controlled by the same controlling party by way of ownership interest	from 24 March 2015	Eastern Properties B.V.
TENACITY LIMITED	HE 180 866	Republic of Cyprus	Company controlled by the same controlling party by way of ownership interest		PPF Real Estate Holding B.V. FIGERA LIMITED
TIMEWORTH HOLDINGS LTD.	HE 187 475	Republic of Cyprus	Company controlled by the same controlling party by way of ownership interest		PPF Group N.V.
TOLESTO LIMITED	HE 322 834	Republic of Cyprus	Company controlled by the same controlling party by way of ownership interest		PPF Real Estate Holding B.V. FIGERA LIMITED
Trigon Berlin B.V.	55440916	The Netherlands	Company controlled by the same controlling party by way of ownership interest		PPF Real Estate Holding B.V.
Trigon II B.V.	56068948	The Netherlands	Company controlled by the same controlling party by way of ownership interest		PPF Real Estate Holding B.V.
TROMSON ENTERPRISES LIMITED	233665	Republic of Cyprus	Company controlled by the same controlling party by way of ownership interest		PPF Group N.V.
UNDERTREA HOLDINGS LIMITED	HE 221 285	Republic of Cyprus	Company controlled by the same controlling party by way of ownership interest		Celestial Holdings Group Limited
UNILEAVE LIMITED	HE 179 204	Republic of Cyprus	Company controlled by the same controlling party by way of ownership interest		ANTHIAROSE LIMITED

Trade name	Company Identification / Registration Number	State of registration	The manner and means of control	Remark	Interest via
VALMARIE HOLDINGS LIMITED	HE 300 697	Republic of Cyprus	Company controlled by the same controlling party by way of ownership interest		Corvus Services Limited
VELTHEMIA LIMITED	HE 282 891	Republic of Cyprus	Company controlled by the same controlling party by way of ownership interest		REPIENO LIMITED
Vítězné náměstí a.s.	28511441	Czech Republic	Company controlled by the same controlling party by way of ownership interest		PPF Real Estate Holding B.V.
Vixon Resources Limited	144 18 84	British Virgin Islands	Company controlled by the same controlling party acting in concert by way of ownership interest		Ing. Petr Kellner (acting in concert)
WAIPA ENTERPRISES LIMITED	HE 213 047	Republic of Cyprus	Company controlled by the same controlling party by way of ownership interest	to 1 December 2015	PPF Real Estate Holding B.V.
Wilhelminaplein (Rotterdam) B.V.	59494034	The Netherlands	Company controlled by the same controlling party by way of ownership interest		Seven Assets Holding B.V.
WOODBERRY LIMITED	HE 181 999	Republic of Cyprus	Company controlled by the same controlling party by way of ownership interest		Celestial Holdings Group Limited

**Česká telekomunikační infrastruktura a.s.**

Consolidated Financial statements for the year ended 31 December 2015



**KPMG Česká republika Audit, s.r.o.**  
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Česká republika

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This document is an English translation of the Czech auditor's report.  
Only the Czech version of the report is legally binding.

## **Independent Auditor's Report to the Shareholder of Česká telekomunikační infrastruktura a.s.**

We have audited the accompanying consolidated financial statements of Česká telekomunikační infrastruktura a.s., prepared in accordance with Czech accounting legislation, which comprise the consolidated balance sheet as of 31 December 2015, the consolidated income statement, the consolidated cash flow statement for the year then ended and the notes to these consolidated financial statements, including a summary of significant accounting policies and other explanatory notes. Information about Česká telekomunikační infrastruktura a.s. is set out in Note 1 to these consolidated financial statements.

### *Statutory Body's Responsibility for the Consolidated Financial Statements*

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

### *Auditor's Responsibility*

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with the Act on Auditors, International Standards on Auditing and the relevant guidance of the Chamber of Auditors of the Czech Republic. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal controls relevant to the entity's preparation and fair presentation of the consolidated financial statements 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 entity's internal controls. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

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



### *Opinion*

In our opinion, the consolidated financial statements give a true and fair view of the financial position of Česká telekomunikační infrastruktura a.s. as of 31 December 2015, and of its financial performance and its cash flows for the year then ended in accordance with Czech accounting legislation.

### *Other Information*

Other information is defined as information (other than the consolidated financial statements and our auditor's report) included in the consolidated annual report. The statutory body is responsible for the other information.

Our opinion on the consolidated financial statements of Česká telekomunikační infrastruktura a.s. as of 31 December 2015 does not cover the other information and, with exception of our separate review of the Report on Relations, we do not express any form of opinion thereon. In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information included in the consolidated annual report is not materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit, whether the consolidated annual report is prepared in accordance with applicable legislation and whether such information otherwise does not appear to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.


### *Report on Relations*


We have reviewed the factual accuracy of the information disclosed in the report on relations of Česká telekomunikační infrastruktura a.s. for the year ended 31 December 2015. The responsibility for the preparation and factual accuracy of this report rests with the Company's statutory body. Our responsibility is to express our view on the report on relations based on our review.

We conducted our review in accordance with Auditing Standard No. 56 of the Chamber of Auditors of the Czech Republic. This standard requires that we plan and perform the review to obtain limited assurance as to whether the report on relations is free of material misstatement. A review is limited primarily to inquiries of the Company's personnel and analytical procedures and examination, on a test basis, of the factual accuracy of information, and thus provides less assurance than an audit. We have not performed an audit of the report on relations and, accordingly, we do not express an audit opinion.

Based on our review, nothing has come to our attention that would lead us to believe that the report on relations of Česká telekomunikační infrastruktura a.s. for the year ended 31 December 2015 contains material factual misstatements.

Prague  
9 March 2016

  
KPMG Česká republika Audit, s.r.o.  
Registration number 71

  
Martina Stegová  
Director  
Registration number 2082

Česká telekomunikační infrastruktura a.s.

CONSOLIDATED BALANCE SHEET - LONG FORM

as at 31 December 2015

( in millions of Czech crowns )

		Current year	Prior year acc. period 1.1.2015
		Net	Net
	<b>TOTAL ASSETS</b>	<b>89 468</b>	<b>57 548</b>
<b>A.</b>	<b>STOCK SUBSCRIPTION RECEIVABLE</b>		
<b>B.</b>	<b>FIXED ASSETS</b>	<b>84 876</b>	<b>65 600</b>
B. I.	Intangible assets	1 536	1 559
B. I. 1	Foundation and organization expenses		
2	Research and development		
3	Software	846	897
4	Intellectual property rights	47	23
5	Goodwill	442	552
6	Other intangible assets		
7	Intangible assets under construction	201	87
8	Advances granted for intangible assets		
B. II.	Tangible assets	51 140	64 041
B. II. 1	Land	211	215
2	Buildings	7 999	7 761
3	Separate movable items and groups of movable items	41 835	45 565
4	Perennial crops		
5	Livestock		
6	Other tangible assets	41	4
7	Tangible assets under construction	1 054	496
8	Advances granted for tangible assets		
9	Gain or loss on revaluation of acquired property		
B. III.	Financial investments	32 200	-
B. III. 1	Subsidiaries		
2	Associates		
3	Other long-term securities and interests		
4	Loans to subsidiaries and associates	32 200	-
5	Other long-term investments		
6	Long-term investments in progress		
7	Advances granted for long-term investments		
<b>C.</b>	<b>CURRENT ASSETS</b>	<b>4 435</b>	<b>1 857</b>
C. I.	Inventory	618	284
C. I. 1	Materials	617	284
2	Work in progress and semi-finished production		
3	Finished products		
4	Livestock		
5	Goods	1	-
6	Advances granted for inventory		
C. II.	Long-term receivables	6	7
C. II. 1	Trade receivables		
2	Receivables from group companies with majority control		
3	Receivables from group companies with control of 20% - 50%		
4	Receivables from partners, co-operative members and participants in association		
5	Long-term advances granted	6	6
6	Estimated receivables		
7	Other receivables	-	1
8	Deferred tax asset		
C. III.	Short-term receivables	3 155	1 521
C. III. 1	Trade receivables	2 414	1 203
2	Receivables from group companies with majority control		
3	Receivables from group companies with control of 20% - 50%		
4	Receivables from partners, co-operative members and participants in association	26	16
5	Social security and health insurance		
6	Due from government - tax receivables	12	-
7	Short-term advances granted	99	98
8	Estimated receivables	462	203
9	Other receivables	142	1
C. IV.	Short-term financial assets	656	55
C. IV. 1	Cash		
2	Bank accounts	656	55
3	Short-term securities and interests		
4	Short-term financial assets in progress		
<b>D.</b>	<b>OSTATNÍ AKTIVA - PŘECHODNÉ ÚČTY AKTIV</b>	<b>157</b>	<b>81</b>
D. I.	Accrued assets and deferred liabilities	157	81
D. I. 1	Prepaid expenses	157	81
2	Prepaid expenses (specific-purpose expenses)		
3	Unbilled revenues		

Česká telekomunikační infrastruktura a.s.

CONSOLIDATED BALANCE SHEET - LONG FORM  
as at 31 December 2015  
( in millions of Czech crowns )

		Current year	Prior year acc. period 1.1.2015
	<b>TOTAL EQUITY &amp; LIABILITIES</b>	<b>89 468</b>	<b>57 548</b>
<b>A.</b>	<b>EQUITY</b>	<b>48 622</b>	<b>46 905</b>
A. I.	Basic capital	3 102	3 102
A. I. 1	Registered capital	3 102	3 102
2	Own shares and own ownership interests (-)		
3	Changes in basic capital		
A. II.	Capital funds	11 480	43 798
A. II. 1	Share premium (agio)		
2	Other capital funds	11 480	43 798
3	Gain or loss on revaluation of assets and liabilities		
4	Gain or loss on revaluation of company transformations		
5	Gain or loss on company transformations		
6	Gain or loss on revaluation upon company transformations		
A. III.	Reserve funds and other funds created from profit	32 200	-
A. III. 1	Reserve fund	32 200	-
2	Statutory and other funds		
A. IV.	Profit (loss) for the previous years	5	5
IV. 1	Retained earnings for the previous years	5	5
2	Accumulated loss of previous years		
3	Other retained earnings for previous years		
A. V.	Profit (loss) for the year (+ / -)	1 835	-
2	Approved advance profit distribution (-)		
<b>B.</b>	<b>LIABILITIES</b>	<b>40 169</b>	<b>10 182</b>
B. I.	Provisions	237	269
B. I. 1	Provisions created under special legislation		
2	Provision for pensions and similar obligations		
3	Provision for corporate income tax		
4	Other provisions	237	269
B. II.	Long-term liabilities	6 254	6 528
B. II. 1	Trade payables		
2	Liabilities to group companies with majority control		
3	Liabilities to group companies with control of 20% - 50%		
4	Liabilities to shareholders/members		
5	Long-term advances received	8	3
6	Bonds payable		
7	Long-term notes payable		
8	Estimated payables		
9	Other liabilities		
10	Deferred tax liability	6 246	6 525
B. III.	Current liabilities	4 828	3 395
B. III. 1	Trade payables	2 211	1 793
2	Liabilities to group companies with majority control		
3	Liabilities to group companies with control of 20% - 50%		
4	Liabilities to partners, co-operative members and participants in association	26	32
5	Liabilities to employees	50	44
6	Liabilities arising from social security and health insurance	28	26
7	Due to government – taxes and subsidies	160	9
8	Short-term advances received	5	4
9	Bonds payable		
10	Estimated payables	2 240	1 483
11	Other liabilities	108	4
B. IV.	Bank loans and borrowings	28 590	-
B. IV. 1	Long-term bank loans	28 200	-
2	Short-term bank loans	650	-
3	Borrowings		
<b>C.</b>	<b>OTHER LIABILITIES - TEMPORARY ACCOUNTS OF LIABILITIES</b>	<b>677</b>	<b>451</b>
C. I.	Accrued liabilities and deferred assets	677	451
C. I. 1	Accruals		
2	Deferred income	677	451

Česká telekomunikační infrastruktura a.s.

CONSOLIDATED INCOME STATEMENT  
classification by nature  
for the year ended 31 December 2015  
( in millions of Czech crowns )

		Year ended 31 December 2015	
I.	1	Revenue from sale of goods	1
A.	2	Cost of goods sold	1
<b>+</b>		<b>Gross margin</b>	<b>-</b>
II.		Production	20 596
II.	1	Revenue from sale of finished products and services	19 741
	2	Change in inventory produced internally	
	3	Own work capitalized	855
B.		Production related consumption	11 433
B.	1	Consumption of material and energy	1 500
B.	2	Services	9 933
<b>+</b>		<b>Value added</b>	<b>9 163</b>
C.		Personnel expenses	1 207
C.	1	Wages and salaries	879
C.	2	Bonuses to members of company or cooperation bodies	13
C.	3	Social security and health insurance	282
C.	4	Other social costs	33
D.	1	Taxes and charges	97
E.	1	Amortization and depreciation of intangible and tangible fixed assets	5 632
III.		Revenue from sale of intangible and tangible fixed assets and materials	148
III.	1	Revenues from sale of intangible and tangible fixed assets	131
	2	Revenue from sale of materials	17
F.		Net book value of intangible and tangible fixed assets and materials sold	125
F.	1	Net book value of intangible and tangible fixed assets sold	99
F.	2	Materials sold	26
G.	1	Change in provisions and allowances relating to operations and in prepaid expenses (specific-purpose expenses)	15
IV.	2	Other operating revenues	83
H.	1	Other operating expenses	17
V.	2	Transfer of operating revenues	
I.	1	Transfer of operating expenses	
<b>*</b>		<b>Profit or loss on operating activities</b>	<b>2 301</b>
VI.	1	Revenue from sale of securities and interests	
J.	1	Securities and interests sold	
VII.		Income from financial investments	-
VII.	1	Income from subsidiaries and associates	
	2	Income from other long-term securities and interests	
	3	Income from other financial investments	
VIII.	1	Income from short-term financial assets	
K.	2	Expenses related to financial assets	
IX.	1	Gain on revaluation of securities and derivatives	
L.	2	Loss on revaluation of securities and derivatives	
M.	1	Change in provisions and allowances relating to financial activities	
X.	1	Interest income	229
N.	2	Interest expense	175
XI.	1	Other finance income	62
O.	2	Other finance cost	116
XII.	1	Transfer of finance income	
P.	2	Transfer of finance cost	
<b>*</b>		<b>Profit or loss on financial activities</b>	<b>-</b>



Česká telekomunikační infrastruktura a.s.

CONSOLIDATED INCOME STATEMENT  
classification by nature  
for the year ended 31 December 2015  
( in millions of Czech crowns )

		Year ended 31 December 2015
Q.	Tax on profit or loss on ordinary activities	466
Q. 1	- due	745
Q. 2	- deferred	-279
<b>**</b>	<b>Profit or loss on ordinary activities after taxation</b>	<b>1 835</b>
XIII. 1	Extraordinary gains	
R. 2	Extraordinary losses	
S. 1	Tax on extraordinary profit or loss	-
S. 1	- due	
S. 2	- deferred	
<b>*</b>	<b>Extraordinary profit or loss</b>	<b>-</b>
T.	Transfer of share of profit or loss to partners (+/-)	
<b>***</b>	<b>Profit or loss for the year (+/-)</b>	<b>1 835</b>
<b>****</b>	<b>Profit or loss before taxation</b>	<b>2 301</b>

Česká telekomunikační infrastruktura a.s.

CONSOLIDATED CASH FLOW STATEMENT

For the year ended 31 December 2015

( in millions of Czech crowns )

		Year ended 31 December 2015
<i>Cash flows from operating activities</i>		
<b>Z.</b>	<b>Profit or loss on ordinary activities before taxation (+/-)</b>	<b>2 301</b>
A. 1.	Adjustments to reconcile profit or loss to net cash provided by or used in operating activities	5 517
A. 1. 1.	Depreciation and amortization of fixed assets and write-off of receivables	5 632
A. 1. 2.	Change in allowances	8
A. 1. 3.	Change in provisions	-32
A. 1. 4.	Foreign exchange differences	15
A. 1. 5.	(Gain)/Loss on disposal of fixed assets	-29
A. 1. 6.	Interest expense and interest income	-54
A. 1. 7.	Other non-cash movements (e.g. revaluation at fair value to profit or loss, dividends received)	-23
<b>A*</b>	<b>Net cash from operating activities before taxation, changes in working capital and extraordinary items</b>	<b>7 818</b>
A. 2.	Change in non-cash components of working capital	-785
A. 2. 1.	Change in inventory	-330
A. 2. 2.	Change in trade receivables	-1 406
A. 2. 3.	Change in other receivables and in prepaid expenses and unbilled revenue	
A. 2. 4.	Change in trade payables	951
A. 2. 5.	Change in other payables, short-term loans and in accruals and deferred income	
<b>A**</b>	<b>Net cash from operating activities before taxation, interest paid and extraordinary items</b>	<b>7 033</b>
A. 3. 1.	Interest paid	-31
A. 4. 1.	Tax paid	-756
A. 5. 1.	Gains and losses on extraordinary items	
<b>A***</b>	<b>Net cash provided by (used in) operating activities</b>	<b>6 246</b>
<i>Cash flows from investing activities</i>		
B. 1. 1.	Purchase of fixed assets	-2 361
B. 2. 1.	Proceeds from sale of fixed assets	134
B. 3. 1.	Loans granted	-32 200
B. 4. 1.	Interest received	
B. 5. 1.	Dividends received	
<b>B***</b>	<b>Net cash provided by (used in) investing activities</b>	<b>-34 427</b>
<i>Cash flows from financing activities</i>		
C. 1. 1.	Change in long-term liabilities and long-term, resp. short-term, loans	28 782
C. 2. 1.	Effect of changes in basic capital on cash	
C. 2. 2.	Dividends or profit sharing paid	
C. 2. 3.	Effect of other changes in basic capital on cash	
<b>C***</b>	<b>Net cash provided by (used in) financing activities</b>	<b>28 782</b>
<b>F.</b>	<b>Net increase (decrease) in cash</b>	<b>601</b>
<b>P.</b>	<b>Cash and cash equivalents at beginning of year</b>	<b>55</b>
<b>R.</b>	<b>Cash and cash equivalents at end of year</b>	<b>656</b>

# Česká telekomunikační infrastruktura a.s.

## Notes to the Consolidated financial statements

Year ended 31 December 2015

(All amounts are shown in millions of Czech crowns "MCZK")

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### 1. Description and principal activities

#### *Establishment and description of the Group*

Česká telekomunikační infrastruktura a.s. Group ("Group") consists of Česká telekomunikační infrastruktura a.s. ("Company") and its subsidiaries: CZECH TELECOM Germany GmbH and CZECH TELECOM Austria GmbH.

In accordance with the respective provisions of the law no. 125/2008 Coll. on transformations of businesses and cooperatives, as amended, a project of separation by spin off ("Separation") was prepared, based on which and through the approval of which by the competent authorities a transfer of business assets including undertakings took place from the demerged company O2 Czech Republic a.s. ("Demerged Company" or "O2 Czech Republic") into the Successor Company Česká telekomunikační infrastruktura a.s.

The decisive day for the Separation was 1 January 2015, date of registration of the new company was 1 June 2015.

#### *Controlling persons of the Group or persons with significant influence*

The Group is a member of the PPF Group of companies ("PPF Group") and as at 31 December 2015 the major shareholder was PPF A4 B.V. ("PPF").

Controlling persons of the Group or persons with significant influence as at 31 December 2015 and 1 January 2015 were:

	31 December 2015	1 January 2015*
PPF A4 B.V.	94.9%	-
PPF Arena 2 B.V.	-	73.1%
PPF A3 B.V.	-	10.1%
Other shareholders	5.1%	16.8%

\*Ownership structure of the Demerged Company

#### *Registered office, identification number*

The registered seat is at Olšanská 2681/6, Praha 3, 130 00, Czech Republic. The identification number is 04084063.

#### *Members of the board of directors and supervisory board as at 31 December 2015*

##### *Members of the board of directors*

Ing. Martin Vlček (Chairman)  
Ing. Petr Slováček (Vice-chairman)  
Michal Frankl (Member)

##### *Members of the supervisory board*

Ing. Ladislav Chvátal (Chairman)  
Mgr. Lubomír Král (Vice-chairman)  
Vladimír Mlynář (Member)

# Česká telekomunikační infrastruktura a.s.

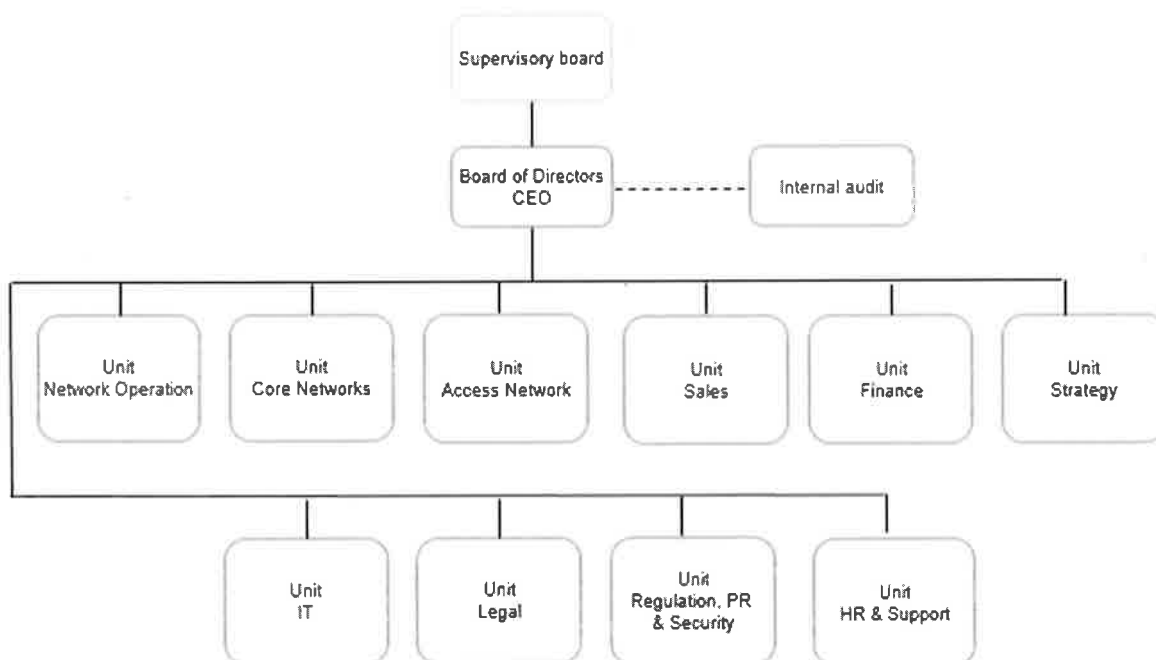
## Notes to the Consolidated financial statements

Year ended 31 December 2015

(All amounts are shown in millions of Czech crowns "MCZK")

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### Organisational structure



## 2. Significant accounting policies applied by the Group

The consolidated financial statements have been prepared based on the accounting records kept in compliance with the Act on Accounting and relevant regulations and decrees effective in the Czech Republic.

These consolidated financial statements have been prepared in compliance with Decree of the Czech Ministry of Finance No. 500/2002 Coll., implementing certain provisions of Act No. 563/1991 Coll., on Accounting, as amended, for business entities using double-entry bookkeeping.

The amounts shown in the consolidated financial statements are presented in millions Czech crowns (MCZK), unless stated otherwise.

### a) Tangible and intangible fixed assets

Tangible and intangible fixed assets are stated at acquisition cost. Tangible fixed assets costing up to CZK 40 thousand and intangible fixed assets costing up to CZK 60 thousand are not recognised in the balance sheet and are expensed in the year that they are acquired.

Construction of the telecommunication network comprises every expenditure arising up to the customers' premises, including the cost of contractors, materials, direct labour costs and interest cost incurred during the course of construction.

Selected tangible assets (mainly IT equipment, mobile phones, fixtures) with expected period of use more than 1 year and cost not greater than CZK 40 thousand per item is depreciated using rates for fixed assets. Other tangible assets are charged directly to costs.

# Česká telekomunikační infrastruktura a.s.

## Notes to the Consolidated financial statements

Year ended 31 December 2015

(All amounts are shown in millions of Czech crowns "MCZK")

The cost of internally produced fixed assets includes direct materials, direct wages and overheads directly related to the creation of the asset until it is put into use.

Depreciation is calculated based on the purchase cost and the expected period of use of the respective asset.

Assets are depreciated over the following periods:

Assets	Period
Buildings	9 - 56 years
Cable and other related plant	11 - 41 years
Exchanges and related equipment	1 - 21 years
Other fixed assets	1 - 11 years
Goodwill	5 years
Software	3 - 9 years

Freehold land is not depreciated.

Leasehold improvements are depreciated on a straight-line basis over the shorter of the lease term and their estimated useful lives.

Depreciation does not cease, when the asset becomes for a short time idle or retired from active use, unless the asset is fully depreciated.

Repairs and maintenance costs of tangible fixed assets are expensed when incurred. Costs of technical improvement of tangible fixed assets are capitalised.

### b) Long-term financial investments

Long-term investments comprise equity investments in subsidiaries and associated companies, debt securities that the Group has the intent and ability to hold to maturity, and other long-term securities for which the Group's intent is not known upon acquisition. Long-term investments also include long-term loans provided to group undertakings and associated companies and other long-term loans granted.

Long-term investments are stated at cost, which includes expenses directly incurred in connection with the acquisition, such as fees and commissions paid to brokers, advisors and stock exchanges.

Securities, except held-to-maturity securities and securities comprising equity investments in subsidiaries and associated companies, are measured at fair value as at the balance sheet date. Gains/losses arising from the change in fair value are not included in the net profit or loss for the period until they are realised, and are recorded as changes in "Revaluation of assets and liabilities" in equity.

Where the fair value cannot be reliably determined the acquisition cost is deemed to be fair value, and if a particular investment has been impaired, an adjustment is established.

As at the balance sheet date, investments are recognised at acquisition cost, and if a particular investment has been impaired, an adjustment is established.

# Česká telekomunikační infrastruktura a.s.

## Notes to the Consolidated financial statements

Year ended 31 December 2015

(All amounts are shown in millions of Czech crowns "MCZK")

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As at the balance sheet date unrealised foreign exchange gains and losses from long-term securities and ownership interests are included in the revaluation of assets and liabilities at fair value or in the revaluation of assets and liabilities through equity (in case of the equity method).

c) Short-term securities and ownership interests

On acquisition, securities held for trading and held-to-maturity debt securities due within one year are recorded at acquisition cost.

As at the balance sheet date short-term securities held for trading are measured at fair value. Any change in valuation in a given accounting period is recorded in revenues (expenses) from revaluation of securities and derivatives. Where fair value cannot be reliably determined short-term securities held for trading are recognised at cost. Adjustments are established if the net realisable value of these assets has been impaired.

The value of debt securities as at the balance sheet date also includes the proportionate part of interest revenue that is recognised in the income statement. Adjustments are established where the value of held-to-maturity debt securities has been impaired.

d) Inventories

Raw materials inventory is stated at cost, which includes the purchase price of the inventory and related customs duties and in-transit storage and freight costs incurred in delivering the inventory to the warehouse. Decrease in stock is determined using the weighted average method.

Goods for resale are stated at cost, which includes the purchase price of the goods and related customs duties and in-transit storage and freight costs incurred in delivering the goods to the warehouse. Decrease in stock is determined using the weighted average method.

e) Establishment of adjustments and provisions

Receivables

The Group establishes adjustments for doubtful receivables based on an analysis of the credit status of customers and the ageing structure of receivables.

Inventories

Adjustments are established to reduce the cost of inventory to net realisable value.

An adjustment to slow-moving, obsolete and otherwise impaired inventory is established based on an analysis of inventory turnover and an assessment of each inventory item.

Provisions

A provision for untaken holidays is established as at the balance sheet date, based on an analysis of untaken holidays in the accounting period and average payroll expenses, including social security and health insurance expenses per employee.

An income tax provision is established as the financial statements are prepared before the tax liability is determined. In the subsequent accounting period, the Group releases this provision and records the actual tax liability determined.

# Česká telekomunikační infrastruktura a.s.

## Notes to the Consolidated financial statements

Year ended 31 December 2015

(All amounts are shown in millions of Czech crowns "MCZK")

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In the balance sheet, the income tax provision is reduced by income tax prepayments, and the net receivable (if any) is recorded in tax receivables.

The Group recognized provision for estimated cost of dismantling and removing assets and restoring sites. Scenarios of future costs based on management estimation, market prices, and historical costs were discounted to present value. Discount rates are paired to the expected dates of future dismantling and removing of assets. This provision was a subject of the expert's revaluation within Separation (see Note 1). The change of the value of the provision related to the adjustment of the original assumptions for its creation is recorded to the related fixed assets.

The creation and release/utilisation of the provision in the year 2015 are recorded through profit and loss as Change in provisions and allowances.

### f) Foreign currency translation

The Group applies the Czech National Bank official rate to foreign currency transactions. During the year realized and unrealized foreign exchange gains and losses are posted as revenue or expenses of the current year.

As at the balance sheet date, foreign currency monetary assets and liabilities are translated at the prevailing Czech National Bank official rates. Unrealised foreign exchange gains and losses are recognised in profit or loss.

### g) Derivatives

A derivative is a financial instrument that meets all of the following conditions:

- Its fair value changes in response to the change in a specified interest rate, price of a security, commodity price, foreign exchange rate, price index, credit rating or credit index, or other variable ("the underlying asset").
- It requires a small or no initial net investment compared with other types of contract based on a similar response to changes in market factors.
- It is settled at a future date, with the period from the trade date to the settlement date exceeding that of a spot transaction.

Derivatives are recognised in the balance sheet at fair value. Positive fair values of derivatives are recognised in assets under "Other receivables". Negative fair values of derivatives are recognised in liabilities under "Other payables". The fair value of financial derivatives is the present value of expected cash flows from these transactions.

#### Trading derivatives

Derivatives held for trading are recognised in the balance sheet at fair value. Gains/losses from changes in fair value are recorded in the income statement under "Revenue from revaluation of securities and derivatives"/"Expenses or revaluation of securities and derivatives".

#### Embedded derivatives

In some instances, a derivative may be part of a compound financial instrument, which includes both the host instrument and the derivative (embedded derivative) that influences the cash flow or

# Česká telekomunikační infrastruktura a.s.

## Notes to the Consolidated financial statements

Year ended 31 December 2015

(All amounts are shown in millions of Czech crowns "MCZK")

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otherwise modifies the characteristics of the host instrument. Pursuant to Section 52 (7) of Decree No. 500/2002 Coll., the Group does not account for embedded derivatives.

h) Leased assets

Lease payments are expensed on a straight-line basis over the lease term. Where an asset is purchased at the end of the lease, it is recorded at its purchase price.

i) Recognition of revenues and expenses

Revenues and expenses are recognised on an accrual basis, i.e. in the period to which they relate in terms of substance and timing. Revenues and expenses are shown net of Value Added Tax and any discounts.

Revenues contain capitalized material and own work.

j) Income tax

Income tax for the period comprises current tax and the change in deferred tax.

Current tax comprises an estimate of tax payable calculated based on the taxable income, using the tax rate valid as at the first day of the accounting period, and any adjustments to taxes payable for previous periods.

Deferred tax is based on all temporary differences between the carrying and tax value of assets and liabilities, and other temporary differences (tax losses carried forward, if any), multiplied by the tax rate expected to be valid for the period in which the tax asset/liability is utilised.

A deferred tax asset is recognised only if it is probable that it will be utilised in future accounting periods.

k) Use of estimates

In preparing the financial statements, the Company's management uses estimates and makes assumptions that affect the application of accounting policies and the amounts of assets, liabilities, income and expenses recognized in the financial statements. These estimates and assumptions are based on past experience and various other factors deemed appropriate as at the date of preparation of the financial statements and are used where the carrying amounts of assets and liabilities are not readily available from other sources or where uncertainty exists in applying the individual accounting policies. Actual results may differ from the estimates.

Estimates and assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized either in the period in which the estimate is revised, providing that the revision relates only to the current accounting period, or in the revision period and future periods, providing the revision affects both the current and future periods.

Estimates and underlying assumptions used in the current period affected primarily the amount of the presented tangible fixed and intangible fixed assets, inventories and provisions.

l) Classification of liabilities

The Group classifies as short-term any part of long-term liabilities, bank loans and overdrafts that is due within one year of the balance sheet date.



# Česká telekomunikační infrastruktura a.s.

## Notes to the Consolidated financial statements

Year ended 31 December 2015

(All amounts are shown in millions of Czech crowns "MCZK")

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### m) Consolidation

The consolidated financial statements have been prepared in compliance with the Act on Accounting No. 563/1991 Coll., pursuant to Decree No. 500/2002 Coll., implementing certain provisions of the Act on Accounting No. 563/1991 Coll. as amended, for business entities using double-entry bookkeeping.

For preparation of the consolidated financial statements the method of full consolidation was used. The consolidated group is represented by Česká telekomunikační infrastruktura a.s. (parent company) and CZECH TELECOM Germany GmbH and CZECH TELECOM Austria GmbH (subsidiaries). Financial statements of all entities in the Group were prepared as at 31 December 2015. The consolidated financial statements are presented in Czech crowns (CZK).

For translation of the financial statements of the subsidiaries, which are presented in foreign exchange, exchange rate of Czech National Bank valid for 31 December 2015 was applied for balance sheet accounts and for profit and loss accounts the average rate of Czech National Bank for the year 2015 was applied. For elimination of mutual transactions of consolidated entities, receivables and payables are translated by FX rate of Czech national bank as at 31 December 2015 and mutual deliveries are translated by average FX rate of Czech national bank valid for 2015.

### n) Specific accounting policies applied by the Group for preparation of financial statements as at 31 December 2015

Financial statements were prepared as of 31 December 2015 for period from 1 January 2015 till 31 December 2015. Regarding the business combination described in point 1 amounts in balance sheet for prior year accounting period were filled in from opening balance sheet as of 1 January 2015. Due to fact that the decisive day for the Separation was 1 January 2015 amounts in profit and loss statement for prior year accounting period were not filled in.

## 3. Change in accounting policies and procedures

No significant changes in accounting policies were applied in 2015.

# Česká telekomunikační infrastruktura a.s.

## Notes to the Consolidated financial statements

Year ended 31 December 2015

(All amounts are shown in millions of Czech crowns "MCZK")

### 4. Fixed assets

#### a) Intangible fixed assets

In CZK million	Software	Intellectual property rights	Goodwill	Intangible assets under construction	Total
<b>Acquisition cost</b>					
Balance at 1/1/2015	897	23	552	87	1,559
Adjustment to balance sheet at 1/1/2015	-	-	-	(26)	(26)
Additions	235	45	-	173	453
Disposals	(54)	(14)	-	-	(68)
Transfers	33	-	-	(33)	-
Balance at 31/12/2015	1,111	54	552	201	1,918
<b>Accumulated depreciation</b>					
Balance at 1/1/2015	-	-	-	-	-
Depreciation expense	(276)	(9)	(110)	-	(395)
Disposals	11	2	-	-	13
Balance at 31/12/2015	(265)	(7)	(110)	-	(382)
<b>Net book value 1/1/2015</b>	<b>897</b>	<b>23</b>	<b>552</b>	<b>87</b>	<b>1,559</b>
<b>Net book value 31/12/2015</b>	<b>846</b>	<b>47</b>	<b>442</b>	<b>201</b>	<b>1,536</b>

#### b) Tangible fixed assets

In CZK million	Land	Buildings	Machin. and equip.	Other tangible assets	Tangible assets under constr.	Total
<b>Acquisition cost</b>						
Balance at 1/1/2015	215	7,761	45,631	4	496	54,107
Adjustment to balance sheet at 1/1/2015	-	633	(691)	58	24	24
Additions	(4)	112	1,303	2	943	2,356
Disposals	-	(3)	(106)	-	(10)	(119)
Transfers	-	79	320	-	(399)	-
Balance at 31/12/2015	211	8,582	46,457	64	1,054	56,368
<b>Accumulated depreciation</b>						
Balance at 1/1/2015	-	-	(66)	-	-	(66)
Depreciation expense	-	(584)	(4,630)	(23)	-	(5,237)
Disposals	-	1	74	-	-	75
Balance at 31/12/2015	-	(583)	(4,622)	(23)	-	(5,228)
<b>Net book value 1/1/2015</b>	<b>215</b>	<b>7,761</b>	<b>45,565</b>	<b>4</b>	<b>496</b>	<b>54,041</b>
<b>Net book value 31/12/2015</b>	<b>211</b>	<b>7,999</b>	<b>41,835</b>	<b>41</b>	<b>1,054</b>	<b>51,140</b>

In 2015, the major additions to fixed assets were development of LTE network and network sharing project with the company T-Mobile Czech Republic a.s. of MCZK 1,080, project of FTTc technology

# Česká telekomunikační infrastruktura a.s.

## Notes to the Consolidated financial statements

Year ended 31 December 2015

(All amounts are shown in millions of Czech crowns "MCZK")

development of MCZK 233 and additions to own information and technological solutions related to Separation of the Company of MCZK 447.

The adjustment of MCZK (41) is recorded in the line Additions as a decrease of assets which is based on update of the assumptions of provision for dismantling the assets (see Note 2 e).

Pledged assets are listed in Note 18.

### 5. Leased assets

Operating leases

The Group has an operating lease mainly for properties, the contracts have fixed expiry date and no expiry date. The annual costs related to operating lease for 2015 was MCZK 871.

### 6. Non-capitalised tangible and intangible fixed assets

In accordance with the accounting policy described in Note 2 a) above, the Group expensed low value tangible and intangible fixed assets in the year that they were acquired. The cumulative acquisition cost of these tangible and intangible fixed assets that were still in use was as follows:

In CZK million	Balance at 31/12/2015	Balance at 1/1/2015
Tangible fixed assets	85	84
Intangible fixed assets (software)	1	1
Total	86	85

### 7. Inventories

The Group recorded an adjustment for obsolete inventory of MCZK 324 (1 January 2015 – MCZK 328). In the opening balance sheet as at 1 January 2015 the Group presented inventories net of the adjustment to inventories of MCZK 284.

### 8. Trade receivables and payables

a) Short-term trade receivables total MCZK 2,466 (1 January 2015 – MCZK 1,203), of which MCZK 342 (1 January 2015 – MCZK 262) is overdue. An adjustment of MCZK 52 was set up at 31 December 2015 for doubtful receivables (1 January 2015 – MCZK 0). The Group adjusted the adjustment for doubtful receivables of MCZK 42 as a correction of the opening balance as at 1 January 2015.

None of the long-term trade receivables are due in more than five years.

b) Short-term trade payables total MCZK 2,211 (1 January 2015 – MCZK 1,793), of which MCZK 316 (1 January 2015 – MCZK 181) is overdue.

The Group recorded short-term trade payables totalling MCZK 63 as a correction of the opening balance sheet as at 1 January 2015.

# Česká telekomunikační infrastruktura a.s.

## Notes to the Consolidated financial statements

Year ended 31 December 2015

(All amounts are shown in millions of Czech crowns "MCZK")

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### 9. Prepayments

Short-term prepayments made consist of prepayments totalling MCZK 99 (1 January 2015 – MCZK 98) paid in connection with the consumption of electricity, gas, heat and water and prepayments for easements and other operational prepayments. Long-term prepayments made consist of prepayments totalling MCZK 6 (1 January 2015 – MCZK 6) paid in connection with guarantees from lease.

### 10. Bank accounts

Bank accounts of MCZK 656 (1 January 2015 – MCZK 55) include the balance of bank accounts of the Joint Association of MCZK 40 (1 January 2015 - MCZK 52). These are associations with other business parties founded for a specific purpose, where the Group is in a leading role.

### 11. Prepaid expenses and deferred revenues

Prepaid expenses comprise primarily deferred lease-related service costs of MCZK 55 (1 January 2015 – MCZK 56), deferred expenses from International Interconnect of MCZK 17 (1 January 2015 – MCZK 21) and deferred bank fees related to the received syndicated bank loan of MCZK 63 (1 January 2015 – MCZK 0, see Note 18).

Deferred revenues comprise primarily future revenues from installation fees related to optical fiber long term rentals of MCZK 671 (1 January 2015 – MCZK 450).

Short term deferred revenues amounted to MCZK 56 (1 January 2015 – MCZK 23), long term deferred revenues amounted to MCZK 621 (1 January 2015 – MCZK 428).

### 12. Estimated receivables (unbilled revenues)

Estimated receivables comprise primarily unbilled revenues from International Interconnect of MCZK 234 (1 January 2015 – MCZK 202) and accrued interest from the granted loan of MCZK 228 (Financial assistance, see Note 18).

### 13. Estimated payables (unbilled deliveries)

Estimated payables comprise primarily unbilled deliveries of fixed assets of MCZK 399 (1 January 2015 – MCZK 184), International Interconnect of MCZK 668 (1 January 2015 – MCZK 643), energy consumption of MCZK 231 (1 January 2015 – MCZK 265), cleaning service and heating of MCZK 185 (1 January 2015 – MCZK 120) and accrued interest to the received syndicated bank loan MCZK 144 (see Note 18).

# Česká telekomunikační infrastruktura a.s.

## Notes to the Consolidated financial statements

Year ended 31 December 2015

(All amounts are shown in millions of Czech crowns "MCZK")

### 14. Adjustments

In CZK million	Adjustment to inventory	Adjustment to receivables	Total
Balance at 1/1/2015	(328)	-	(328)
Adjustment to opening balance sheet 1/1/2015	-	(42)	(42)
Additions	(53)	(118)	(171)
Release/utilisation	57	108	165
Balance at 31/12/2015	(324)	(52)	(376)

### 15. Registered capital

	Registered Capital
31 December 2015	
Nominal value per ordinary share (in CZK)	10
Number of shares	310,220,067
Registered capital (in CZK million)	3,102

On 13 July 2015, the Company acquired 1,600 pcs of own shares for the price of CZK 164.72 per one share as a result of mandatory tender offer following the incorporation of the Company. The mandatory tender offer was in effect from 15 June 2015 to 13 July 2015. The Company still owned the treasury shares as of 31 December 2015.

### 16. Equity

#### Movement in the individual components of equity

In CZK million	Registered capital	Other capital funds	Undistributable fund related to Financial assistance	Retained earnings	Profit (loss) for the current period	Total
Balance at 1/1/2015	3,102	43,798	-	5	-	46,905
Adjustment to opening balance sheet 1/1/2015	-	(117)	-	-	-	(117)
Currency translation differences	-	(1)	-	-	-	(1)
Transfers	-	(32,200)	32,200	-	-	-
Profit for 2015	-	-	-	-	1,835	1,835
Balance at 31/12/2015	3,102	11,480	32,200	5	1,835	48,622

In relation to the provision of Financial assistance the Undistributable fund to Financial assistance was created in the amount of MCZK 32,200 according to § 311 of corporations act.

# Česká telekomunikační infrastruktura a.s.

## Notes to the Consolidated financial statements

Year ended 31 December 2015

(All amounts are shown in millions of Czech crowns "MCZK")

In course of preparation of financial statements the Company reviewed the amounts of comparatives information and recorded adjustment to opening balances as at 1 January 2015. The most significant reclassifications comprised the adjustment of intangible fixed assets of MCZK (26), the adjustment of tangible fixed assets of MCZK 24 (see Note 4a and Note 4b), the adjustment of short term receivables of MCZK (42), see Note 14, the short term trade payables of MCZK (63) and other items of MCZK (10). The adjustments of opening balances were made against the Other Capital funds of equity of MCZK (117).

### 17. Provisions

In CZK million	Asset retirement obligation	Income tax provision	Other provisions	Total
Balance at 1/1/2015	267	-	2	269
Additions	5	745	146	896
Utilisation	(2)	-	(140)	(142)
Release	(41)	-	-	(41)
Balance at 31/12/2015	229	745	8	982
Income tax prepayments	-	(756)	-	(756)
Balance at 31/12/2015 less income tax prepayments	229	(11)	8	226

The Group recognized provision for estimated cost of dismantling and removing assets and restoring sites amounting to MCZK 229 (1 January 2015 – MCZK 267).

### 18. Bank loans and Financial assistance

The PPF Group's PPF Arena 2 B. V. requested the Company for the provision of a loan in the amount of MCZK 32,200 in a form of financial assistance as stipulated in § 41 and § 311 of Act No. 90/2012 Coll., on Commercial Companies and Cooperatives (Business Corporations act), as amended. The loan provided to PPF Arena 2 B. V. was utilized and used solely for the purpose of refinancing the acquisition loan provided to PPF Arena 2 B. V. by bank syndicate for the acquisition of the shares of O2 Czech Republic from Telefónica Group in 2013. For the purpose of providing financial assistance, the Company utilized the syndicate loan in two facilities: facility with maturity of 3 years (amounting MCZK 10,200) and facility with maturity of 7 years (amounting MCZK 22,000).

# Česká telekomunikační infrastruktura a.s.

## Notes to the Consolidated financial statements

Year ended 31 December 2015

(All amounts are shown in millions of Czech crowns "MCZK")

### Syndicated bank loan

2015 In CZK million	Due date	Payment schedule	Interest rate	Balance at 31/12/2015	Due within 1 year	Due in 1 to 5 years	Due in subsequent years
Loan – facility A	31/7/2018	Cash sweep (subject to financial covenants)	1M, 3M, 6M PRIBOR + 0.75% p.a.*	6,850	650	6,200	-
Loan – facility B	31/7/2022	31/7/2022	1M, 3M, 6M PRIBOR + 1.15% p.a.*	22,000	-	-	22,000
Total				28,850	650	6,200	22,000

Covenants resulting from syndicated loan were fully met at 31 December 2015.

The loan is secured by as follow:

- Pledge over the metallic fixed telecommunication network owned by the Company;
- Pledge over material trade receivables and future revenues of the Company from its customer O2 Czech Republic;
- Pledge over receivables from bank accounts of the Company;
- Pledge over receivable from financial assistance of the Company;
- Pledge over shares of the Company held by PPF Arena 2 B.V.

### Financial assistance

2015 In CZK million	Due date	Payment schedule	Interest rate	Balance at 31/12/2015	Due within 1 year	Due in 1 to 5 years	Due in subsequent years
Financial assistance	5/8/2022	5/8/2022	6M PRIBOR + weighted average (0.75% p.a.* x amount outstanding of facility A + 1.15% p.a.* x amount outstanding of facility B) + additional margin	32,200	-	-	32,200
				32,200	-	-	32,200

\* Under the condition of complying with defined contractual conditions.

# Česká telekomunikační infrastruktura a.s.

## Notes to the Consolidated financial statements

Year ended 31 December 2015

(All amounts are shown in millions of Czech crowns "MCZK")

### 19. Related parties

#### a) Transactions with related parties

In CZK million	Volume of mutual transactions	Receivables/Payables at	
	2015	31/12/2015	1/1/2015
<b>Sale of services</b>			
Shareholders of the Company	-	6	-
Other companies in the PPF Group	10,701	1,273	8
<b>Purchase of services</b>			
Other companies in the PPF Group	527	283	-
<b>Loans provided including interest – Financial assistance</b>			
Shareholders of the Company	228	32,428	-
<b>Cash equivalents</b>			
Other companies in the PPF Group	-	611	-

Receivables and payables include trade receivables and payables described in Note 8 and estimated receivables and payables described in Note 12 and Note 13.

The Group does not have any long-term trade liabilities that are due in more than five years.

The Group purchases and sells services to related parties as part of its regular business activities. All material transactions with related parties were carried out based on the arm's length principle.

In connection with Separation new business relations with O2 Czech Republic were established as of 1 January 2015 by virtue of the purchase of fixed and mobile telecommunications services and other services. These services are provided based on wholesale agreements and represent significant revenues for the Company. The most important newly arising relationships are the mobile network service agreement on the provision of a service of coverage by mobile CDMA, 2G, 3G and LTE signal in the Czech Republic, agreement on the access to the public fixed communication network and others.



# Česká telekomunikační infrastruktura a.s.

## Notes to the Consolidated financial statements

Year ended 31 December 2015

(All amounts are shown in millions of Czech crowns "MCZK")

### b) Remuneration and loans provided to directors and supervisory board members

	Board of directors	Supervisory board
	2015	2015
Number of members	3	3
Fees and other bonuses paid in CZK million	13	-

Members of the board of directors and supervisory board do not use the Group's vehicles for business neither private purposes.

## 20. Revenue information

The main business activity of the Group is operating fixed and mobile networks. It is understood the access, aggregation and backbone infrastructure, mediating the access of customers of other operators to their fixed and mobile voice, data and video services. Part of the business activity is mutual sharing of network with other telecommunication operator.

Revenues	Year ended
In CZK million	31 December 2015
Revenues from mobile network services	5,195
Revenues from fixed network mass services	7,326
Revenues from transit services	7,084
Total revenues	19,605
Other income	991

Other income contains mainly own work capitalized.

Revenues from related parties are disclosed in Note 19.

## 21. Employees and executives

Average number of employees and executives and personnel expenses for 2015:

2015	Number	Wages and salaries in CZK million	Social security and health insurance expenses in CZK million	Social expenses in CZK million
Employees	1,136	757	246	31
Executives	79	135	36	2
Total	1,215	892	282	33

Personnel expenses include also remuneration for the members of the bodies of company.

# Česká telekomunikační infrastruktura a.s.

## Notes to the Consolidated financial statements

Year ended 31 December 2015

(All amounts are shown in millions of Czech crowns "MCZK")

### 22. Social security and health insurance liabilities

Social security and health insurance liabilities total MCZK 28 (1 January 2015 - MCZK 26), of which MCZK 19 (1 January 2015 - MCZK 17) relates to social security liabilities and MCZK 9 (1 January 2015 - MCZK 9) to health insurance liabilities. None of these liabilities are overdue.

### 23. Tax liabilities and subsidies

Tax liabilities amount to MCZK 160 (1 January 2015 - MCZK 9), of which MCZK 150 (1 January 2015 - MCZK 0) is value added tax. None of these liabilities are overdue.

### 24. Income tax

#### a) Current tax

Current income tax comprises the tax estimate for 2015 of MCZK 745.

#### b) Deferred tax

In CZK million	Assets/ (Liabilities) as at	Assets/ (Liabilities) as at
	31/12/2015	1/1/2015
Fixed assets	(6,366)	(6,649)
Receivables	9	-
Inventories	62	63
Provisions	44	53
Other temporary differences	5	8
Deferred tax asset/(liability)	(6,246)	(6,525)

In accordance with the accounting policy described in Note 2 j), a tax rate of 19% was used to calculate deferred tax.

### 25. Financial derivatives

The following nominal value of foreign exchange contracts was used by the Group to manage the currency risk:

In CZK million	Nominal value		Fair value	
	31/12/2015	1/1/2015	31/12/2015	1/1/2015
Foreign exchange contracts (Currency SWAP CZK/EUR)	162	-	-	-

### 26. Contingencies and commitments

The Group has commitments regarding capital expenditures relating to the expansion and modernisation of fixed and mobile networks, estimated at MCZK 682.

# Česká telekomunikační infrastruktura a.s.

## Notes to the Consolidated financial statements

Year ended 31 December 2015

(All amounts are shown in millions of Czech crowns "MCZK")

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### 27. Fees payable to statutory auditors

The information is disclosed in the notes to the consolidated financial statements prepared for the consolidated group in which the Company is included.

### 28. Material subsequent event

#### Squeeze-out

As a result of squeeze-out, the treasury shares were transferred to PPF A4 B.V., the principal shareholder of the Company, upon expiry of 11 January 2016. The compensation provided to the Company for its treasury shares was CZK 172.40 per one share.

Since 12 January 2016, 100% shares of the Company were owned by one shareholder, PPF A4 B.V.

#### Change of ownership structure

The company PPF Arena 2 B.V. was split into two newly established companies PPF Telco B.V. and PPF Infrastructure B.V. on 23 January 2016. PPF Arena 2 B.V. ceased existing on 23 January 2016. The financial liability from financial assistance was transferred to the company PPF Infrastructure B.V.

In the course of February 2016 the shareholders structure changed to PPF Infrastructure B.V. (74.8%), PPF A3 B.V. (10.3%) and PPF A4 B.V. (14.9%).

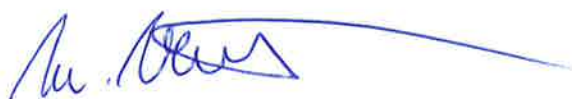
#### Other events

In January and February 2016 the Company made the payment of a syndicated loan of MCZK 1,050 contrary to expected payment of MCZK 650.

Prepared on: 9 March 2016

Martin Vlček

Chairman of the board of directors



Petr Slováček

Vice-chairman of the board of directors

