



# Annual Report 2008



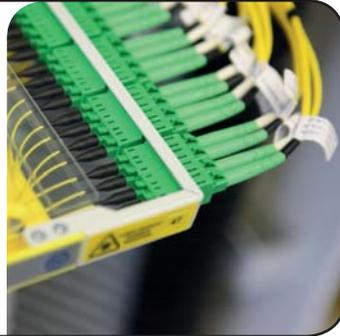
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**Our mission** is to satisfy all the telecommunication needs of our customers, to innovate our complete range of services continuously and to keep constant pressure on the development of the telecommunications market in the Czech Republic.

# Company Profile

GTS Novera is a nationwide telecom operator, providing a complex portfolio of voice telephony, data and Internet services at guaranteed top quality. It was founded in 2005, following a merger of two leading alternative telecom operators – GTS CZECH and Aliatel; currently GTS Novera is a member of a strong international telecom group, GTS Central European Holding B.V. (GTS CE), which incorporates leading telecom operators in Poland, Hungary, Romania, Slovakia and the Czech Republic.



In July 2006, GTS Novera successfully completed acquisitions of other telecom operators on the Czech market – Contactel, Telenor Networks and Nextra. As a result, GTS Novera has become the second-largest operator in the Czech Republic offering fixed-line services.

The Company's products primarily focus on corporate clients – large corporations, small and medium enterprises and sole traders in the entire territory of the Czech Republic. GTS Novera operates regional branch offices in Brno, České Budějovice, Hradec Králové, Olomouc, Ostrava, Plzeň, Ústí nad Labem and Liberec. In addition, the Company operates top-quality data centres in Prague, Brno and Ostrava, offering its customers extensive server capacity and technology. GTS Novera has also acted as a long-term partner and telecom service supplier for public administration – state administration as well as local governments. Thanks to the strong background of the Central European telecom group GTS CE, it is capable of actively providing its retail and wholesale services at an international level.

GTS Novera is a member of the Association of Public Telecommunication Network Operators (APVTS) and its business operations and cooperation with the Czech Telecommunication Office largely contribute to the development of a fully competitive environment on the Czech telecom market.

# Introduction by Stuart Evers, Chairman of the Board of Directors

Dear Colleagues, Shareholders and Business Partners, Customers and Friends,

I would like to look back briefly over 2008, a year in which our company saw significant changes in respect of ownership and organization, but also a year which gave ample evidence of the continuing success of our strategy as we saw further benefits of our acquisitions in previous years and of market strategy within the Czech arena. 2008 was marked by the modernisation of our infrastructure, successes in the corporate and public sector, and more active cooperation within the framework of the GTS CE Group. We consolidated our position as the second largest national fixed-line telecommunication's operator in the Czech Republic and we also saw reaffirmation as the preferred partner for corporate clients and for public bodies.

In the first half of the year we completed the sales process of our parent, GTS Central European Holding B.V. (GTS CE), which saw us gain new owners of the group, a consortium of North American and Central European investment funds. Since then we have begun in earnest the process of unifying the group in order to better meet changing market demands, which, amongst other things, involved organizational changes in the management of GTS Novera.

This unification of the group allowed us to both increase and harmonise cooperation with other members of the GTS CE group i.e. our sister companies in Poland, Hungary, Romania and Slovakia. This was reflected in more proactive business activities within the Central and Eastern European region. Further, these changes have given us, and the entire group, new possibilities for development, which have already resulted in a significant increase in international business.

Alongside this integration process within our group framework we also concentrated on developing our position within the Czech market. The continuing drop in demand for voice services based on traditional technology is an ongoing trend affecting all operators within our market. However, to offset this negative trend we devoted increased attention and resources to the modernisation of the network, technology, products and CRM systems in order to enhance and increase our ability to profit state-of-the-art and future-proof data and IP services to our customers and thus continue to deliver positive results and profitable growth.



We also continued to cross traditional telecommunication borders – we now offer our customers not only telecommunication services, but increasingly we now take an active role as a systems operator and integrator, supplying customers not only with voice and data services, but with comprehensive solutions which we then manage and monitor as per our customers' requirements – in other words we are increasingly moving up the value chain with our customers, forming mutually beneficial partnerships.

Finally, I would like to thank our shareholders, customers and business partners for their cooperation, support, and the trust they have placed in our company. Last but not least I would like to thank my colleagues, the employees of GTS Novera, for their commitment, their active and innovative approach, and their unrelenting endeavour to ensure our customers are always offered the very best in products, services and customer care.

Stuart Evers  
Chairman of the Board of Directors of GTS NOVERA a.s.

# Company Highlights in 2008

## January

GTS Novera opened a new telecommunication channel for its customers. For fast communication with GTS Novera, the existing and potential users of the Company's services can use a newly introduced chat with the operator, in addition to telephone hotlines and email. The chat incorporates the advantages of both telephone and email contact in that it is interactive and carried out in writing.

## February

GTS Novera expanded its service offer by a new service, Novera komplet pro, combining standard telephone services with unlimited capacity broadband Internet. The service is designed for medium-sized and large businesses. A broad range of configuration options allows to set up solutions for linking PBX with computer networks, tailor-made to specific customer requirements.

The corporate governance underwent two changes: a new Project Business Division was formed with the aim to consolidate and optimize the process of in-house project management and technology planning. Pavel Brabenec was named head of the new division. Peter Broster was appointed Chief Finance Officer. He replaced Vladana Štefková who departed for maternity leave.

## March

GTS Novera published its financial results for 2007, the best results in the Company's history. The key indicator, operating profit before taxes, interest, depreciation and amortization (EBITDA), rose by 13% year-on-year to more than CZK 1.041 billion. Net profit amounted to CZK 16.7 million on revenues of CZK 5.765 billion.

The metropolitan network in the Bilovecko microregion, built by GTS Novera, was awarded the Communications Project of the Year prize. The award is presented annually to best-communicating local governments by the Westminster company and the Association of Communications Agencies as part of the European Monitor of Government Communications project. The network, launched in June 2008, integrated five municipalities under the administration of the town of Bilovec.

## April

GTS Novera Web pages placed first in the Best Corporate On-line Presentation category in the 6th Golden Semicolon contest for corporate presentations and publications.

GTS Novera was voted the best company of the City of Prague in the 4th annual Company of the Region competition. The competition, organized by INC Consulting, aims to highlight businesses actively working with the population and supporting their staff, thus having a significant impact on the region in which they are based.



### May

The telecommunication group GTS Central European Holding (GTS CE), of which GTS Novera is a member, finalized the process of acquiring a new owner. The prior owner, financial holding GML Limited, and the new owner, consortium of private equity funds, including Columbia Capital, M/C Venture Partners and Innova Capital, completed the sale of GTS CE in early May.

The GTS CE Group announced its plan for a closer integration of its regional subsidiaries in the Central and Eastern European countries, with the objective to expand the range of telecom services in the entire CEE region and to actively engage in the Austrian and German markets through opening branch offices in these countries.

### June

GTS Novera substantially cut the rates of its Novera duo expres and Novera komplet office services. Both plans offer an advantageous combination of voice services with broadband Internet, but each is targeted at different types of customers; Novera duo express is designed for the smallest-size businesses, sole traders and home offices, and Novera komplet office for small and medium-sized businesses.

### July

GTS Novera was awarded the ISO 14001:2004 International Environmental Protection Certificate. As part of its company-wide Green Novera project, GTS Novera had adopted a responsible approach to the environment and modified all its corporate activities to meet the stringent certification criteria.

In a reshuffle of GTS Novera top management, CEO Milan Rusnák left the Company and was replaced by Stuart Evers, who formerly worked as Chief Sales Officer of the regional telecommunications operator, GTS Central European Holding B.V. (GTS CE), the parent company of GTS Novera.

### August

GTS Novera signed with the Ministry of Interior implementation contracts for the provision of data and voice services to state administration agencies and institutions. The services include the installation of high-capacity VPN and Internet connections and the provision of ISDN PRI direct voice services and Green Lines for a total of 486 locations. The implementation contracts constitute a part of the framework agreement on the provision of data and voice services within the Public Administration Communication Infrastructure (KVIS) project.



### September

Petr Mojžíš, former long-term Director of the Business Section for the corporate segment, was appointed Director of the GTS Novera Sales Division. This position was renewed in the Company's organizational structure by Stuart Evers who in July took over the position of Chief Executive Officer from Milan Rusnák. Previously, the Sales Division was controlled by the CEO.

Spaniard Ignacio Irurita was appointed Chief Technology Officer of GTS Central European Holding B.V. (GTS CE), of which GTS Novera is a member. Mr. Irurita is responsible for coordination and development of GTS CE's international network infrastructure, integration of national networks operated by the Group members, and establishing their joint operating platform. Mr. Irurita manages all these activities from the GTS Novera Prague headquarters.

### October

GTS Novera released its financial results for the first two quarters of 2008. Revenues totalled CZK 2.65 billion and EBITDA (operating profit before taxes, interest, depreciation and amortization) amounted to CZK 385 million. The achieved results were in line with the Company's 2008 business plan, which projected a stable level of revenue and operating profit and increasing investments related to infrastructure upgrades.

Radim Chudárek became new Director of the Sales Section for Corporate Customers. He took over this position in October to replace Petr Mojžíš, who had been appointed Director of the Novera GTS Sales Division in September. Previously, Radim Chudárek held the position of Sales Manager in GTS Novera. His new responsibilities include the development of customer service with the existing clientele and acquisition of new corporate clients from the ranks of major corporations.

### November

GTS Novera launched a new service, Novera lambda, providing high-speed data transfer of up to 40 Gbps, while using the Company's own optic fibre infrastructure. The service is designed for telecommunication operators and Internet providers and also for large corporations requiring transfers of large volumes of data, such as among subsidiaries based in different countries of the region.

### December

GTS Novera secured linking of the new Czech EU Presidency portal to the Internet. The portal provides information on the European Union for experts and the general public alike. GTS Novera will ensure 100 Mbps connectivity through 2011.

# Statutory Bodies

The period of 2008 to present.

## Supervisory Board

3-member Supervisory Board  
from 1 January 2008 to 30 May 2008

6-member Supervisory Board  
from 30 May 2008 to present

**Tamas György Polgar**  
from 1 January 2008 to 28 April 2008

**Vladana Štefková**  
from 1 January 2008 to 28 August 2008

**John Gerald Grace**  
from 1 January 2008 to present

**Adam Sawicki**  
from 1 June 2008 to present

**Rafal Ciecwierz**  
from 1 June 2008 to present

**Ondřej Pecka**  
from 28 August 2008 to present

**Petr Štajner**  
from 21 July 2008 to present

**Artur Maciej Ostrowski**  
from 1 January 2009 to present

## Board of Directors

**Milan Rusnák**  
Chairman (from 1 January 2008  
to 30 June 2008)

**Stuart W. Evers**  
Chairman (from 1 July 2008 to present)

**Tomáš Budník**  
member (from 1 January 2008 to present)

**Eva Králková**  
member (from 1 January 2008  
to 15 August 2008)

**Peter Charles Ramsay Broster**  
member  
(from 15 August 2008 to present)

## Top Management

**Milan Rusnák**  
Chief Executive Officer and Director of  
Commercial Division (from 1 January  
2008 to 30 June 2008)

**Stuart W. Evers**  
Chief Executive Officer (from 30 June  
to present)

**Tomáš Budník**  
Director, Technology Division  
(from 1 January 2008 to present)

**Miloš Mašník**  
Director, Commercial Support Division  
(from 1 January 2008 to present)

**Zdeněk Ražhauský**  
Director, Operations Division (from  
1 January 2008 to 31 December 2008)

**Petr Štajner**  
Director, Wholesale and Public Relations  
Division (from 1 January 2008 to present)

**Vladana Štefková**  
Director, Finance Division (from  
1 January 2008 to 31 January 2008)

**Peter Broster**  
Director, Finance Division  
(from 1 February 2008 to present)

**Petr Možiš**  
Director, Sales Division  
(from 1 September to present)

**Pavel Brabeneč**  
Director, Product and Project Business  
Division (from 1 January to present)

# Key Activities

The year 2008 marked another expansion of GTS Novera's portfolio of services and products, designed in particular for clientele of the medium-sized and large businesses segment.

In February, GTS Novera expanded its service offer by a new service, Novera komplet pro, combining standard telephone services with unlimited capacity broadband Internet. The service is designed for medium-sized and large businesses. A broad range of configuration options allows to set up solutions for linking PBX with computer networks, tailor-made to specific customer requirements.

In March, GTS Novera announced the cancellation of all data limits for the lowest-speed Internet connection plan, Novera DSL Fun, which was the last service with imposed data limits. The Company continued last year's data limits cancellation for the Novera duo express service and finalized its offer for unlimited Internet connectivity. Prior to this step, GTS Novera had been forced to impose data limits on the basic service due to the dominant operator's wholesale service offer.

Also in March, GTS Novera expanded its unique service, Novera blue number, for callers abroad. Beside Slovakia, it was made available also in Hungary and Poland. The service is designed for companies that wish to offer discounted call rates to their existing and potential foreign customers who want to acquire information on the relevant company's services, or to facilitate contact with their customer service departments.

In September, GTS Novera significantly updated the Novera DSL Internet offer by replacing the existing four speed profiles with two new profiles providing speeds of 8 Mbps to 16 Mbps, without charging rate increases. Higher-speed Internet connectivity was reflected in the Novera komplet pro, Novera komplet office and Novera duo expres packages combining broadband Internet with voice services.

In November, GTS Novera launched a new service, Novera lambda, providing high-speed data transfer of up to 40 Gbps, while using the Company's own optic fibre infrastructure. The service is designed for telecommunication operators and Internet providers and also for large corporations requiring transfers of large volumes of data, such as among subsidiaries based in different countries of the region. The commercial launch of the service had been preceded by a months-long project of a massive increase in the capacity of the GTS Novera backbone network, using the Dense Wavelength Division Multiplexing (DWDM) and Coarse WDM latest technologies.



In 2008, GTS Novera carried on investments in improving the operation of ULL infrastructure enabling launching new products. In September, Novera Internet and Novera IP VPN products were launched in the ULL network with the use of IP SHDSL technology.

An emphasis placed on improving the quality of services in the segment of product development resulted in an inclusion of a new Quality of Service (QoS) category among the product parameters. Consequently, in September customers were offered an opportunity to specify the required quality of service when subscribing to the Novera IP VPN service. GTS Novera allows to specify QoS not just in relation to its own infrastructure, but also in case a part of the provided service infrastructure is in the ownership of a third party (e.g. on other operators' access lines equipped with ADSL or IP SHDSL technology). The implementation of the Quality of Service categories was possible through major investments in backbone network nodes of the GTS Novera data network.

In the last quarter of 2008, the development of a number of new products commenced. The most important products, slated to be launched in the first half of 2009, include Novera virtual faxing, Novera SIP trunking, Novera hosted firewall, Novera hosted PBX, Novera Wholesale Line Rental (WLR) and a whole new product line, Novera Ethernet. Novera Ethernet has required significant investments, selection of a new supplier of brand new technology, and its integration in GTS Novera infrastructure.

# Regulation, Sales & Marketing

## Regulation and Inter-operator Environment Development in 2008

In terms of regulation applicable in the Czech Republic territory, of key importance for 2008 was an update of price-related remedial measures imposed on the basis of analyses conducted by the Czech Telecommunications Office in the previous year. GTS Novera's operations were affected mainly by the decision to cut block and regular LLU prices charged by the Telefónica O2 carrier (lease of metallic user lines), and the decision on a gradual reduction in termination prices of calls to other mobile networks, which came into effect in February 2009.

In terms of regulation implemented at the EU level, significant activities in 2008 pertained to preparations for amending the regulatory framework and drafting a recommendation of remedial measures for new NGN generation networks.

An important in the Inter-operator environment in 2008 was finalizing the implementation of an agreement concluded by Czech network operators on change of delivery of special rate services with the aim to enhance transparency of the provided services.

In 2008, within the framework of cooperation with Telefónica O2 Czech Republic, a.s., an agreement was concluded on the implementation of a wholesale service providing GTS Novera customers with access to Telefónica O2's public telephone network. This service is marketed in the EU countries under the name Wholesale Line Rental (WLR). The implementation of the service, scheduled for early 2009, will facilitate for GTS Novera customers using the call prefix service (CPS) obtaining a complex service complete with telephone network access that to date has been provided for CPS users exclusively by Telefónica O2 Czech Republic, a.s.



## Business Policy and Marketing

2008 was a successful commercial year for GTS Novera. The Company strengthened its position of a telecom operator that is clearly a No. 1 choice for clientele from the highest market segments, i.e. corporate customers, including state administration clients. We signed contracts with important players in the industrial, commercial and state administration sectors and continued to solidify our position among our strongest customer group – corporate clients. Our accomplishments include, among others, connection of the portal of the Czech EU presidency over the EU Council to the Internet, and a successful participation in a tender for the long-term project “Public Administration Communication Infrastructure”, which is part of the government programme for providing state administration with electronic access.

Our business strategy last year focused to a greater degree on customers operating in the CEE region. As members of the GTS Central Europe telecom group, GTS Novera and its sister companies in the other CEE countries offer a unique range of products and services, using their own infrastructures across the region.

Last year, we also made great effort to further develop customized solutions for our clients, i.e. solutions ensuring delivery of a complete package of telecommunication services to the customer, including advisory and technology. This is the current trend in the advancement of telecom services, and our Company undisputedly ranks among the market leaders in the Czech Republic. This was again demonstrated when the Company placed among the leading hundred most successful companies operating in the Czech Republic, Czech Top 100.

In addition to this award, we can proudly announce other prizes, particularly from the online presentation field. In March 2008, our web pages [www.gtsnovera.cz](http://www.gtsnovera.cz) were redesigned and their structure and contents changed, and the result was the top place in the Golden Semicolon contest held in April for the best on-line presentation. Another success was placing 6<sup>th</sup> overall among the WebTop 100 contestants and 4<sup>th</sup> in the Telecommunications and IT category. Other awards include the Communication Project of the Year received by the Blouvkov microregion for the metropolitan telecom network designed to facilitate communication among local governments and institutions and with the public. This network was built by our Company.

We strive to maintain an innovative approach that will help us play a major role in determining the direction of the development of the Czech telecommunication market. Our primary goal is to ensure maximum customer satisfaction and to fully meet customer needs even in a situation when the required solutions are increasingly complex. The focus on corporate clientele and the public sector, delivery of customized turnkey solutions, products made through merging telecom and IT technologies, and services designed for both domestic and foreign clients – these were the pillars of our business policy in 2008. We intend to continue to build upon them in 2009.

# Employee Policy and ISO Certification

## Employee Policy and Social Programme

The number of employees and organizational structure reflect GTS Novera's needs after the completion of the acquisition and transformation process and with regard to the ongoing integration process within the GTS CE, of which GTS Novera is a member.

### **Workforce structure and wages**

We pay maximum attention to recruitment of highly skilled employees capable of meeting the company's goals. Continuing education, development and professional growth aimed to achieve the expected professional and moral qualities is an integral part of each employee's dynamic career in our Company. As at 31 December 2008, the average age of the staff was 32.28 years. In terms of education, GTS Novera employed mostly people with secondary (60.5%) and university (39%) education in 2008. The wage development in 2008 matched the Company's and its employees' needs, and it also responded to the development on the telecom market. Currently the wage is comprised of the basic tariff and an incentive component, which reflects each employee's actual performance. Wages and other benefits are effectively determined in keeping with the in-house fairness rules and market research pertaining to the information and telecom services sector.

### **Employee healthcare and welfare**

All employees are provided with healthcare services in compliance with applicable legislation. The staff can fully engage in sporting activities to help reduce work-related stress. Each GTS Novera employee may undertake some sport of their choosing in accordance with the current benefits system. All GTS Novera employees are eligible for a full scope recruitment and termination medical examination exceeding the legal requirements, provided by COMFORT CARE, a.s.

### **Sponsorship and charity**

In 2008, GTS Novera sponsored several cultural and charitable events. Traditionally, the Company's staff collected money for the Racek children's home. The Early Intervention centre received a passenger car and the Křižovalka Foundation received a contribution for the purchase of breathing monitoring devices for prematurely born babies.



## ISO Certification

In 2008, GTS Novera successfully passed the second recertification audit of the quality control system under the ISO 9001:2000 standard awarded in 2000, and the information security management system under the ISO/IEC 27001:2005 standard awarded in 2006. In the course of the year, GTS Novera was also awarded the environment management system certification under the ISO 14001:2004 standard. This set of certificates is indispensable for the Company's successful business activities, as they form a basis for meeting all customer requirements, in particular in the corporate clientele segment and the public sector. GTS Novera continues to place an emphasis on the quality of process activities in all business areas, resulting in an ongoing improvement of the provided services, while paying utmost attention to the protection of customer data and information transfers. GTS Novera is well aware of its social responsibility and for this reason conducts all business activities in a most environment-friendly manner.

# Technology and Infrastructure

## Technology and Infrastructure

The integration and optimization of network infrastructure and leased capacity migration to own networks continued in 2008.

In 2008, new DWDM technology was implemented. The prior DWDM system, which supported only STM-16 signal transfer, was replaced with a new, upgraded DWDM system supporting transfer of a broad variety of signals (SDH, Ethernet, FiberChannel, any rate, etc.). The new DWDM system was launched in the national network (covering major POPs in all regional cities). In 2009, expansion of the DWDM network will continue in regional and metropolitan networks.

The ongoing consolidation process continued in the SDH network in 2008 (uninstalling or replacement of the existing non-prospective SDH nodes). The consolidation will be finished in 2009 after rebuilding the SDH network with the use of Marconi and Alcatel-Lucent technologies only (while removing the SAGEM and ECI technologies).

2008 saw the start of the implementation of a new, packet-oriented L2 transport network (selection of a supplier and HW delivery). The network will be deployed in the course of 2009 in parallel to the existing SDH network at both the nation-wide level and the regional and metropolitan levels. In the future, the L2 transport network will gradually replace the TDM transport network.

Consolidation projects of ex-Altatel and ex-Nextra L3 networks were launched in 2008 to comply with the GTS Novera standards, along with migration of customer services to GTS Novera. A generation upgrade of the countrywide backbone L3 network to 10G, and an upgrade of the countrywide Internet connectivity to 4 x 10G were also carried out.

2008 was marked by the ongoing synergies of GTS Novera's voice telephony network, while maintaining the existing portfolio of voice telephony services. The EWSD technology (Siemens) V16 version was retained as the target platform for TDM services. The components of the EWSD system are distributed in seven Czech locations to cover the highest possible concentration of the commercial industry and the population and to copy the deployment of Telefónica O2 transit points. Similarly, the Prague voice telephone network was consolidated in 2008 and one of the EWSD components was removed.



The VoIP network is operated on the Nortel CS2000, Comverse (Netcentrex) and Mera platforms. The gateways of the Nortel platform copy the deployment of the TDM network. The Comverse and Mera platforms are located centrally in Prague. The VoIP network is interconnected with some 40 international VoIP operators. Last year, consolidation of VoIP platforms commenced and it will be continued throughout 2009.

In the segment of Local Loop Unbundling (LLU,) construction of five new LLU locations continued in 2008 (Břeclav, Havlíčkův Brod, Hodonín, Plzeň and Prague), which resulted in an expansion of the related backbone network and increased the number of built LLU locations with UTS DSLAMs to 96 at the end of the year. At the same time, services (packages) combining ADSL with speeds of up to 16 Mbps and voice TDM – HTS, BRI (ISDN) and VoIP continued to be provided, and new services offering SHDSL with speeds of up to 8 Mbps were launched. In 2009, services (packages) combining voice and SHDSL of up to 8 Mbps are to be introduced.

In 2008, the technology section of the data centre in Prague – Vinohrady was expanded. Construction of a new hall allowed for improving the quality of services rendered and provided new space for the current and new customers.

# Contact and Monitoring Centres

## Contact Centre

In the segment of after-sale customer services, we have expanded customized services for national and international wholesale clients that is perceived favourably by our current retail customers. Similarly, customized services were introduced for the public administration sector. For the entire year, all contact channels developed in the previous period were made accessible at a level well above the common standard.

We paid close attention to the churn management system, performing more thorough work on analyses of the reasons for contract terminations, and taking subsequent proactive steps to retain the clients. This approach helped us end the year with record-low churn numbers.

The year 2009 will undoubtedly abound with challenges. On the one hand, the impact of the economic downturn will test our ability to retain the current customers. On the other hand, the GTS Central Europe Group will be in need of strategic consolidation to ensure further growth. In the customer care segment, it will be instrumental to integrate the operating processes and procedures in all countries to be able to provide high-quality services for growing international clientele.



## Monitoring Centre

2008 was the year of changes in the Monitoring Centre. The key change was finalizing the principal part of the project for implementation of the central monitoring system, Umbrella Management System (UMS). This system allows for monitoring main technologies network events in one system. Part of the UMS system is an implemented feature enabling to generate information on disrupted customer services, based on network events. This feature has shortened the time needed to resolve the disruption and, notably, improved the proactive approach to clients.

Another auxiliary system is the Performance Monitoring System facilitating monitoring of the data services functionality at the higher levels of communication. Both these systems have considerably affected the Monitoring Centre operations and helped make it more customer-oriented.

2009 is to be the year of improving communication and introducing new systems. Another significant step is setting up an international monitoring centre in Poland as part of our parent group GTS CE. The centre will take over a major part of support provided to international wholesale partners.

# Information Systems

## Information systems

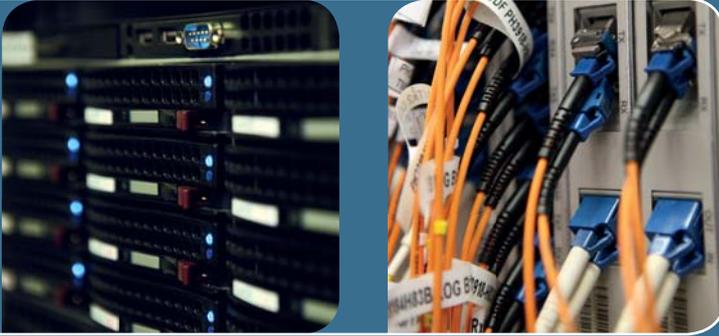
The consolidation of corporate information systems (IS) purchased in 2006 was completed in 2008, while the focus was primarily on communication between BSS and OSS.

The CRM systems were successfully consolidated in 2007 already. Attention was paid to their development in the field of support for manual and, notably, for automated service provisioning modules. We also focused on pre-sale support (BOM modules) and special customer solutions (support for extensive business cases and service management). Reporting of newly collected data was secured by a DWH built in the previous year. The CRM systems data were cleaned through a series of projects, in which IS analysts, data owners and a considerable number of temporary workers participated. This resulted in an integration and development of extranet applications ensuring the provision of information to the Company's customers and their business partners.

The segment of interconnect billing was developed through a set of modification requirements responding to market changes. We improved cooperation with NMS that controls, based on ASWB information, routing of transit exchanges, and in the first phase we built a Fraud Management system to eliminate possible losses. The Durian retail billing system was subject to several projects aimed to integrate services of the consolidated companies. These projects naturally affected the other information systems, specifically registration and provisioning systems. Also, a number of new products based on ULL, VoIP and parts of the newly built NGN network were implemented. Inputs of the Manggis mediation were adjusted to these new technologies.

A gradual expansion of the DWH development project was carried out. In early 2008, the BI project, under which specific data cubes, reports were produced, was separated. This project ensured optimization of reports and their prioritization to provide maximum benefit for the Company's operation. The DWH/BI development was linked, in terms of practicality and staff, to the data cleaning projects to prevent operations in variable areas and to ensure proper prioritization of cleaning.

The ADSL and ISP platforms consolidation projects were completed in 2008. They allowed for migration of customer services to more advanced technologies covered by joint service provisioning tools. Similarly, they enabled an integration of mediation inputs of these types of services. The K2 system was finally turned off through replacing SP applications, registrations and internal-technical Tiket tools. The development of the service provisioning segment was carried out in accordance with the priorities of network consolidation and product portfolio development. We abandoned the selection of an external SP solution and focused on the controlled development of specific applications processing the smallest entities of the product catalogue (so-called generic products). We tackled the situation by hiring trained programmers working on the code owned by GTS Novera.



In mid-2008, the IS development was predominantly focused on OSS. A variety of new Ident Engine modules and NRM satellite applications were added to Network Inventory. In the course of the year, these new modules began to take control over non-consolidated registrations of IP address allocations, IP addresses, telephone numbers, etc., and via the SOAP function began to actively participate in the service fulfilment process secured by the service provisioning tools of the BSS area. The network registration was systematically filled with data related to the consolidated companies' technological networks.

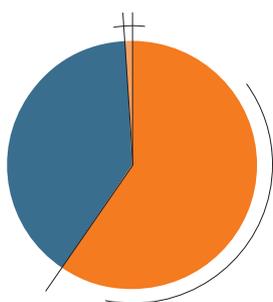
These activities were directly linked to the development of the Umbrella Management System (UMS), the implementation of which commenced in late 2007. In the course of 2008, a number of technological probes were created for monitoring alarms and downloading configurations of network active elements for the purposes of automatic registration (NRM areas). Due to the completed integration with the NRM system, alarms detected in the network can be linked to internal or customer circuits. Subsequently, using the CRM integration, each system failure can be marked by a customer (or service) priority, a Trouble Ticket can be automatically created, and planned or mass failures can be controlled. A feature was created and implemented preventing activation of several alarms related to a single failure.

In the field of Performance Management System, we implemented BaseN, in the first phase used in the form of SaaS. In the second phase, it was installed in IT housing space and is controlled by the IS development and operation section. In the course of the year, functions of the consolidated companies' original systems without uniform management and registration sections were transferred to BaseN.

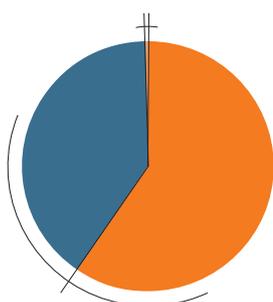
All IS modifications are carried out as part of corporate projects or releases of specific information systems and are implemented through modification requirements. They are subject to approval by key users and management prioritization. Similarly to other Company divisions, IT complies with ISO standards. Future steps will include the commencement of consolidating local information systems under the supervision of all-European IT of the GTS Group.

# Selected Financial Indicators Investments and Charts

Assets structure



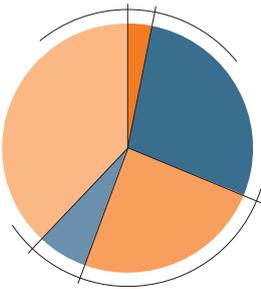
Liabilities structure



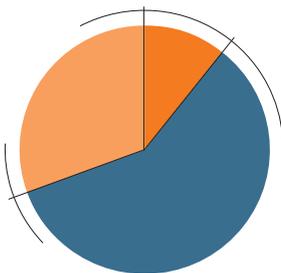
Selected Financial and Operating Indicators (CZK'000)	31.12.2008	31.12.2007
Total assets	5,527,406	4,525,267
▲ Fixed assets	3,292,690	3,100,021
▲ Current assets	2,196,031	1,387,431
▲ Other assets	38,685	37,815
Total liabilities	5,527,406	4,525,267
▲ Equity	3,300,000	2,249,681
▲ Liabilities	2,218,597	2,257,865
▲ Other liabilities	8,809	17,721
Sales of goods	3,933	12,055
Sales of own products and services	5,451,146	5,765,623
Added value	1,480,545	1,550,937
Operating result	-22,795	76,638
Profit (loss) for the accounting period	770,826	16,737
Employee number (average)	612	730
Labour productivity (added value/employee)	2,419	2,125



### Backbone net investments



### Client connections



Investments (CZK'000)	2008	2007
▲ Switching centers	9,393	29,657
▲ IP technologies	78,659	96,802
▲ Transmission network	68,642	70,919
▲ Wireless network	18,144	34,240
▲ Other	107,020	83,401
<b>Total</b>	<b>281,858</b>	<b>315,019</b>
IT	61,079	37,448
Vehicles	1,146	9,007
Buildings	2,663	1,757
<b>Total</b>	<b>64,888</b>	<b>48,212</b>
▲ Voice	12,336	67,458
▲ Data	66,949	49,613
▲ Internet	34,672	81,381
<b>Total</b>	<b>113,957</b>	<b>198,452</b>
<b>Overall</b>	<b>460,703</b>	<b>561,683</b>



## Financial Section

# Independent Auditor's Report



PricewaterhouseCoopers Audit, s.r.o.  
Kalešinská 40/466  
120 00 Prague 2  
Czech Republic  
Phone +420 251 151 111  
Fax +420 251 156 111

## To the shareholder of GTS NOVERA a.s.

We have audited the accompanying financial statement of GTS NOVERA a.s. („the Company“), which comprise the balance sheet as at 31 December 2008 the income statement and cash flow statement for the year then ended and notes, including a summary of significant accounting policies („the financial statements“).

Details of the Company are disclosed in note 1 to these financial statements.

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

The Board of Directors is responsible for the preparation and fair presentation of the financial statements in accordance with Czech accounting legislation. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

### Auditor's Responsibility

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

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

PricewaterhouseCoopers Audit, s.r.o., registered seat Kalešinská 40/466, 120 00 Prague 2, Czech Republic, Identification Number: 40765521, registered with the Commercial Register kept by the Municipal Court in Prague, Section C, Insert 3637, and in the Register of Audit Companies with the Chamber of Auditors of the Czech Republic under Licence No 021.

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Shareholder of GTS NOVERA a.s.  
Independent auditor's report

An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### Opinion

In our opinion, the financial statements give a true and fair view of the financial position of the Company as at 31 December 2008, its financial performance and its cash flows for the year then ended in accordance with Czech accounting legislation.

### Emphasis of matter

Without qualifying our opinion, we draw attention to Notes 1 Description and principal activities and 29 Significant subsequent events to the financial statements. The Shareholder of the Company and Statutory Directors of the company GTS NOVERA s.r.o. decided about to merge of the Company with the company GTS NOVERA s.r.o. with an effective date as at 1 January 2009. If the transformation is approved by the sole Shareholder of the Company exercising the power of the General Meeting and registered in the Commercial Register, the Company will lapse without liquidation. As a result of the merger, the equity of the Company, including rights and obligations from labour-law relations, will be transferred to the company GTS NOVERA s.r.o. as the legal successor. If the merger is not approved or registered, the financial statements including this report will not be valid.

17 March 2009

*PricewaterhouseCoopers Audit, s.r.o.*

**PricewaterhouseCoopers Audit, s.r.o.**  
represented by



**Petr Šobotník**  
Auditor, Licence No. 113

# Independent Auditor's Report



PricewaterhouseCoopers Audit, s.r.o.  
Kalešinská 40/466  
120 00 Prague 2  
Czech Republic  
Phone +420 251 151 111  
Fax +420 251 156 111

## To the shareholder of GTS NOVERA a.s.

We have audited the financial statements of GTS NOVERA a.s. ("the Company") for the year ended 31 December 2008 disclosed in the annual report on pages 30–49 and issued the opinion dated 17 March 2009 and disclosed on pages 26–27.

## Report on the Annual Report

We have verified that the other information included in the annual report of the Company for the year ended 31 December 2008 is consistent with the financial statements referred to above. The Board of Directors is responsible for the accuracy of the annual report. Our responsibility is to express an opinion on the consistency of the annual report with the financial statements based on our verification procedures.

## Auditor's Responsibility

We conducted our verification procedures in accordance with the International Standards on Auditing and the related application guidance of the Chamber of Auditors of the Czech Republic. Those standards require that we plan and perform the verification procedures to obtain reasonable assurance about whether the other information included in the annual report which describes matters that are also presented in the financial statements is, in all material respects, consistent with the relevant financial statements. We believe that the verification procedures performed provide a reasonable basis for our opinion.

## Opinion

In our opinion, the other information included in the annual report of the Company for the year ended 31 December 2008 is consistent, in all material respects, with the financial statements.

PricewaterhouseCoopers Audit, s.r.o., registered seat Kalešinská 40/466, 120 00 Prague 2, Czech Republic, Identification Number: 40765521, registered with the Commercial Register kept by the Municipal Court in Prague, Section C, Insert 3637, and in the Register of Audit Companies with the Chamber of Auditors of the Czech Republic under Licence No 021.

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Shareholder of GTS NOVERA a.s.  
Independent auditor's report

### Report on review of the Report on Relations

In addition we have also reviewed the accompanying report on relations between the Company and its controlling party and between the Company and the other persons controlled by the same controlling party for the year ended 31 December 2008 (the "Report"). The completeness and accuracy of the Report is the responsibility of the Board of Directors of the Company. Our responsibility is to review the accuracy of information included in the Report.

### Scope of Review

We conducted our review in accordance with the International Standard on Review Engagements 2410 and related application guidance of the Chamber of Auditors of the Czech Republic for review of the report on relations. These standards require that we plan and perform the review to obtain moderate assurance as to whether the Report is free of material misstatement. A review is limited primarily to inquiries of Company personnel, analytical procedures and examination, on a test basis, of factual accuracy of data. A review therefore provides less assurance than an audit. We have not performed an audit and, accordingly, we do not express an audit opinion.

### Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying Report has not been properly prepared, in all material respects, in accordance with the requirements of Article 65a of the Commercial Code.

13 May 2009

*PricewaterhouseCoopers Audit, s.r.o.*

PricewaterhouseCoopers Audit, s.r.o.  
represented by



**Petr Šobotník**  
Auditor, Licence No. 113

Translation note

This version of our report is a translation from the original, which was prepared in Czech language. All possible care has been taken to ensure that the translation is an accurate representation of the original. However, in all matters of interpretation of information, views or opinions, the Czech version of our report takes precedence over this translation.

# Financial Statements

## Balance Sheet

(in thousand Czech crowns)

Ref.	ASSETS			31.12.2008	31.12.2007
a	b	Gross 1	Provision 2	Net 3	Net 4
	<b>TOTAL ASSETS</b>	<b>14,814,200</b>	<b>(9,286,794)</b>	<b>5,527,406</b>	<b>4,525,267</b>
<b>B.</b>	<b>Fixed assets</b>	<b>12,433,163</b>	<b>(9,140,473)</b>	<b>3,292,690</b>	<b>3,100,021</b>
<b>B. I.</b>	<b>Intangible fixed assets</b>	<b>1,446,220</b>	<b>(1,251,330)</b>	<b>194,890</b>	<b>209,833</b>
B. I. 1.	Software	1,270,618	(1,180,577)	90,041	87,354
	2. Royalties	171,470	(70,753)	100,717	109,548
	3. Intangible fixed assets in the course of construction	1,726	0	1,726	134
	4. Advances paid for intangible fixed assets	2,406	0	2,406	12,797
<b>B. II.</b>	<b>Tangible fixed assets</b>	<b>10,798,981</b>	<b>(7,888,973)</b>	<b>2,910,008</b>	<b>2,881,587</b>
B. II. 1.	Land	200	0	200	200
	2. Constructions	1,578,192	(912,313)	665,879	749,156
	3. Equipment	7,258,612	(5,579,804)	1,678,808	1,905,364
	4. Other tangible fixed assets	187	0	187	95
	5. Tangible fixed assets in the course of construction	44,568	0	44,568	26,415
	5. Advances paid for tangible fixed assets	290	0	290	357
	7. Adjustment to acquired fixed assets	1,916,932	(1,396,856)	520,076	200,000
<b>B. III.</b>	<b>Long-term investments</b>	<b>187,962</b>	<b>(170)</b>	<b>187,792</b>	<b>8,601</b>
B. III. 1.	Investments in controlled entities/subsidiaries	170	(170)	0	0
	2. Intra-group loans - controlled entities and associates	178,727	0	178,727	0
	3. Other financial investments	9,065	0	9,065	8,601
<b>C. 0</b>	<b>Current assets</b>	<b>2,342,352</b>	<b>(146,321)</b>	<b>2,196,031</b>	<b>1,387,431</b>
<b>C. I.</b>	<b>Inventories</b>	<b>171,323</b>	<b>(42,020)</b>	<b>129,303</b>	<b>132,441</b>
C. I. 1.	Raw materials	171,323	(42,020)	129,303	132,060
	2. Prepayments for inventory	0	0	0	381
<b>C. II.</b>	<b>Long-term receivables</b>	<b>859,496</b>	<b>(922)</b>	<b>858,574</b>	<b>25,558</b>
C. II. 1.	Trade receivables	12,347	0	12,347	12,347
	2. Long-term advances paid	3,032	0	3,032	3,631
	3. Other receivables	9,728	(922)	8,806	9,580
	4. Deferred tax assets	834,389	0	834,389	0
<b>C. III.</b>	<b>Short-term receivables</b>	<b>1,052,428</b>	<b>(103,379)</b>	<b>949,049</b>	<b>953,597</b>
C. III. 1.	Trade receivables	1,030,979	(103,379)	927,600	920,601
	2. Taxes and state subsidies receivable	4,180	0	4,180	7,894
	3. Short-term advances paid	14,264	0	14,264	16,036
	4. Anticipated assets	1,993	0	1,993	28
	5. Other receivables	1,012	0	1,012	9,038
<b>C. IV.</b>	<b>Financial assets</b>	<b>259,105</b>	<b>0</b>	<b>259,105</b>	<b>275,835</b>
C. IV. 1.	Cash in hand	345	0	345	290
	2. Cash at bank	258,760	0	258,760	275,472
	3. Short-term investments	0	0	0	73
<b>D. I.</b>	<b>Accruals and deferrals</b>	<b>38,685</b>	<b>0</b>	<b>38,685</b>	<b>37,815</b>
D. I. 1.	Prepaid expenses	38,629	0	38,629	37,815
	2. Accrued revenue	56	0	56	0

Ref.	LIABILITIES AND EQUITY	31.12.2008	31.12.2007
a	b	6	7
	<b>TOTAL LIABILITIES AND EQUITY</b>	<b>5,527,406</b>	<b>4,525,267</b>
<b>A.</b>	<b>Equity</b>	<b>3,300,000</b>	<b>2,249,681</b>
<b>A. I.</b>	<b>Share capital</b>	<b>5,474,340</b>	<b>5,474,340</b>
A. I. 1.	Share capital	5,474,340	5,474,340
<b>A. II.</b>	<b>Capital contributions</b>	<b>818,967</b>	<b>539,474</b>
A. II. 1.	Other capital contributions	539,141	539,141
	2. Assets and liabilities revaluation	333	333
	3. Merger revaluation reserve	279,493	0
<b>A. IV.</b>	<b>Retained earnings</b>	<b>(3,764,133)</b>	<b>(3,780,870)</b>
A. IV. 1.	Accumulated losses	(3,764,133)	(3,780,870)
<b>A. V.</b>	<b>Profit for the current period</b>	<b>770,826</b>	<b>16,737</b>
<b>B.</b>	<b>Liabilities</b>	<b>2,218,597</b>	<b>2,257,865</b>
<b>B. I.</b>	<b>Provisions</b>	<b>21,594</b>	<b>39,917</b>
B. I. 1.	Other provisions	21,594	39,917
<b>B. II.</b>	<b>Long-term liabilities</b>	<b>1,122,929</b>	<b>626,191</b>
B. II. 1.	Liabilities - controlling entities / subsidiaries	1,119,456	614,022
	2. Long-term advances received	0	5,302
	3. Other liabilities	3,473	6,867
<b>B. III.</b>	<b>Short-term liabilities</b>	<b>1,074,074</b>	<b>1,087,000</b>
B. III. 1.	Trade payables	391,122	645,223
	2. Liabilities to employees	28,494	21,937
	3. Liabilities for social security and health insurance	10,315	14,621
	4. Taxes and state subsidies payable	5,230	6,025
	5. Short-term advances received	34,685	40,152
	6. Anticipated liabilities	604,228	359,042
<b>B. IV.</b>	<b>Bank loans &amp; overdrafts</b>	<b>0</b>	<b>504,757</b>
B. IV. 1.	Long-term bank loans	0	271,792
	2. Short-term bank loans and overdrafts	0	232,965
<b>C. I.</b>	<b>Accruals and deferrals</b>	<b>8,809</b>	<b>17,721</b>
C. I. 1.	Deferred revenue	8,809	17,721

## Income Statement

(in thousand Czech crowns)

Ref.	DESCRIPTIONS	Accounting period	
		2008	2007
a	b	1	2
I.	Sales of goods	3,933	12,055
A.	Cost of goods sold	9,379	24,303
+	Gross profit	(5,446)	(12,248)
II.	Sales on production	5,729,537	6,106,248
II.	1. Sales of own products and services	5,451,146	5,765,623
	2. Change in inventory of finished goods and work in progress	0	(2,649)
	3. Own work capitalised	278,391	343,274
B.	Cost of sales	4,243,546	4,543,063
B.	1. Raw materials and consumables	375,642	420,618
	2. Services	3,867,904	4,122,445
+	<b>Added value</b>	<b>1,480,545</b>	<b>1,550,937</b>
C.	Staff costs	676,520	641,087
C.	1. Wages and salaries	503,788	467,273
	2. Emoluments of board members	8,215	95
	3. Social security costs and health insurance costs	153,160	161,942
	4. Other social costs	11,357	11,777
D.	Taxes and charges	64,280	80,835
E.	Depreciation of long-term assets	811,798	970,865
III.	Sale of long-term assets and raw materials	20,042	8,255
III.	1. Sale of long-term assets	20,042	8,255
F.	Net book value of long-term assets and raw materials sold	38,274	12,565
F.	1. Net book value of long-term assets sold	18,284	9,359
	2. Net book value of raw materials sold	19,990	3,206
G.	Increase/(decrease) in operating provisions	(77,063)	(239,943)
IV.	Other operating income	37,617	198,076
H.	Other operating charges	47,190	215,221
*	<b>Operating results</b>	<b>(22,795)</b>	<b>76,638</b>
K.	Loss on investments	0	690
IX.	Gain on revaluation of securities and derivatives	0	3,874
L.	Loss on revaluation of securities and derivatives	961	0
M.	Increase/(decrease) in financial provisions	0	(690)
X.	Interest income	5,902	5,515
N.	Interest expense	82,125	59,662
XI.	Other financial income	140,330	111,275
O.	Other financial expense	169,473	120,903
*	<b>Financial results</b>	<b>(106,327)</b>	<b>(59,901)</b>
Q.	Tax on profit or loss on ordinary activities	(899,948)	0
	2. deferred	(899,948)	0
**	<b>Profit or loss on ordinary activities after taxation</b>	<b>770,826</b>	<b>16,737</b>
*	Profit (loss) on extraordinary items after taxation		
***	<b>Net profit (loss) for the financial period</b>	<b>770,826</b>	<b>16,737</b>
***	<b>Net profit (loss) before taxation</b>	<b>(129,122)</b>	<b>16,737</b>

## Cash Flow

(in thousand Czech crowns)

Ref.	DESCRIPTION	Accounting period	
		2008	2007
a	b	1	2
	<b>Cash flow from main activity</b>		
	<b>Net profit (+)/loss (-) on ordinary activities before tax</b>	<b>(129,122)</b>	<b>16,737</b>
A. 1.	Adjustments for non-cash movements	741,822	756,404
A. 1. 1	Depreciation of fixed assets	811,798	970,865
A. 1. 2	Changes in provisions	(77,046)	(218,797)
	Movements in provision for inventory	641	
	Movements in provision for bad or doubtful debts	(12,092)	(243,770)
	Movements in reserves (excl. provision for income tax)	(18,323)	
	Adjustments to fixed assets	(47,272)	
	<b>Adjustments to investments</b>		
A. 1. 3	Profit/(loss) on disposal of fixed assets	(1,758)	1,104
A. 1. 4	Dividend income		
A. 1. 5	Net interest expense/(income)	76,223	54,147
A. 1. 6	Other non cash movements	(67,395)	(25,942)
A *	Net cash flow from ordinary activities before tax, changes in working capital and extraordinary items	612,700	773,141
<b>A. 2.</b>	<b>Working capital changes:</b>	<b>113,501</b>	<b>26,039</b>
A. 2. 1	Change in receivables and prepayments	72,277	108,747
A. 2. 2	Change in short-term payables and accruals	40,949	(102,974)
A. 2. 3	Change in inventories	275	20,266
A. 2. 4	Change in short-term investments		
A **	Net cash flow from ordinary activities before tax and extraordinary items	726,201	799,180
<b>A. 3.</b>	<b>Interest paid</b>	<b>(9,429)</b>	<b>(31,063)</b>
A. 4.	Interest received	1,001	5,142
A. 5.	Income tax on ordinary activities paid		761
A. 6.	Cash movements relating to extraordinary profit/(loss)		0
A. 7.	Dividends received		0
<b>A ***</b>	<b>Net cash flow from ordinary activities</b>	<b>717,773</b>	<b>774,020</b>
	<b>Cash flow from investing activities</b>		
B. 1.	Acquisition of fixed assets	(485,025)	(560,957)
B. 2.	Proceeds from sale of fixed assets	5,598	8,255
B. 3.	Loans to related parties	(174,291)	0
<b>B ***</b>	<b>Net cash flow from investing activities</b>	<b>(653,718)</b>	<b>(552,702)</b>
	<b>Cash flow from financing activities</b>		
C. 1.	Change in long and short term liabilities	(80,712)	(232,965)
C. 2.	Changes in equity:		
C. 2. 1	Equity paid to shareholders		
<b>C. 2. 2</b>	<b>Other cash contributions to equity by shareholders</b>		
<b>C. 2. 3</b>	<b>Redemption of retained loss by shareholders</b>		
<b>C. 2. 4</b>	<b>Direct payment from reserves</b>		
<b>C. 2. 5</b>	<b>Dividends paid</b>		
<b>C ***</b>	<b>Net cash flow from financing activities</b>	<b>(80,712)</b>	<b>(232,965)</b>
	<b>Net increase/(decrease) in cash and cash equivalents</b>	<b>(16,657)</b>	<b>(11,647)</b>
	<b>Cash and cash equivalents at the beginning of the period</b>	<b>275,762</b>	<b>287,409</b>
	<b>Cash and cash equivalents at the end of the period</b>	<b>259,105</b>	<b>275,762</b>

# Notes to the Czech Statutory Financial Statements

Year ended 31 December 2008  
(in thousands of Czech crowns "TCZK")

## I. Description and principal activities

### Establishment and description of the company

GTS NOVERA a.s. ("the Company") was registered on 13 May 1996 under the name of ALIATEL a.s. The Company changed its name to Aliatel a.s. on 13 November 1997 and to GTS NOVERA a.s. on 31 March 2005.

In 2005 GTS NOVERA a.s. became the legal successor company from the merger of GTS CZECH, a.s., (identification no: 63999501), KPNQwest Czechia s.r.o. (identification no: 48538701), GTS Carrier Services/Czech/ s.r.o. (identification no: 25782797) and GTS NOVERA a.s. with a decisive date for the merger of 1 January 2005. The merger was approved by the court and recorded in the Commercial Register on 31 December 2005.

On 1 January 2006 GTS NOVERA a.s. merged with GTS Novera Contact, s.r.o. (formerly Contactel s.r.o.) belonging to the GTS Central European Holding B.V. group since February 2006 and GTS Novera Next, s.r.o. (formerly NEXTRA Czech Republic s.r.o.) and GTS Novera Tel, s.r.o. (formerly Telenor Network, s.r.o.), both belonging to the GTS Central European Holding B.V. group since March 2006. GTS Central European Holding B.V. is a holding company established under the law of the Netherlands. The merger was approved by the court and recorded in the Commercial Register on 1 July 2006.

The principal business activities of the Company are the provision of telecommunication services, establishment, installation, maintenance and service of telecommunications equipment, data processing, databank services, network management and technical advisory services in the area of telecommunications.

### Ownership structure

The Company's sole shareholder as at 31 December 2008 is GTS Czech Republic s.r.o., identification number is 284 92 170, with its registered office at Přemyslovská 2845/43, Praha 3.

On 31 December 2008 a purchase agreement was signed, based on which GTS Central European Holding B.V. with its registered office Laan van Kronenburg 8, 1183 AS Amstelveen, Neetherlands, as the seller transferred 100% of shares of GTS NOVERA a.s. to GTS Czech Republic s.r.o. with its registered office at Přemyslovská 2845/43, Praha 3. The change of the Company's owner was recorded on 8 January 2009 in the Commercial Register. The company's name GTS Czech Republic s.r.o. was changed to GTS NOVERA s.r.o. on 4 February 2009.

### Registered office

GTS NOVERA a.s.  
Přemyslovská 2845/43  
130 00 Prague 3  
Czech Republic

### Identification number

61058904

## Members of the board of directors and supervisory board as at 31 December 2008

### Board of directors

Stuart Williams Evers (Chairman)

Peter Charles Ramsay Broster

Tomáš Budník

### Supervisory board

John Gerald Grace

Adam Sawicki

Rafał Cieciewicz

Ondřej Pecka

Petr Štajner

## Organisational structure

The Company is organised into six divisions (technical, operations, finance, sales, product management and strategy, wholesale and external relations), which are further divided into subdivisions, departments and work teams.

## 2. Significant accounting policies

The financial statements have been prepared in accordance with Generally Accepted Accounting Principles in the Czech Republic and have been prepared under the historical cost convention. Financial information is shown in thousands of Czech Crowns if not stated otherwise.

### (a) Tangible and intangible fixed assets

#### Intangible fixed assets

Intangible fixed assets are amortised on a straight line basis over their estimated useful lives, but not more than 4 years.

Intangible assets are stated at acquisition cost, which includes the purchase price and all costs related to the acquisition.

Intangible fixed assets costing more than TCZK 10 but less than TCZK 60 are depreciated on a straight-line basis over their estimated useful life of the individual asset or a period of four years, whichever is the shorter. Low value intangible assets costing more than TCZK 3 but less than TCZK 10 are charged to the profit and loss account in the year that they are acquired and are reported in off-balance sheet records.

#### Tangible fixed assets

Tangible fixed assets are stated at acquisition cost, which includes the purchase price and related freight costs, customs and other costs associated with the acquisition. Low value tangible assets of a technological nature costing more than TCZK 5 but less than TCZK 40 and low value tangible assets of a non-technological nature costing more than TCZK 10 but less than TCZK 40 are depreciated on a straight-line basis over the estimated useful lives set by the internal policy or over a period of fifteen years, whichever is the shorter.

Tangible fixed assets of a technological nature costing more than TCZK 3 but less than TCZK 5 and low value tangible assets of a non-technological nature costing more than TCZK 3 but less than TCZK 10 are charged to the profit and loss account in the year that they are acquired and are reported in off-balance sheet records. Technical improvements made to a tangible fixed asset costing more than TCZK 40 for one accounting period increase the acquisition cost of the relevant asset. Regular repairs and maintenance are charged to the profit and loss account.

If the net book value of a tangible fixed asset exceeds the value based on its estimated useful life, an adjustment is created to this asset.

Depreciation is provided using the following methods and over the periods stated:

Asset	Basis	Period
Constructions – technical improvements of buildings	Straight-line	10–30 years
Constructions – optical and metallic cables	Straight-line	10–30 years
Machinery and equipment (switchboards, transmission equipment, IT technologies, repair and maintenance equipment, microwave equipment, non-telecommunication technologies and office equipment)	Straight-line	2–15 years
Motor vehicles	Straight-line	4 years
Fixtures and fittings	Straight-line	4–8 years
Other tangible assets	Straight-line	2–4 years
Incorporation expenses	Straight-line	5 years
Software	Straight-line	3–10 years
Adjustment to acquired fixed assets	Straight-line	15 years

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

Differences arising upon the acquisition of enterprise represent the difference between the fair value of the enterprise acquired, in accordance with the Commercial Code, and the aggregate carrying amount of assets and liabilities acquired as recorded in the accounts of the original owner (dissolved enterprise). Such differences are amortised on a straight-line basis over a period of 15 years.

#### **(b) Investments in controlled entities/subsidiaries and investments in associates**

Investments in controlled entities/subsidiaries represent enterprises that are controlled by the Company ("the subsidiary"). Investments in subsidiaries and associates are recorded at cost less a provision for diminution in value.

#### **(c) Long-term investments**

Long-term investments comprise investments in group undertakings and associated companies and loans provided to group companies.

Long-term investments are accounted for at cost. If the net realisable value of an investment is permanently lower than its book value, an adjustment is recorded to reduce the book value to the net realisable value.

#### **(d) Inventories**

Raw material inventory is stated at cost. The cost includes the purchase price of the inventory and related customs duties, storage fees and freight costs. The cost is determined using the weighted average method.

#### **(e) Operating leases**

Lease payments are expensed evenly over the life of the lease. When the leasing contract ends the Company applies its option for leased asset purchase and the asset is activated and valued at its acquisition costs.

#### **(f) Receivables**

Receivables are stated at nominal value less a provision for doubtful amounts. A provision for bad debts is created on the basis of an ageing analysis and individual evaluation of the recoverability of the receivables. Receivables from related parties have not been provided for.

#### **(g) Establishment of adjustments and provisions**

##### **Accounts receivable**

The amount of an adjustment to receivables is determined based on the ageing structure of receivables using the following percentage rates:

<b>Overdue</b>	<b>% rate</b>
1-30 days	5%
31-60 days	10%
61-90 days	20%
91-120 days	50%
121-and more	100%

In addition, the Company establishes adjustments to receivables based on an analysis of the credit status of customers.

Receivables from related parties are considered doubtful only if the debtor is subject to bankruptcy proceedings or if a company has been excluded from the group (i.e. they are no longer receivables from related parties but receivables from third parties).

### **Inventories**

Adjustments to inventories are established where the cost of the inventory is temporarily higher than its present market value or where the use of the inventory is temporarily limited. The Company creates provision in amount of 100% for inventories without any movement for more than 2 years and 30% for inventories without any movement for more than 1 year.

### **Tangible and intangible fixed assets**

An adjustment to tangible and intangible fixed assets is created based on an analysis of the assets' utilisation.

### **Securities and long-term investments**

An adjustment to long-term investments is created in the amount of the difference between the book value and the net realisable value of the appropriate investment.

### **Other provisions**

The Company creates the following provisions:

- a provision for untaken holiday;
- a provision for contingencies and commitments arising from unsettled legal disputes;
- a provision for contingencies and commitments arising from business activity.

### **(h) Foreign currency translation**

The Company applies the Czech National Bank official daily rate to foreign currency transactions. During the year, exchange gains and losses are only recognised when realised at the time of settlement. Transactions denominated in a foreign currency are translated and recorded at the rate of exchange ruling as at the transaction date.

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

### **(i) Derivatives**

#### **Trading derivatives**

Financial derivatives held for trading are carried at fair value and gains (losses) from changes in the fair value are recorded in the profit and loss account.

#### **Hedging derivatives**

Hedging derivatives are carried at fair value. The method of recognising fair value depends on the model of hedge accounting applied.

Hedge accounting is applied if:

- the hedge is in line with the Company's risk management strategy;
- the hedge relationship is formally documented at the inception of the hedge;
- it is expected that the hedge relationship will be highly effective throughout its life;
- the effectiveness of the hedge relationship can be objectively measured;
- the hedge relationship is highly effective throughout the accounting period; and
- in the case of hedging future expected transactions, it is highly probable that the transaction will occur.

If the derivative hedges the exposure to changes in the fair value of assets and liabilities, the hedged item attributable to the risk being hedged is also carried at fair value. Gains and losses from the revaluation of the hedged item and hedging derivative are recorded in the profit and loss account.

If the derivative hedges the exposure to changes in cash flows related to assets and liabilities, commitments or expected transactions, the effective part of the hedge (fair value of the hedging derivative) is reported in equity in "Revaluation of assets and liabilities". The ineffective part of the hedge is recognized in the profit and loss account.

#### **(j) Employment benefits**

The Company recognises a provision relating to unpaid holidays.

The Company recognises an estimated payable relating to rewards and bonuses of employees. The Company takes into account an expected average ratio of payments for social and health insurance and payroll expenses when creating the estimated payable.

Regular contributions are made to the state to fund the national pension plan. The Company also provides contributions to defined contribution plans operated by third parties.

#### **(k) Income tax**

Corporate income tax on the profit for the year comprises current income tax and the change in deferred tax. Current income tax comprises tax payable calculated on the basis of the expected taxable income for the year, using the tax rate valid as at balance sheet date and any adjustment to the tax payable for previous years.

Deferred tax is provided on all temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes multiplied by the income tax rate prescribed by the Income Tax Act for the next period.

A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which this asset can be utilised.

#### **(l) Classification of liabilities**

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

#### **(m) Interest costs**

All interest expenses are expensed.

#### **(n) Related parties**

The Company's related parties are considered to be the following:

- shareholders, of which the Company is a subsidiary or an associate, directly or indirectly, and other subsidiaries and associates of these shareholders; and/or
- members of the Company's or parent company's statutory and supervisory bodies and management and parties close to such members, including entities in which they have a controlling or significant influence; and/or
- subsidiaries and associates.

#### **(o) Components of cash and cash equivalents (as reported in the cash flow statement)**

For the purposes of the cash flow statement, cash and cash equivalents are defined to include cash in hand, cash in transit, cash at the bank and other financial assets whose valuation can be reliably determined and which can be readily converted to cash.

#### **(p) Cash flow statement**

The Company has prepared a cash flow statement following the indirect method. Cash equivalents represent short-term liquid investments, which are readily convertible for a known amount of cash.

#### (q) Subsequent events

The effects of events, which occurred between the balance sheet date and the date of preparation of the financial statements, are recognised in the financial statements in the case that these events provide further evidence of conditions that existed as at the balance sheet date.

Where significant events occur subsequent to the balance sheet date but prior to the preparation of the financial statements, which are indicative of conditions that arose subsequent to the balance sheet date, the effects of these events are disclosed, but are not themselves recognised in the financial statements.

### 3. Present volatility on Global and Czech financial markets

The ongoing global financial crisis which commenced in the middle of 2007 has resulted in, among other things, a lower level of capital market funding, lower liquidity levels across the banking sector, and, at times, higher interbank lending rates and very high volatility in stock markets. The uncertainties in the global financial markets, have also led to bank failures and bank rescues in the United States of America, Western Europe, Russia and elsewhere. Indeed the full extent of the impact of the ongoing financial crisis is proving to be impossible to anticipate or completely guard against.

The management of the Company believes that is taking all necessary steps to support the sustainability and growth of the Company's business in the current circumstances.

### 4. Fixed assets

#### (a) Intangible fixed assets

	Software	Royalties	Intangibles assets under construction	Advance payments	Total
<b>Acquisition cost</b>					
Balance at 1.1.2008	1,216,431	171,470	134	12,797	1,400,832
Additions	50,304	-	1,726	2,406	54,436
Disposals	(4,103)	-	-	(3,300)	(7,403)
Transfers	7,986	-	(134)	(9,497)	(1,645)
Balance at 31.12.2008	1,270,618	171,470	1,726	2,406	1,446,220
<b>Accumulated amortisation</b>					
Balance at 1.1.2008	977,491	61,922	-	-	1,039,413
Depreciation expense	87,061	8,831	-	-	95,892
Disposals	(4,091)	-	-	-	(4,091)
Transfers	-	-	-	-	-
Balance at 31.12.2008	1,060,461	70,753	-	-	1,131,214
<b>Adjustments</b>					
Balance at 1.1.2008	151,586	-	-	-	151,586
Changes in adjustments	(31,470)	-	-	-	(31,470)
Balance at 31.12.2008	120,116	-	-	-	120,116
<b>Net book value 1.1.2008</b>	<b>87,354</b>	<b>109,548</b>	<b>134</b>	<b>12,797</b>	<b>209,833</b>
<b>Net book value 31.12.2008</b>	<b>90,041</b>	<b>100,717</b>	<b>1,726</b>	<b>2,406</b>	<b>194,890</b>

**(b) Tangible fixed assets**

	Land	Buildings	Works of art	Machinery and equipment	Motor vehicles	Tangible assets under constr.	Advance payments	Adjustment to acquired fixed assets	Total
<b>Acquisition cost</b>									
Balance									
at 1.1.2008	200	1,562,147	95	7,440,649	43,793	26,415	357	1,571,884	10,645,540
Additions	-	31,518	92	330,152	1,146	43,146	213	345,048	751,315
Disposals	-	(14,429)	-	(573,198)	(7,686)	75	-	-	(595,238)
Transfers	-	(1,044)	-	22,123	1,633	(25,068)	(280)	-	(2,636)
Balance									
at 31.12.2008	200	1,578,192	187	7,219,726	38,886	44,568	290	1,916,932	10,798,891
<b>Accumulated depreciation</b>									
Balance									
at 1.1.2008	-	812,991	-	5,513,646	34,723	-	-	1,103,892	7,465,252
Depreciation expense	-	109,385	-	560,680	3,940	-	-	60,312	734,317
Disposals	-	(10,076)	-	(542,107)	(7,400)	-	-	-	(559,583)
Transfers	-	(1,720)	-	3,142	6	-	-	-	1,428
Balance									
at 31.12.2008	-	910,580	-	5,535,361	31,269	-	-	1,164,204	7,641,414
<b>Adjustments</b>									
Balance									
at 1.1.2008	-	-	-	30,709	-	-	-	267,992	298,701
Changes in adjustments	-	1,733	-	(17,535)	-	-	-	(35,340)	(51,142)
Balance									
at 31.12.2008	-	1,733	-	13,174	-	-	-	232,652	247,559
<b>Net book value</b>									
<b>1.1.2008</b>	<b>200</b>	<b>749,156</b>	<b>95</b>	<b>1,896,294</b>	<b>9,070</b>	<b>26,415</b>	<b>357</b>	<b>200,000</b>	<b>2,881,587</b>
<b>Net book value</b>									
<b>31.12.2008</b>	<b>200</b>	<b>665,879</b>	<b>187</b>	<b>1,671,191</b>	<b>7,617</b>	<b>44,568</b>	<b>290</b>	<b>520,076</b>	<b>2,910,008</b>

An adjustment to acquired fixed assets of TCZK 1,916,932 reported in the balance sheet as at 31 December 2008 consists of several assets. An amount of TCZK 324,325 was recorded in connection with the merger of GTS Czech Net a.s., GTS Inec a.s., DATTEL a.s. and DATTEL Consultancy, a.s. leading to the formation of GTS CZECH, a.s. in 2001 in the opening balance sheet of the successor company as at 1 February 2001. The adjustments to acquired fixed assets of TCZK 667,494 and TCZK 580,065 were recorded in connection with the acquisition of CESNET, z.s.p.o. by Contactel s.r.o. in 2000 and the acquisition of the internet division of PVT, a.s. by NEXTRA Czech Republic s.r.o. in 2000, respectively.

As at 31 December 2008 Company increased an adjustment to acquired assets by TCZK 345,048, which relates to the planned merger with the company GTS NOVERA s.r.o., its 100% owner.

In compliance with the effective accounting procedures, this adjustment is expensed on a straight-line basis over a period of fifteen years.

In the period from 2003 to 2005 Contactel s.r.o. recorded extraordinary depreciation charges relating to the adjustment to acquired assets in total amount of TCZK 490,341 (2003 – TCZK 272,129, 2004 – TCZK 100,000 and 2005 – TCZK 118,212) based on the method of discounted future cash flows. The depreciation of the adjustment to acquired fixed assets of its original amount of TCZK 667,494 was fully completed in 2005.

## 5. Leased assets

### (a) Finance leases

The Company uses assets under finance lease contracts that are recorded as tangible fixed assets in the financial statements after the expiration of the lease and ownership transfer. The Company uses leased telecommunication technology, related costs amounted to TCZK 1,598 (2007 – TCZK 2,169). The Company has paid all leasing installments in 2008.

The leases may be analysed as follows:

	31.12.2008	31.12.2007
Amounts paid on current finance lease contracts	1,598	4,383
Outstanding amounts payable within one year	-	1,598
Amounts payable after more than one year	-	-
<b>Amounts paid and payable on current contracts</b>	<b>-</b>	<b>5,981</b>

### (b) Operating leases

The Company has operating leases for passenger cars. The annual cost of this leasing for 2008 was TCZK 22,284 (2007 – TCZK 17,823).

In addition, the Company has operating leases for office premises and other premises used for telecommunication equipment installation. In respect of the office premises, the annual cost of the leases for 2008 was TCZK 89,736 (2007 – TCZK 92,668). The annual cost of the leases in respect of technological premises was TCZK 107,317 (2007 – TCZK 106,706).

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

In accordance with the accounting policy described in note 2(a) above, the Company has charged to the profit and loss account tangible and intangible fixed assets in the year that they were acquired. The cumulative acquisition cost of assets which were still in use was as follows:

	Balance at	
	31.12.2008	31.12.2007
Tangible assets	90,954	99,154
Intangible assets (software)	3,374	3,451
<b>Total</b>	<b>94,328</b>	<b>102,605</b>

## 7. Long-term investments

### (a) Investments in group undertakings and associated companies and other investments

2008	Share in %	Nominal value of the investment	Adjustment	Book value 31.12.2008
Slovakia Carrier Services s.r.o. v likvidácii	100%	170	(170)	-
<b>Total investments</b>		<b>170</b>	<b>(170)</b>	<b>-</b>

2007	Share in %	Nominal value of the investment	Adjustment	Book value 31.12.2007
Slovakia Carrier Services s.r.o. v likvidácii	100%	170	(170)	-
<b>Total investments</b>		<b>170</b>	<b>(170)</b>	<b>-</b>

### Slovakia Carrier Services s.r.o. v likvidácii

Registered office: Šoltésovej 12, 811 08 Bratislava

In 2005 the company changed its name from GTS Carrier Services /Slovakia/ s.r.o. to Slovakia Carrier Services s.r.o. This company does not carry out any business activity and therefore a 100% adjustment was established for this investment in

2005. The company entered into liquidation based on the decision of the company's sole member (GTS Carrier Services /Czech/ s.r.o.) made on 6 October 2005.

No revenues from long-term investments were realised in 2008.

#### b) Long-term loans provided

2008	Nominal value	Adjustment	Book value
Antel Holding Germany	9,065	-	9,065
GTS CEH B.V.	178,727	-	178,727
<b>Total Provided Loans</b>	<b>187,792</b>	<b>-</b>	<b>187,792</b>

2007	Nominal value	Adjustment	Book value
Antel Holding Germany	8,601	-	8,601
<b>Total Provided Loans</b>	<b>8,601</b>	<b>-</b>	<b>8,601</b>

#### Loan to Antel Holding Germany

In 2004, based on the agreement between GTS CZECH, a.s. and Antel Holding Germany, trade receivables of EUR 269,359 were converted to a loan to the related party and are therefore reported in long-term investments. The loan bears an interest rate of 5% and is repayable at any time on demand.

#### Loan to GTS Central European Holding B.V.

As at 24 August 2008 the loan agreement between GTS NOVERA a.s. and GTS Central European Holding B.V. was signed. The loan is being drawn on request to a maximum limit of TCZK 1,000,000. Interest rate during 2008 was set at 5,25% + PRIBOR. The loan is payable on 1 June 2013.

## 8. Inventories

At the stock-takes held on 31 December 2008 the Company identified obsolete raw material inventories for which it created an adjustment of TCZK 42,020 (2007 – TCZK 41,379). Company creates provision in amount of 100% for inventories without any movement for more than 2 years and 30% for inventories without any movement for more than 1 year.

## 9. Trade receivables and payables

(a) Short-term trade receivables total TCZK 1,030,979 (2007 – TCZK 1,035,098), of which TCZK 203,864 (2007 – TCZK 308,025) are overdue. An adjustment of TCZK 103,379 (2007 – TCZK 114,497) has been set up as at 31 December 2008 to adjust for receivables which may be uncollectible.

(b) Short-term trade payables total TCZK 391,122 (2007 – TCZK 645,223), of which TCZK 122,861 (2007 – TCZK 268,381) are overdue.

In 2007 the Company wrote back a part of trade payables to former GTS Group companies, namely GTS, Inc. and Ebone North America, of TCZK 124,603 and TCZK 9,079, respectively. These payables were over due more than six years and therefore lapsed.

In 2008 the Company wrote back another part of payables to Ebone North America of TCZK 2,214 and to GTS, Inc. of TCZK 26,750.

(c) Long-term trade receivables primarily comprise a trade receivable from SITEL, s.r.o. of TCZK 12,347 (2007 – TCZK 12,347) due on 31 March 2010.

Receivables outstanding have not been secured and none of them are due after more than 5 years.

## 10. Long-term advance payments

Long-term advance payments made in the amount of TCZK 3,032 (2007 – TCZK 3,631) relate to the lease of a building and optical cables paid to SELF Servis, spol. s r.o.

## 11. Other long-term receivables

Other long-term receivables of TCZK 9,728 relate to guarantees, security deposits and rights of using relating to rental contracts.

### Estimated payables

	Balance at 31.12.2008	Balance at 31.12.2007
Voice services	324,575	159,631
Data services	76,204	44,938
Bonuses and commissions	36,017	36,735
Commissions for indirect sales	22,614	17,043
Participation on loss from universal services	30,000	32,306
Rent, energies and utilities	29,825	24,452
Other overhead costs	84,993	43,937
<b>Total</b>	<b>604,228</b>	<b>359,042</b>

## 12. Derivatives

As at 31 December 2008 the Company has no open financial derivatives for trading. There were following instruments during the accounting period 2008.

Forward exchange contracts	Due date (expiry)	Option premium	Fair value at 31.12.2007
Purchase of an interest rate option – ČSOB	30.6.2010	3,120	3,631
Purchase of an interest rate option – HVB	30.6.2010	4,680	5,480
<b>Total</b>		<b>7,800</b>	<b>9,111</b>

The option premiums were purchased on 14 October 2005 (both ČSOB and HVB) in connection with the acquisition of the loans.

Loss realized from the sale of both options in 2008 amounted to TCZK 961 and it is presented in the profit and loss account.

## 13. Adjustments

Adjustments to	Balance at 1.1.2008	Additions	Release/utilisation	Balance at 31.12.2008
Intangible fixed assets	151,586	-	(31,470)	120,116
Tangible fixed assets	30,709	-	(15,802)	14,907
Adjustment to acquired assets	267,992	-	(35,342)	232,650
Long-term investments	170	-	-	170
Inventories	41,379	641	-	42,020
Receivables	116,393	63,363	(75,455)	104,301
<b>Total</b>	<b>608,229</b>	<b>64,004</b>	<b>(158,069)</b>	<b>514,164</b>

The decrease in the adjustment to intangible fixed assets of TCZK 31,470 and the adjustment to tangible assets of TCZK 15,802 were mainly caused by the release of an adjustment resulting from decrease in net book value of the fixed assets due to their annual depreciation.

In 2002 NEXTRA Czech Republic s.r.o. accounted for an adjustment to the adjustment to acquired assets in the amount of TCZK 4 17,118. The adjustment was increased by TCZK 8,400 in 2004 and TCZK 13,391 in 2005. The amount of TCZK 35,340 represents the annual release of the adjustment and is presented within depreciation of intangible and tangible fixed assets in the profit and loss account.

Company creates provision in amount of 100% for inventories without any movement for more than 2 years and 30% for inventories without any movement for more than 1 year.

The decrease of adjustment to receivables is mainly impacted by receivables write offs which were overdue more than 4 years and therefore lapsed.

## 14. Changes in equity

	Registered capital	Other capital contributions	Revaluation of assets and liabilities	Merger revaluation reserve	Accumulated losses	Loss/profit for the current period	Total
Balance at 1.1.2008	5,474,340	539,141	333	-	(3,780,870)	16,737	2,249,681
Transfer of loss for 2007	-	-	-	-	16,737	(16,737)	-
Profit for 2008	-	-	-	-	-	770,826	770,826
Planned merger	-	-	-	279,493	-	-	279,493
Balance at 31.12.2008	5,474,340	539,141	333	279,493	(3,764,133)	770,826	3,300 000

The Company is fully owned by GTS NOVERA s.r.o. with registered office in Czech Republic. 99% of the shares of GTS NOVERA s.r.o. is owned by the ultimate parent company of the GTS Group, GTS Central Europe Holding B.V. registered in Amstelveen, The Netherlands.

1% of the shares of GTS NOVERA s.r.o. is owned by Carduelis B.V. with registered office in Amstelveen, The Netherlands.

The statutory reserve fund is created from the profit of the Company according to law and may not be distributed to shareholders, but may be used to offset losses.

The net profit of for 2007 was transferred to Accumulated losses.

## 15. Provisions

	Provision for untaken holiday	Provision for legal disputes	Other provisions	Total
Balance at 1.1.2008	10,997	21,709	7,211	39,917
Addition	7,157	54	6,417	13,628
Utilisation	10,997	16,828	4,126	31,951
Balance at 31.12.2008	7,157	4,935	9,502	21,594

## 16. Bank loans

In April 2008 the bank loan which Company drew in 2005 as a syndicated bank loan from HVB, ČSOB and Raiffeisenbank with maturity day 30 June 2010 was fully paid. The Company undertook covenants to half year payments in amount of TCZK 116,482 with final payment in amount of TCZK 38,830.

The interest rate for period 31 December 2007–31 March 2008 was set at 5,6% / 31 March 2008 –30 April 2008 at 5,43%.

	Balance of the loan	Unpaid interest	Total balance	Payable within 1 year	Payable within 1 to 5 years
31 December 2007	504,757	-	504,757	232,965	271,792
31 December 2008	-	-	-	-	-

Interest expense in amount of TCZK 9,429 (2007 – TCZK 31,063) for 2008 was fully paid as at 31 December 2008.

This loan was secured by all Company's assets as described in Note 21 Related parties.

### Bank guarantees

The Company has two bank guarantees from Unicredit bank in amount of TCZK 9,000 for Orco Property Group valid till 1 May 2015 and for Ministry of Foreign Affairs in amount of TCZK 3,000 valid till 25 March 2009.

## 17. Revenue information

The Company's principal business activity is the provision of telecommunication services, such as:

- provision of voice services;
- connection to the Internet network through a fixed telecommunication line (DIA);
- connection to the Internet through DSL technologies;
- interlinking of customers' branches into virtual Internet networks (IP VPN);
- connection of the internet providers to the international Internet network (IP transit);
- provision of data circuits;
- connection to the Internet through a dial-up;
- lease of international data telecommunication circuits;
- other minor Internet services (web hosting, server hosting, telehousing, domains, sale of internet equipment – modems, ...).

	Domestic sales		Export		Total	
	2007	2008	2007	2008	2007	2008
Sale of goods	12,055	3,933	-	-	12,055	3,933
Sale of services	4,296,510	4,150,255	1,469,113	1,300,891	5,765,623	5,451,146
Total	4,308,565	4,154,188	1,469,113	1,300,891	5,777,678	5,455,079

## 18. Other operating expenses

Other operating expenses of TCZK 47,190 (2007 – TCZK 215,255) include mainly write-offs of trade receivables older than four years (TCZK 24,941; 2007 - TCZK 95,340), insurance of assets and employees (TCZK 7,555; 2007 – TCZK 12,988).

Other operating revenues of TCZK 37,617 (2007 – TCZK 198,711) include mainly write-backs of overdue trade payables to Ebone North America a GTS, Inc ( TCZK 28,964; 2007 – TCZK 138,541). In 2007 other operating revenues included credit notes for over voice channels in amount of TCZK 20,774 and credit notes from former parent company Contactel s.r.o. for acquisition advisory in amount of TCZK 20,730.

## 19. Other operating expenses

Other financial expenses of TCZK 169,473 (2007 – TCZK 120,903) include realised and unrealised foreign exchange losses from receivables and payables and bank fees of TCZK 3,927 (2007 – TCZK 6,362).

## 20. Other financial revenues

Other financial revenues of TCZK 140,330 (2007 – TCZK 111,275) include realised foreign exchange gains from assets and liabilities revaluation.

## 21. Related parties

All related parties transactions occurred under standard market conditions.

### (a) Trade receivables and payables and estimated payables

The following related party balances are included in the trade receivables and payables described in Note 9 above and in the estimated payables in Note 11.

	Receivables at		Payables at	
	31.12.2008	31.12.2007	31.12.2008	31.12.2007
GTS Dafanel Távközlési Kft.	12,733	6,250	11,809	7,713
GTS Central European Holding B.V.	19,862	-	45,756	7,687
GTS Polska Sp. z o.o.	11,325	1,652	87	11,704
Antel Germany	11,294	-	3,289	-
GTS Telecom S.R.L. (Romania)	225	770	943	2,285
Carduelis B.V.	20	-	-	-
GTS Nextra, a.s.	6,583	3,088	14,044	14,491
GTS Energis Sp. z o.o.	1,196	496	465	108
<b>Total</b>	<b>63,238</b>	<b>12,256</b>	<b>76,393</b>	<b>43,988</b>

### (b) Long-term investments

	Receivables from loans provided at	
	31.12.2008	31.12.2007
Antel Germany GmbH	9,065	8,601
GTS Central European Holding B.V.	178,728	-
<b>Total</b>	<b>187,793</b>	<b>8,601</b>

### (c) Long-term liabilities

Liabilities to GTS Central European Holding B.V. consist of:

Maturity date	Interest rate	Principal	Unpaid interest	Balance as at 31.12.2008	Balance as at 31.12.2007
Upon request from creditor after 31 December 2009	6M PRIBOR + 3,25% I.I. -30.4.08 12M PRIBOR + 5,00% I.S. -31.12.08	319,429	72,495	391,924	364,265
Upon request from creditor after 31 December 2009	6 M PRIBOR + 3,25% I.I. -30.4.08 12M PRIBOR + 5,00% I.S. -31.12.08	28,325	5,498	33,823	31,397
Upon request from creditor after 31 December 2009	6M PRIBOR + 3,25% I.I. -30.4.08 12M PRIBOR + 5,00% I.S. -31.12.08	56,650	10,995	67,645	62,794
Upon request from creditor after 31 December 2009	6M PRIBOR + 0,50% I.I. -30.4.08 12M PRIBOR + 5,00% I.S. -31.12.08	145,000	20,810	165,810	155,566
29 April 2016	12M EURIBOR + 3,25% I.I. -30.4.08 + 5,00% I.S. -31.12.08	430,880	29,374	460,254	-
<b>Total</b>		<b>980,284</b>	<b>139,172</b>	<b>1,119,456</b>	<b>614,022</b>

(d) The security of the Intercompany Loan Agreement signed 29 April 2008 between GTS NOVERA a.s. as borrower and GTS Central European Holding B.V. as creditor is based on following contracts:

- Contract on pledge right to the Company between GTS NOVERA a.s. as pledger and GTS Central European Holding B.V. as pledgee from 29 April 2008. The pledge right is recorded in Commercial register under registration number 13874.
- Contract on pledge right to the telecommunication network between GTS NOVERA a.s. as pledger and GTS Central European Holding B.V. as pledgee from 30 April 2008. The pledge right is recorded in Commercial register under registration number 13876.
- Contract on pledge right to receivables between GTS NOVERA a.s. as pledger and GTS Central European Holding B.V. as pledgee from 29 April 2008.
- Contract on pledge right to receivables from insurance agreements between GTS NOVERA a.s. as pledger and GTS Central European Holding B.V. as pledgee from 29 April 2008.

As at 30 April 2008, GTS Central European Holding B.V. transferred its rights of pledgee based on the contracts stated above to The Royal Bank of Scotland plc with its registered office at Edinburgh, EH2 2YB, 36 St Andrew Square, United Kingdom and North Ireland.

As at 29 April 2008 GTS NOVERA a.s. was informed by its former shareholder that 100% of shares of GTS NOVERA a.s. was pledged by Pledge contract on shares signed by GTS Central European Holding B.V. as pledger and The Royal Bank of Scotland plc as pledgee.

As at 31 December 2008 GTS NOVERA s.r.o. (change in the company name from GTS Czech Republic s.r.o. to GTS NOVERA s.r.o. was recorded in Commercial Register effective from 4 February 2009) purchased from GTS Central European Holding B.V. 100% of shares of GTS NOVERA a.s. At the same date, the sole shareholder of GTS NOVERA a.s. joined the Pledge contract to shares.

#### (e) Short term receivables – controlled entities/subsidiaries

In 2008, the Company did not have short term receivables from controlled entities/subsidiaries.

#### (f) Sales and purchases

	Sales for		Purchases for	
	2008	2007	2008	2007
Telecommunication services	83,505	57,237	127,906	154,703
Management fees	13,477	7,416	55,166	53,856
Interest expenses and revenues	4,901	373	72,696	28,599
<b>Total</b>	<b>101,883</b>	<b>65,026</b>	<b>255,768</b>	<b>237,158</b>

#### (g) Remuneration and loans provided to directors and supervisory board members

The Company did not provide any loans to the directors or members of the supervisory board in 2008. Directors and members of the supervisory board received a remuneration of TCZK 8,215 (2007 – TCZK 95).

#### (h) Group relations

The Company has not concluded a controlling agreement with its sole shareholder. A report on relations between related parties will be a part of the annual report.

#### (i) Consolidated financial statements

The Company does not prepare consolidated financial statements since its subsidiaries do not carry out any business activity.

## 22. Employees and executives

The number of employees and executives as at 31 December 2008 and 31 December 2007 and personnel expenses for 2008 and 2007 are as follows:

2007	Number of employees	Wages and salaries	Social security and health insurance expenses	Social expenses
Employees	724	448,098	155,205	11,628
Executives	6	19,175	6,737	149
<b>Total</b>	<b>730</b>	<b>467,273</b>	<b>161,942</b>	<b>11,777</b>

2008	Number of employees	Wages and salaries	Social security and health insurance expenses	Social expenses
Employees	605	481,432	150,625	11,182
Executives	7	30,571	2,535	175
<b>Total</b>	<b>612</b>	<b>512,003</b>	<b>153,160</b>	<b>11,357</b>

Members of the board of directors and management use the Company's vehicles for both business and private purposes.

## 23. Social security and health insurance payables

Social security and health insurance payables total TCZK 10,315 (2007 – TCZK 14,621). None of these liabilities are overdue.

## 24. Tax liabilities and subsidies

Tax liabilities total TCZK 5,230 (2007 – TCZK 6,025) relate to unpaid personal income tax. None of these liabilities are overdue.

## 25. Income tax

### (a) Current tax

No tax liability arose in 2008 or 2007.

### (b) Deferred tax

The situation in the Company became stable with the accession of new shareholder. The management of the Company believes that the Company will be profit generating in the future following mergers completed during the previous periods and the restructuring performed at the end of 2008. Due to the expected profits deferred tax assets were accounted for in 2008. The deferred tax asset was decreased by a deferred tax liability from adjustment to acquired fixed assets which relate to the planned merger with the parent company GTS Novera s.r.o. In 2007, deferred tax was not accounted for.

Deferred tax asset	Difference between accounting and taxable values as at		Deferred tax as at:	
	31.12.2007	31.12.2008	31.12.2007	31.12.2008
Fixed assets	2,987,863	3,451,368	567,740	655,760
Adjustment to acquired fixed assets	575,413	169,942	111,724	33,035
Receivables	9,870	7,699	2,073	1,463
Inventories	41,379	42,020	8,690	7,984
Provisions	35,386	21,594	7,431	4,103
Tax losses	1,336,978	676,432	271,739	132,044
Deferred tax asset	4,986,889	4,368,605	969,397	834,389

The deferred tax assets are calculated at 20% (the rate enacted for 2009), 19% (the rate enacted for 2010 and subsequent years) depending on the period when the temporary differences are expected to reverse. Deferred tax as at

31 December 2007 was calculated at 21%.

Deferred tax liability in amount of TCZK 65,559 was calculated from the adjustment to acquired assets related to the planned merger. This deferred tax liability was accounted as decrease of equity and adjustment to acquired fixed assets.

## 26. Fees paid and payable to the audit company

The information relating to the fees paid and payable for services performed by the audit company PricewaterhouseCoopers Audit, s.r.o. is included in the annual report of the parent company GTS Central European Holding B.V as for the consolidation unit.

## 27. Commitments

The Company has the following commitments in respect of operational leases:

	31.12.2007	31.12.2008
Current within one year	4,195	4,195
Due after one year but within five years	20,976	20,976
Due after five years	111,175	106,980
	136,347	132,151

The management of the Company is not aware of any significant commitments and unrecorded contingent liabilities as at 31 December 2008.

## 28. Fixed assets with a market value significantly higher than their book value

The Company has no fixed assets the market value of which is significantly higher than the book value.

## 29. Significant subsequent events

At the present, the merger of GTS NOVERA a.s with GTS NOVERA s.r.o., identification number 28492170 registered in Commercial Register held by Municipal court, segment C, enclosure 145533 is in the process of preparation. GTS NOVERA s.r.o. is planned to be the successor company. 1 January 2009 is the effective date of the merger, the merger is planned to be registered in the Commercial register as at 1 July 2009. At the balance sheet date, the Municipal court, Prague nominated a valuer for assessment value of the Company, which will lapse without liquidation, based on the proposal of the management of both companies. The valuer's assessment and the merger project is being prepared at the present.

The financial statements have been prepared based on the planned merger mentioned above. If the merger without liquidation is either not approved or not registered in the Commercial Register, the financial statements will not be valid.

No other events have occurred subsequent to year-end that would have a material impact on the financial statements as at 31 December 2008.

17 March 2009



Stuart Williams Evers  
Chairman of the Board of Directors

# Report on Relations of Inter-related Parties

in compliance with Section 66a(9) of Act No. 513/1991 Coll. of the Commercial Code, as amended for the accounting period from 1 January 2008 to 31 December 2008

## 1. Controlled party

Name, ID No. and registered office of the controlled party:

GTS NOVERA a.s.  
ID No: 610 58 904  
Přemyslovská 2845/43, 130 00 Prague 3

## 2. Ownership structure

Throughout the 2008 accounting period, the Company's sole shareholder was GTS Central European Holding B.V., with registered office in Amstelveen, Laan van Kronneburg 8, 1183 AS, The Dutch Kingdom.

## 3. Controlling parties

According to the controlled party's knowledge, the Company's controlling parties were:

- From 1 January 2008 to 31 December 2008, GTS NOVERA a.s. was 100% controlled by GTS Central European Holding B.V. with registered office in the Dutch Kingdom.
- Throughout this period (from 1 January 2008 to 31 December 2008), the controlling party, GTS Central European Holding B.V., was 100% directly controlled by GTS Central European Holdings Limited with registered office in Cyprus.
- From 1 January 2008 to 31 December 2008, GTS Central European Holdings Limited was 100% directly controlled by CONSORTIUM 2 S.à R.L., with registered office in Luxembourg. CONSORTIUM 2 S.à R.L. is 100% controlled by Consortium 1 S.à R.L. with registered office in Luxembourg, and the latter is controlled by the following companies: M/C VENTURE Partners with registered office in the USA, Columbia Capital LLC with registered office in the USA and Innova Capital with registered office in Poland.
- On 31 December 2008, a contract on the sale of shares was concluded, based on which GTS Central European Holding B.V. (as a seller) transferred 100% of shares in GTS NOVERA a.s. to GTS Czech Republic s.r.o. with registered office in the Czech Republic, Prague 3, Přemyslovská 2845/3, ID No.: 28492170; partners of the latter are GTS Central European Holding B.V. with registered office in the Dutch Kingdom (99% holding) and Carduelis B.V. with registered office in the Dutch Kingdom (1% holding).

## 4. Inter-related parties

### a) from 1 January 2008 to 31 December 2008

**Slovakia Carrier Services s.r.o.** v likvidácii (in liquidation) with registered office in the Slovak Republic, Šoltésova 12, 811 08 Bratislava, ID No: 35 778 008, is 100% controlled by GTS NOVERA a.s.

**GTS Nextra, a.s.** (renamed to GTS Slovakia, a.s.), a joint-stock company with registered office in the Slovak Republic, Einsteinova 24, 851 01 Bratislava, ID No: 35 795 662 is 100% controlled by GTS Central European Holding B.V. with registered office in the Dutch Kingdom.

**GTS Dařanet Tãvkõzlãsi Kft.**, a limited liability company with registered office in Hungary, is 100% controlled by GTS Central European Holding B.V. with registered office in the Dutch Kingdom. Throughout the accounting period, GTS Dařanet Tãvkõzlãsi Kft. controlled 100% of Vienna Ingatlankezelõ Kft. with registered office in Hungary.

**GTS Polska Sp. z o.o.**, a limited liability company with registered office in Poland is 100% controlled by GTS Central European Holding B.V. with registered office in the Dutch Kingdom.

Throughout the accounting period GTS Polska Sp. z o.o. also controlled 97.5% in GTS Energis Sp. z o.o. with registered office in Poland, which – in turn – controlled 100% of MULTIMO Sp. z o.o. with registered office in Poland.

**GTS Telecom S.R.L.**, with registered office in Romania, a 47.44% holding is controlled by GTS Central European Holding B.V. with registered office in the Dutch Kingdom and a 52.56% holding is controlled by GTS Central European Holdings Limited with registered office in Cyprus.

**GTS Bulgaria E.O.O.D.**, a limited liability company with registered office in Bulgaria, is 100% controlled by GTS Central European Holding B.V. with registered office in the Dutch Kingdom.

**GTS Telekom d.o.o.**, a limited liability company with registered office in Croatia, is 100% controlled by GTS Central European Holding B.V. with registered office in the Dutch Kingdom.

**GTS Ukraine L.L.C.**, a limited liability company with registered office in Ukraine is 100% controlled by GTS Central European Holding B.V. with registered office in the Dutch Kingdom.

**Antel Germany GmbH**, a limited liability company with registered office in Germany, is 100% controlled by GTS Central European Holding B.V. with registered office in the Dutch Kingdom.

**Carduelis B.V.** a company with registered office in the Dutch Kingdom, is 100% controlled by GTS Central European Holdings Limited with registered office in Cyprus.

**GTS-Czech, Inc.** a company with registered office in the USA (Delaware) is 100% controlled by GTS Central European Holding B.V. with registered office in the Dutch Kingdom.

### b) from 21 November 2008 to 31 December 2008

**GTS Czech Republic s.r.o.**, a company with registered office in the Czech Republic, Prague 3, Přemyslovská 2845/3, ID No.: 28492170, was incorporated on 21 November 2008. Its partners are GTS Central European Holding B.V. with registered office in the Dutch Kingdom (it has a 99% holding in the company) and Carduelis B.V. with registered office in the Dutch Kingdom (1% holding in the company's registered capital). On 4 February 2009, GTS Czech Republic s.r.o. was renamed to GTS NOVERA s.r.o.

## 5. Contracts concluded between inter-related parties and performance thereof

Inter-related party	Description of business transactions – other
GTS Nextra, a.s. (throughout 2008)	Mutual provision of telecommunications services
GTS Daňateľ Távközlési Kft (throughout 2008)	Mutual provision of telecommunications services
GTS Polska Sp. z o.o (throughout 2008)	Mutual provision of telecommunications services
GTS Telecom S.R.L. (throughout 2008)	Mutual provision of telecommunications services
GTS Energis Sp. z o.o. (throughout 2008)	Mutual provision of telecommunications services
Carduelius B.V. (throughout 2008)	Mutual provision of telecommunications services
GTS Central European Holding B.V. (throughout 2008)	Consulting services

Crown values of these transactions are not specified because this information is confidential in compliance with the respective contracts.

The above listed transactions were not to the detriment of GTS NOVERA a.s.

## 6. Legal acts taken or effected by the controlled party in the interest or at the motion of inter-related parties

The balance of loans provided to the controlled party GTS NOVERA a.s. by GTS Central European Holding B.V. including unpaid interest totalled CZK 391,924,823 as at 31 December 2008. The loan is payable on the creditor's call, after 31 December 2009.

Until 30 April 2008, the interest rate was PRIBOR +3.25%, from 1 May 2008 the interest rate was increased to +5%.

In 2006, GTS NOVERA a.s. concluded two loan contracts with the controlling party, for CZK 28,325,000 and CZK 56,650,000. As at 31 December 2008, the balance of the loans including unpaid interest totalled CZK 33,822,541 and CZK 67,645,083. Both loans are due on the creditor's call after 31 December 2009. Until 30 April 2008, the interest rate was PRIBOR +3.25%, from 1 May 2008 the interest rate was increased to +5%.

Based on a contract for sale of a holding of GTS Novera Contact, s.r.o., in 2006 (legal predecessor of GTS NOVERA a.s.) the controlling party, GTS Central European Holding B.V., took over a loan of CZK 145,000,000 from TDC Totallosninger A/S. The loan, including unpaid interest, totalled CZK 165,809,806 as at 31 December 2008.

The loan is payable on the creditor's call after 31 December 2009. Until 30 April 2008, the interest rate was PRIBOR +0.5%, from 1 May 2008 it was increased to +5%.

In 2008, the controlling party GTS Central European Holding B.V. provided a loan of CZK 430,880,000 to GTS NOVERA a.s. As at 31 December 2008, the loan including unpaid interest totalled CZK 460,254,000. The loan with the interest rate of EURIBOR +5% is due on 29 April 2016.

To secure the contract on loan concluded in 2008 by GTS Novera a.s. as the debtor and GTS Central European Holding B.V. as the creditor, the following pledge contracts were concluded:

1) Contract on the establishment of pledge over an enterprise between GTS NOVERA a.s. as the pledgee and GTS Central European Holding B.V. as the pledger of 29 April 2008. The pledge is entered in the pledge registry under record no. 13874.

2) Contract on establishment of pledge over telecommunications network between GTS NOVERA a.s. as the pledgee and GTS Central European Holding B.V. as the pledger of 30 April 2008. The pledge is entered in the pledge registry under record no. 13876.

3) Contract on establishment of pledge over receivables between GTS NOVERA a.s. as the pledgee and GTS Central European Holding B.V. as the pledger of 29 April 2008.

4) Contract on establishment of pledge over receivables from insurance policy between GTS NOVERA a.s. as the pledgee and GTS Central European Holding B.V. as the pledger of 29 April 2008.

In 2008 a loan of CZK 25,090,000 with interest rate EURIBOR +3.25% was provided and paid in the same year. The remaining sum of unpaid interest totalled CZK 51,528 as at 31 December 2008.

Based on a contract on loan of 24 September 2008, GTS NOVERA a.s. granted a loan to the controlling party GTS Central European Holding B.V. The loan is drawn in parts and at the most, it can reach CZK 1,000,000,000. The receivable including interest as at 31 December 2008 totalled CZK 178,727,541. The loan with interest rate of PRIBOR +5.25% is due on 1 June 2013.

Based on a loan contract concluded in the 2005 accounting period by GTS CZECH, a.s. as a legal predecessor of GTS NOVERA a.s., with Antel Germany GmbH as the debtor, GTS NOVERA a.s. records a receivable of EUR 269,359. The loan is payable anytime on the creditor's call, the interest rate totals 5%; as at 31 December 2008 the loan totalled CZK 9,064,808.

On 30 December 2008, based on a loan contract, GTS Central European Holding B.V. provided a loan of CZK 3,300,000,000 to GTS Czech Republic s.r.o. for the purchase of 100% of shares of GTS NOVERA a.s. The loan with an interest rate of PRIBOR/BBA +5% p.a. is due on 30 December 2016.

In the period under review, the controlled party did not take or effect any other legal acts in the interest or at the motion of the inter-related parties.

None of the concluded contracts and no other legal acts with the inter-related parties caused any detriment to the controlled party. All business relations with inter-related parties were concluded under standard business terms.

Prague, 31 March 2009



Stuart William Evers  
Chairman of the Board of Directors, GTS NOVERA a.s

# Notes



# Notes



