
2015
annual report
orange™

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Independent Auditor's Report

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Report on Audit of Consistency

of the annual report with the financial statements pursuant to Article 23 (5) of Act No. 540/2007 Coll. on Auditors, Audit and Oversight of Audit

(Translation)

To the Shareholder, Supervisory Board and Board of Directors of Orange Slovensko, a.s.:

We have audited the financial statements of the company Orange Slovensko, a.s. as of 31 December 2015, presented on pages 62 – 108 of the annual report. We have issued an independent auditor's report on the financial statements on 6 May 2016 with the following wording:

Independent Auditor's Report

To the Shareholder, Supervisory Board and Board of Directors of Orange Slovensko, a.s.:
We have audited the accompanying financial statements of Orange Slovensko, a.s. ("the Company"), which comprise the statement of financial position as at 31 December 2015, the statements of comprehensive income, changes in equity and cash flows for the year then ended, and notes, comprising a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management as represented by the statutory body is responsible for the preparation of these financial statements that give a true and fair view in accordance with International Financial Reporting Standards as adopted by the European Union and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about 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 our judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the entity's preparation of the financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.
We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our 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 2015, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union.

Other Matter
The financial statements of the Company as at and for the year ended 31 December 2014 were audited by another auditor who expressed an unqualified opinion on those statements on 27 April 2015.

6 May 2016
Bratislava, Slovak Republic

Auditing company:
KPMG Slovensko spol. s r.o.
License SKAU No. 96

Responsible auditor:
Peter Nemečkay
License UDVA No. 1054

Report on the Audit of Consistency of the annual report with the financial statements

(Supplement to the auditor's report)

We have audited the consistency of the annual report with the financial statements in accordance with the Act on Accounting.

The accuracy of the annual report is the responsibility of the company's management. Our responsibility is to audit the consistency of the annual report with the financial statements, based on which we are required to issue an appendix to the auditor's report on the consistency of the annual report with the financial statements.

We conducted our audit in accordance with the International Standards on Auditing. Those standards require that we plan and perform the audit to obtain reasonable assurance whether the information presented in the annual report, subject to presentation in the financial statements, is consistent, in all material respects, with the relevant financial statements.

We have reviewed the consistency of the information presented in the annual report on pages 62 – 108 with the information presented in the financial statements as of 31 December 2015. We have not audited any data or information other than the accounting information obtained from the financial statements and accounting books. We believe that the audit performed provides a sufficient and appropriate basis for our opinion.

In our opinion, the accounting information presented in the annual report is consistent, in all material respects, with the financial statements as of 31 December 2015, presented on pages 62 – 108 of the annual report.

19 July 2016
Bratislava, Slovak Republic

Audit firm:
KPMG Slovensko spol. s r. o.
License SKAU No. 96

Slovenská komora audítorov
SKAU
Č.licencie 96
KPMG Slovensko spol. s r.o.

Responsible auditor:
Peter Nemečkay
License UDVA No. 1054

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Orange Slovensko

we are creating a company
with a strong vision

Orange Slovensko, a.s. Member of the Global Orange Group

Registered Office
Metodova 8, 821 08 Bratislava, The Slovak Republic

Company Identification Number (IČO)
35697270

Date of Entry in the Commercial Register of the Slovak Republic
3 September 1996

Legal Form
Joint-stock Company

Identification of the Entry in the Commercial Register
Registered in Bratislava I District Court Commercial Register,
Section: Sa, Insert No.: 1142/B

Description of the Company

Orange Slovensko, a.s. is the leading telecommunications company and the biggest mobile network operator in Slovakia.

The company started its commercial operation on the Slovak market in 1997. As of 31 December 2015, Orange Slovensko, a.s. registred 2.896 million active mobile network customers and more than 201 thousand fixed Internet and digital television customers. As of 31 December 2015, the revenue of Orange Slovensko, a.s. was EUR 560.6 million.

Orange Slovensko, a.s. is a member of the global Orange Group, one of the biggest mobile network operators and broadband internet providers in Europe. As of 31 December 2015, the Orange Group had revenues of EUR 40 billion, with 263 million customers using its services.

Orange is the leading mobile broadband Internet provider, using 3G and 4G networks. High-speed mobile Internet coverage exceeded 94 % of Slovakia's population, and Orange's 4G network is now available to more than 60 % of Slovaks.

Orange Slovensko, a.s. was the first telecommunications operator in Slovakia to launch a state-of-the-art new generation fixed network on the basis of FTTH (Fiber To The Home – optics for home), which covers over 342 thousand households across 18 towns in Slovakia. Orange also provides fixed internet and digital television through DSL which is available across most of Slovakia.

The quality of services of Orange Slovensko, a.s. complies with ISO 9001:2000 certification criteria, and the company also holds the Environmental Management Certificate pursuant to ISO 14001:2004. With its Orange Foundation, Orange Slovensko, a.s. is a leader in the field of CSR and corporate philanthropy in Slovakia.

The 100 % shareholder of Orange Slovensko, a.s. is the Orange Group through Atlas Services Belgium.

Company Bodies

Board of Directors

Chairman	Pavol Lančarič
Vice Chairman	Ladislav Rehák
Members	Ivan Golian
	Antoine Guilbaud
	Zuzana Nemečková
	Marc Ricau

Supervisory Board

Chairman	Christophe Naulleau
Vice Chairman	Adela Irinel Savu Guedon
Members	Vincent Brunet
	Mai Céline de la Rochefordiere
	Ján Kodaj
	Rudolf Tesár

Company Management

Chief executive officer	Pavol Lančarič
Deputy CEO and ITN Director	Ivan Golian
Deputy CEO and Director of Financial Department	Antoine Guilbaud
Deputy CEO and Director of Commercial Department	Zuzana Nemečková
Director of Human Resources Department	Andrea Danielová
Director of Customer Service Department	Vladislav Kupka
Director of Communications and Brand Department	Miloš Lalka
Director of Strategies, Legal and Regulatory Affairs Department	Ivan Marták

Pavol Lančarič

Chief executive officer

Born in 1963. He graduated from the Faculty of Commerce at the University of Economics in Bratislava and received his PhD in 1991. Between 1990 and 1992, he was a member of the Advisory Committee of the Prime Minister at the Slovak Government Office. Since 1993, he has taken management positions in various multinational companies. Since 1997, he has been working at Orange Slovensko, a.s., where he started as the Sales Director. Since 1999, he has been the CEO of Orange Slovensko, a.s., also serving as a Board member.

Ivan Golian

Deputy CEO and ITN Director

Born in 1964. He completed university education at the Slovak Technical University in Bratislava and achieved his PhD at the Department of Applied Informatics and Automation at FMT STU. Beginning in 1993, he worked at the Department of Electronics and Automation KIHO in Gent, Belgium, and about two years later he began to work at Digital Equipment Corporation as a project manager for the banking and telecommunications sector. In 1997, he joined Orange Slovensko, a.s., where he worked for more than eight years as a member of the senior management, ITN Director and Chief Operation Officer (CIO/CTO/COO). In 2005, he became the Deputy Chief Executive Officer. Beginning in 2006, he was the VUB Bank´s board member and also worked as the Director of Information Technologies and Operations there. Since January 2009, he has been the ITN Director at Orange Slovensko, a.s. and he is also the Deputy CEO and a board member.

Antoine Guilbaud

Deputy CEO and Director of Financial Department

Born in 1972. He completed his university studies at the Paris Institute of Political Studies and was awarded a master's degree. He worked in an executive position at the Financial Department at France Telecom between 1998-2000, later at Orange, Paris, where his duties involved controlling and network cost modelling. Since 2006, he worked as a manager and later Director of Control at Mobistar, Brussels. He has worked at Orange Slovensko, a.s. since 2012 as Director of the Financial Department.

Zuzana Nemečková

Deputy CEO and Director of Commercial Department

Born in 1970. She completed her studies at the Faculty of Commerce of the University of Economics in Bratislava. She started working as an Executive Assistant in 1993 and later as Marketing Manager at Tchibo Slovensko spol. s r.o. She became Director of Sales, Marketing, and the Communication Department at Rajo a.s. in 1996. She has worked as Director of the Commercial Department at Orange Slovensko, a.s. since 2001.

Andrea Danielová

Director of Human Resources Department

Born in 1967. She completed her studies at the University of Economics in Bratislava. She has worked in human resources since 1991. Since 1996, she worked as Deputy Director of Human Resources Department at Globtel GSM, later Globtel, a.s., and Orange Slovensko, a.s.. Since 2003, she has worked as Director of Human Resources Department at Orange Slovensko, a.s.

Vladislav Kupka

Director of Customer Service Department

Born in 1974. He completed his studies at the Faculty of Philosophy of the University of St. Cyril and Methodius in Trnava. He started working in sales in 1994 and has worked at Orange Slovensko, a.s. since 1996. He started as a customer centre employee, continued as Back Office adviser a year later, and later still, worked as Deputy Manager. He worked as Back Office Manager between 2001-2006, later as Manager of the B2C Department, and has worked as Director of Customer Service Department at Orange Slovensko, a.s. since July 2008.

Miloš Lalka

Director of Communications and Brand Department

Born in 1975. He completed his studies in 1998 at the Faculty of Management of Comenius University in Bratislava. He has worked at Orange Slovensko, a.s. since 2003, starting as Advertising Manager. He became Deputy Director of Communications and Brand Department in 2012. He has worked as Director of Communications and Brand Department at Orange Slovensko, a.s. since 2013.

Ivan Marták

Director of Strategies, Legal and Regulatory Affairs Department

Born in 1964. He completed the studies of journalism at the Faculty of Philosophy of the Comenius University in Bratislava. He acquired his technical education in the field of telecommunications at the Slovak University of Technology in Bratislava. He worked at the International Telecommunication Union from 1992 and at the Telecommunications Executive Management Institute of Canada in Montreal in 1995. He fulfilled various managerial functions at Slovenské telekomunikácie, š.p. since 1993. He has worked as Director of Strategies and Regulatory Affairs Department at Orange Slovensko, a.s. since 2001.

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letter from the CEO

motivating each other
to better results

Letter from the CEO

Ladies and gentlemen, dear shareholders, customers and employees,

this past year has been the 19th consecutive year that we have been striving to bring people together despite the distances and borders, to give them the opportunity to share their experiences immediately, and provide them with a sense of excellence thanks to the state-of-art technology that they can easily hide and carry in their pockets. I would like to share with you how we managed to align the interests of our shareholders with the needs of our customers, employees and partners while following our mission.

Despite the complicated situation on the Slovak telecommunications market, marked by a continuing decline in revenues from traditional communication services and strong competition, we remain true to our values.

I am very pleased that our orientation to customers, long-term results, value and quality are appreciated by our customers through growing interest in the Orange services, and this is despite the growing competition in the most cost-sensitive market segments. This was reflected not only in an increase of numbers ported to Orange, but also in the growth of our net customer base. A total of 52 thousand clients, representing an increase of 23 % compared with the previous year, decided to transfer their phone numbers from another operator to Orange, which confirms the growing attractiveness of the Orange services. A total of 689 thousand customers of mobile services decided to re-sign or extend the contract of a plan or internet during 2015. Towards the end of 2015, Orange registered 2.896 million of mobile service customers, which is 2 % more than a year ago. The number of customers for household services - fixed internet and digital TV, has reached 201 thousand.

Our key commercial initiatives which brought increased customer satisfaction last year were the Free Together Service and our innovative loyalty program, Orange Benefits. Expansion of the opportunities for favourable communication in the family confirmed our long-term orientation as of the family operator. By the launch of the innovative concept of Orange Benefits loyalty program, we again confirmed that we take very seriously the loyalty of our customers and we are constantly looking for ways to thank them for their loyalty, offering attractive discounts for Orange services and services of the third parties.

Also in the past year, we have conscientiously prepared for the time when millions of customers and devices would communicate together. Therefore, we are building an ultra-fast network that allows people to connect with their loved ones or look for any kind of information easily, quickly and reliably. To continuously improve the customer experience within our network, regardless where our customers are, is a guiding principle in determining the direction and volume of investment in our networks.
We have expanded the 4G internet coverage to more than 65 % of the Slovak population, we continued to expand 3G network and we also significantly increased the available speeds of 4G network up to 225 Mbit/s. At the end of year, high-speed mobile internet coverage, i.e. 3G and 4G networks, exceeded 94.8 % of Slovakia's population. The mobile data traffic grew even faster than the number of customers. Compared to 2014, Orange customers transferred 43 % more data in the mobile data network, while more than one fifth of the total GB 12.2 million of data was transferred within the 4G network. Although, the continuing growth in operating results due to changing market conditions did not follow the comparable pace of revenue growth due to the continued rate of price decline, the overall decline in revenues, however, slowed down, indicating a gradual stabilization. Revenues of Orange Slovensko, a.s. as of 31 December 2015 amounted to EUR 560.6 million. The fastest growing component of mobile service revenues have traditionally been the mobile data services. However, their growth was not sufficient to compensate the development of mobile voice service revenues. Mobile data services accounted for 21 % of the total mobile service revenues, and increased year-on-year by 12 %. More and more significant share is represented by the fixed service revenues, with the year-on-year increase of 7.7 %, while their share in total revenues was 6 %.

Ladies and gentlemen, we have been proving, that for the long term, that we can not only dream of unbelievable things but we can also make them come true. And this all thanks to the shareholder, without the trust of whom we could not bring our customers new inspiring products and services, thanks to the employees for their daily work commitment and contribution to our joint success, and last but not least thanks to our customers for having faith in us, especially. In 2016, we will begin to present ourselves to the Slovak public in a new way to reflect the further development of our business and the fact that we will gradually develop from the traditional telecommunications company into a provider of comprehensive digital services. Our goal will still remain to continue connecting people with what is important for them in life. The very best, high quality service, and in the easiest way possible. I believe that we will succeed at least as well as we have, up to this point.

Pavol Lančarič
CEO and Chairman of the Board of Directors
Orange Slovensko, a.s.

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slovak telecommunications market

together, we effectively
and properly try to exploit
the potential of our market

Slovak Telecommunications Market in 2015

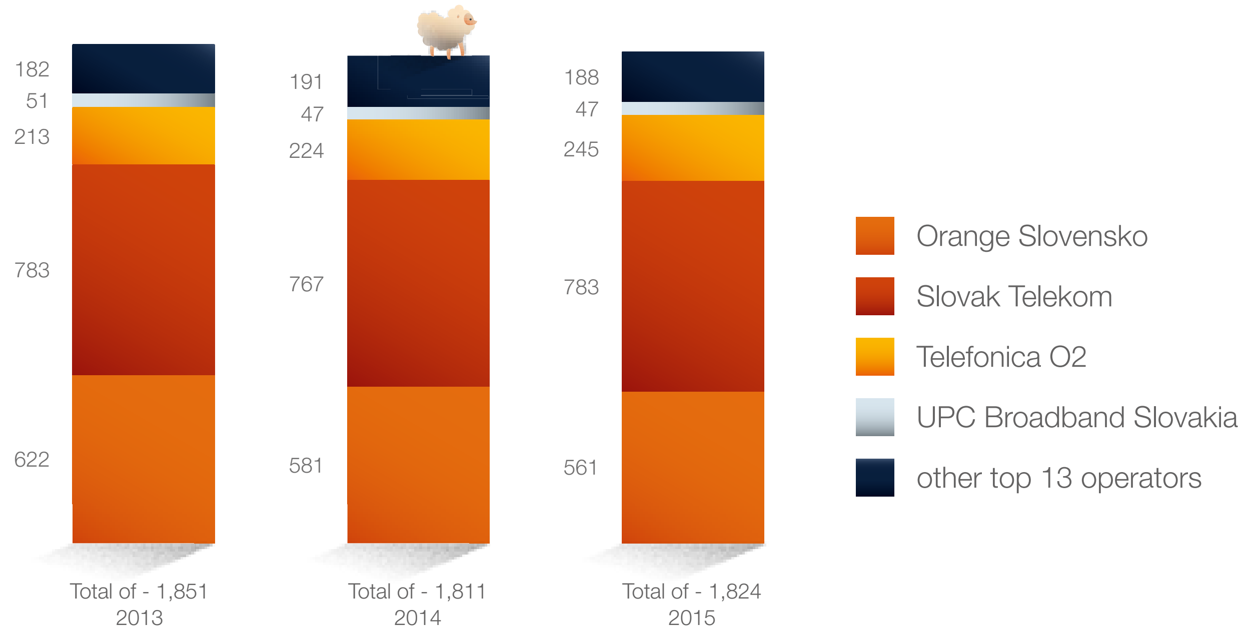
Despite the ongoing regulation and growing competitive environment resulting in price erosion in 2015, the decline of the telecommunications market has stopped, even showed a slight increase. The total value of the telecommunications market in 2015 compared to the previous year increased not, by a whole percentage and reached EUR 1,824 million. The number of customers in telecommunications market grew as well. Compared to last year it increased by 3.7 % to 10.7 million of active customers.

The dominant share of the value of the telecommunications market has been retained by the mobile service segment with the total of EUR 942 million, representing 51.6 % of the total

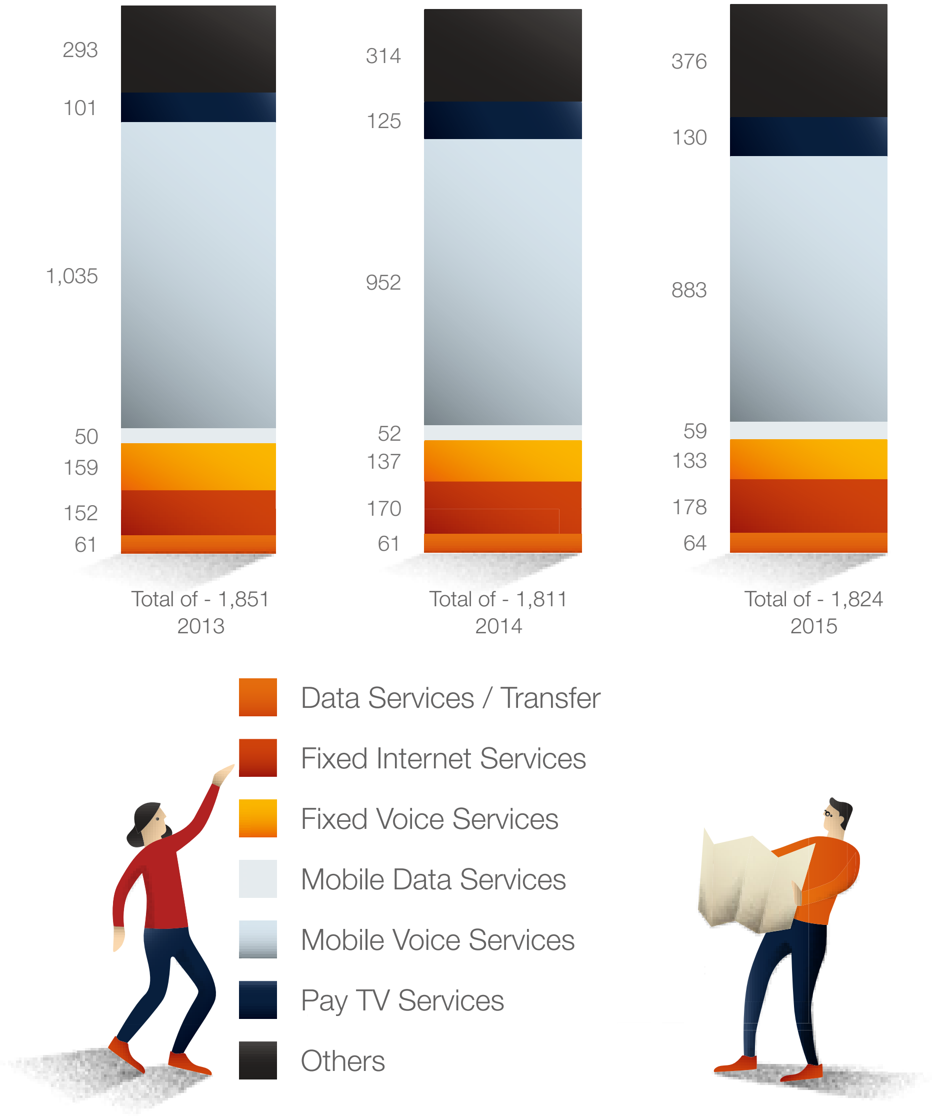
Value of the Telecommunications Market in Slovakia and the Share of Each Operator (in EUR million)

After 6 years of decrease, the telecommunications market recorded increase in 2015.

Source: Data disclosed by the operators



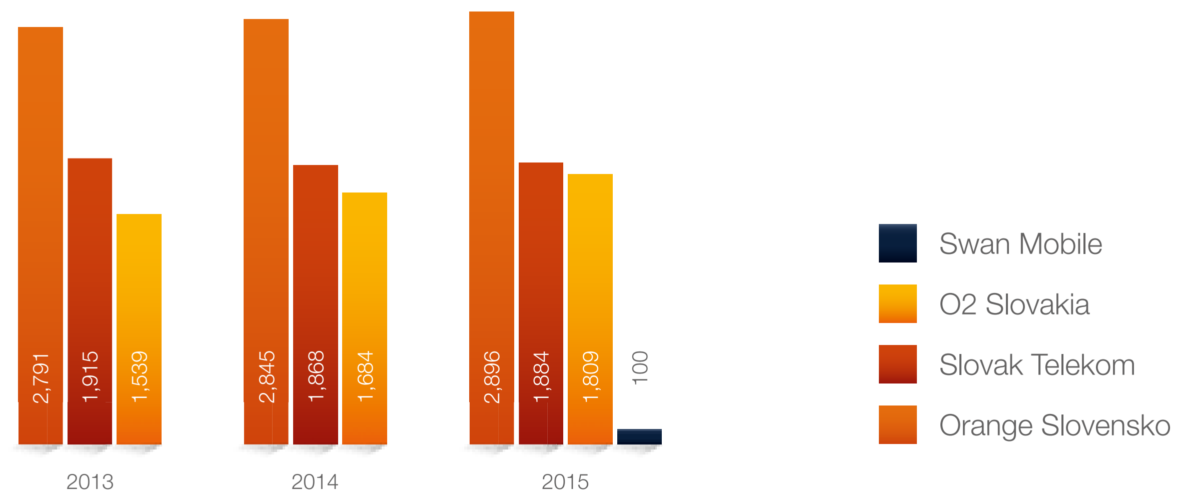
Development of the Value of the Telecommunications Market in Slovakia by Service (in EUR million)



Revenues of mobile telecommunication services in 2015 decreased by 6.1 %, and on the other hand, the revenues from fixed services and pay TV grew by 1.4 %.

Source: Data disclosed by the operators

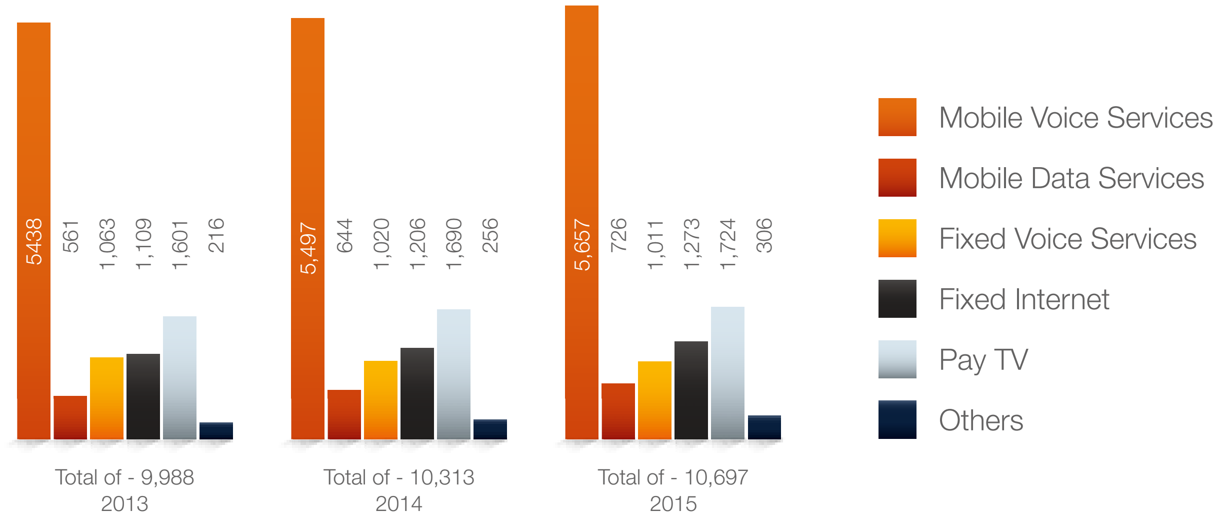
Development of the Number of Customers in the Telecommunications Market (in thousands)



At the end of 2015, the fourth operator who entered the Slovak telecommunications market in October 2015 registered nearly 100 thousand customers, reaching thus a market share of 1.5 %.

Source: Data disclosed by the operators

Development of Number of Customers in the Mobile Telecommunications Market (in thousands):



The largest growth of the number of customers in 2015 was recorded in the market of mobile data service sector also due to the extensive LTE network building.

Source: Data disclosed by the operators

market value. The value of mobile voice and SMS has been recording a decline for a long period, and was only partially compensated by an increase of revenues from the mobile data. While revenues from mobile telecommunications services were falling slightly, over the past three years the declining has been by 7 % in average. The pay TV segment as well as the fixed internet segment recorded the year-on-year increase.

The year 2015 again confirmed the Slovaks´ growing appetite for the data services. The mobile data and fixed internet markets showed a significant rate of growth in the number of customers and revenue. In 2015, the sales of mobile devices, particularly tablets and smart phones significantly contributed to this growth. Fixed internet segment continued to increase the revenues, a growth by 5 % was recorded, and the increase in the number of customers showed by the same 5 %, making penetration of fixed internet in Slovakia reach 66 %. In this segment Orange Slovensko, a.s. grew the fastest among all providers when its fixed internet customer base increased by 17 %.

Pay TV segment increased year-on-year by 4.5 %, while the number of its customers increased by 2 %. The Pay TV service is today used by almost 91 % of households that have a choice of more and more programs, quality content and additional services such as TV archive, lending, or access to TV on multiple devices over the internet.

The only segment in which we have been recording the user decrease in a long-term period is the segment of fixed voice services. The main reason for this is the substitution of fixed lines by mobile voice services and voice over IP.

Total number of customers of mobile services increased by 3.9 % and reached 6.383 million of active customers, representing an increase of nearly by 250 thousand customers. The penetration of active SIM cards reached 118 % while only 11 % of this number consists of mobile internet customers whose number increased by 12,7 %.

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Orange Slovensko on telecommunications market

we look for new ways
to being closer to our customers

Activities of Orange Slovensko on Telecommunications Market in 2015

2015 was another year of innovations rewarding our customers for their loyalty, trust, and family getting together. Orange is a stable partner for more than half of Slovaks which motivates us to make sure we always bring such services and offers that make life easier and integrate them with what is important in their lives. We bring people together thanks to our services to more than 60 % of Slovak families and this is more than a commitment, in that we, as a family operator continue in expanding benefits for this important group of our customers. The proof that we are successful is the fact that over the past year many customers demonstrated their confidence in Orange again. A total of 689 thousand customers of mobile services decided to re-sign or extend the contract for a plan or internet during 2015. More than 52 thousand out of them, representing a 23 % of year-on-year increase, were those customers who have ported their numbers from another operator. Towards the end of 2015, Orange registered 2.896 million customers of mobile services, 2 % more than last year. The number of customers of household services, which is fixed internet and digital TV, has reached 201 thousand.

Development of Orange Slovensko Customer's Number

Despite the decline of Lite TV service users by 36 %, the total number of customers increased again.

Source: Orange internal data

Year	2013	2014	2015
Mobile Service Customers	2,790,758	2,844,611	2,896,496
Fixed Service including digital TV and LiteTV Customers	160,836	214,891	200,657
Total of	**2 951,594**	**3,059,502**	**3,097,153**

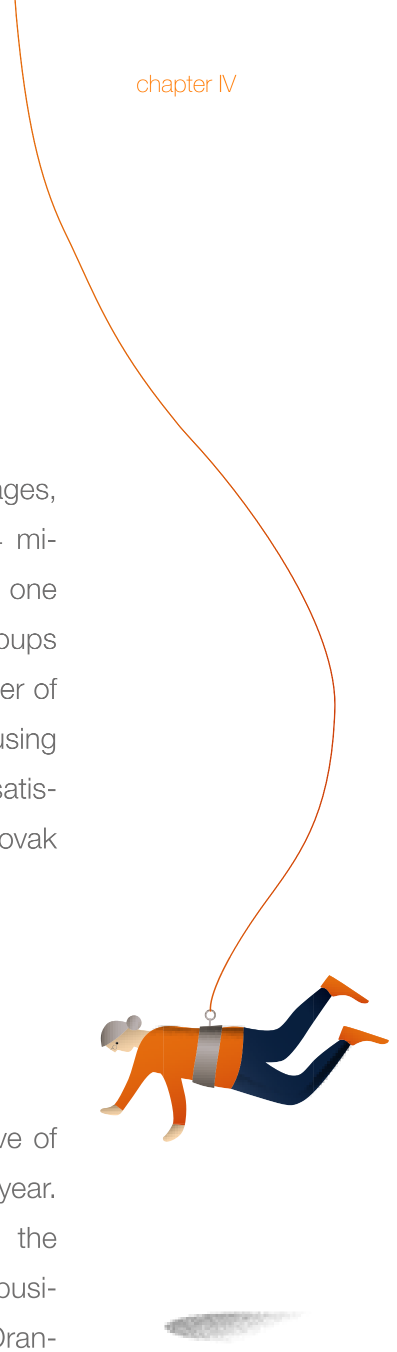
Family Operator

Orange with its services is already present in over 60 % of families. Our day-to-day job is to connect families through our services and enable them to communicate with each other, let their members be anywhere. In a quality and reliable way. As a family operator we do not even forget how to simplify the lives of our customers by offering a combination of fixed services - fixed DSL and optic internet with the mobile communication services within the value packs from a single, reliable provider that is Orange.

Our principal service designed for families and groups of friends is the Free Together Service. It allows these group customers to constantly stay in touch with their loved ones by free calls and text messages to each other. Within the Free Together Service, in addition to free calls and messages in the group we brought another novelty in the past year - free internet access to home. At the end of year, this service was used free for communication by almost 600 thousand Slovaks in more than 140 thousand families. Customers within the same group spent an average of 378 minutes and sent 88 messages, while the average length of a call was 2.4 minutes. The average number of members in one group is 4.16, with more than half of all groups is composed of a maximum possible number of members, which is 5 people. Customers using the Free Together Service are the most satisfied customers amongst all customers of Slovak operators.

We Constantly Reward our Customers for their Loyalty

Orange presented the largest digital initiative of rewarding its customers in Slovakia last year. Together with partners they established the Orange Benefits Platform that connects business men with service providers. It allows Orange customers to draw attractive discounts and other tailor-made benefits. Moreover, the application allows you to digitalize a number of loyalty cards and thus lessen the need for our customers, of a lot of unnecessary plastic.



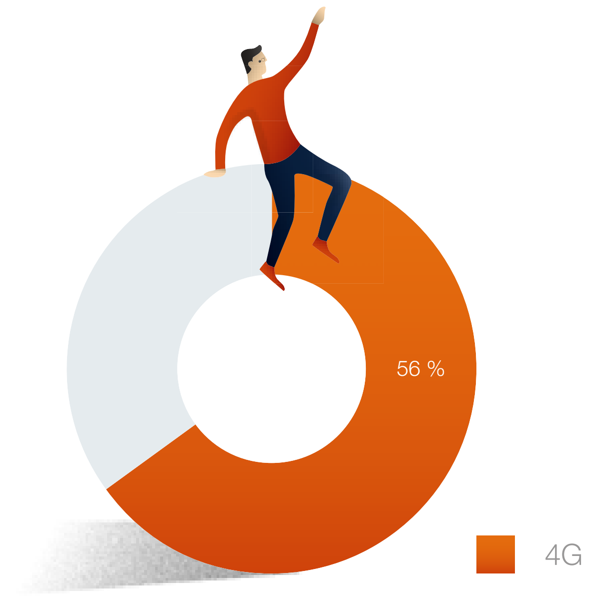
Network Quality is More Important than Ever

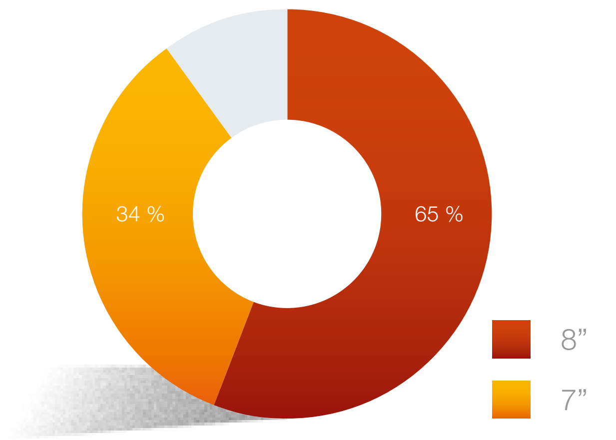
We are facing a technological revolution that brings an unprecedented customer demand for connectivity, fast and high-quality internet connection and its services. The number of customers using mobile data services in Orange was year-on-year higher by 8 %, and as of 31 December 2015, they were more than 1.26 million. Even faster growth rate was shown by the mobile data traffic. Compared to 2014, Orange customers transferred 43 % more data in mobile data network with more than one fifth of the total GB data 12.2 million transferred within the 4G network.

Data consumption by our customers grows every year because we provide customers with more and more options for watching videos, listening to music and streaming content. Growing interest in mobile data services is also supported by the combination of business policy to offer smart phones and tablets for the best price, as well as investment bringing fast mobile internet from Orange to new areas. Last year, an 83 % share of all phones purchased by customers in Orange's sales network consisted of smart phones. The tablets play more and more of an increasing role here. During the past year, Orange sold 96 thousand tablets and again became the largest seller among the operators of these devices in Slovakia. Also thanks to Orange, the tablet is a commonplace in many families today.

In order to ensure customers the best user experience, Orange continued in speeding up of the mobile internet. In 2015, there was new LTE coverage in another 112 towns and 308 municipalities. Since Orange wants to allow its customers to stay connected to those they care about, at the highest speed and quality, wherever they are, we not only invested in coverage itself, but we increased the density of the network on a regular basis and increased its capacity. In addition to building LTE networks, Orange continued to broaden the 3G network and also significantly increased speeds available within the 4G network, of up to 225 Mbit/s. At the end of year, the high-speed mobile internet coverage, i.e. 3G and 4G networks, exceeded 94.8 % of Slovakia's population.

Structure of Tablets Sold





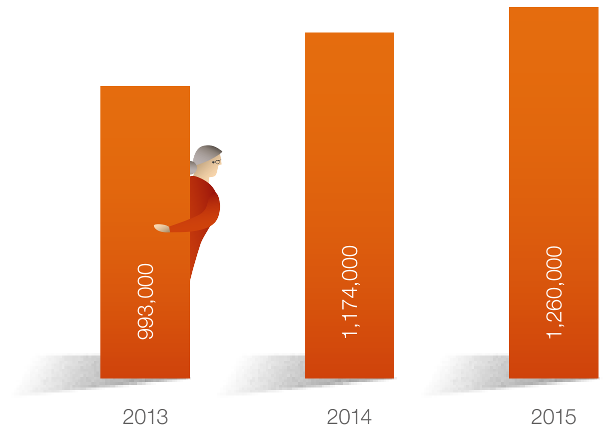
Slovaks want more and more modern devices. Already two thirds of sold tablets were 4G compatible and more than half of consumers bought a tablet with an 8-inch screen diagonal

Source: Orange internal data

Development of the Number of Mobile Data Service Customers

More and more customers are interested in mobile data services in the largest and fastest mobile network from Orange. Their number year-on-year increased by 15 %.

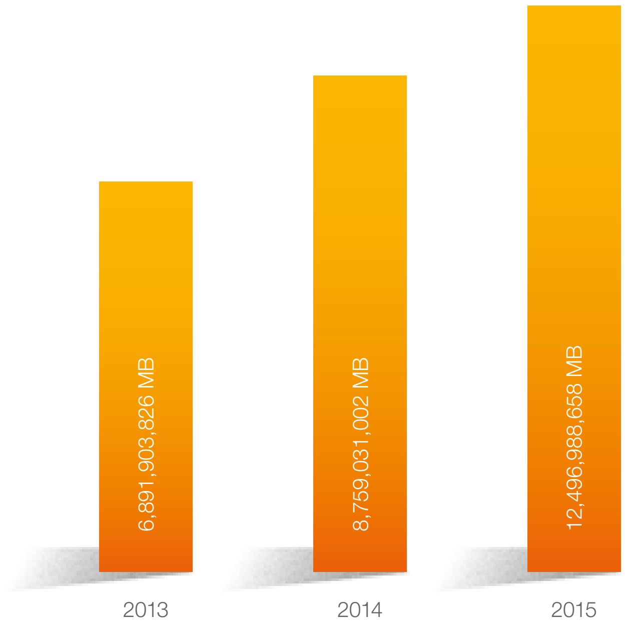
Source: Orange internal data



The Mobile Network Data Traffic Development

Last year, 21 % of data traffic was implemented in Orange 4G network.

Source: Orange internal data

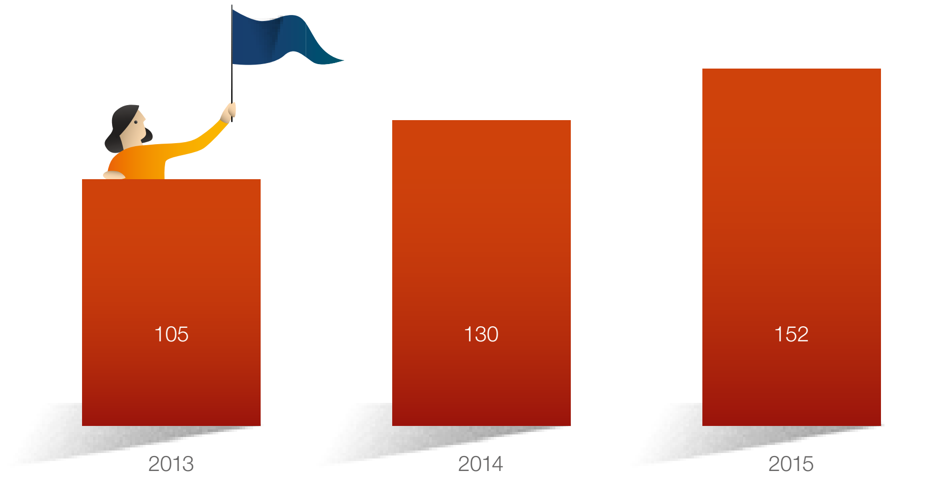


Household Services

Orange can fully equip households with telecommunication services, ranging from mobile and fixed internet, optical network and DSL, to television and calls with fixed or mobile networks. Customers can equip their households with telecommunication services from one provider easily, in one place, and at more favourable prices thanks to discounts and other benefits with a combination of mobile and fixed services from Orange. Getting all your services at Orange pays off. In the field of fixed services Orange brought particularly, a special optical internet offer with either a top speed of 250 Mbit/s, or offers for its customers with a lower-speed demand but still with highly stable optics, within the past year.

The customers of our fixed services have the option to more flexibly put together their package only from the services they need - we have introduced a combination of optical internet only with TV by which the customer uses the stable optic internet and TV full version (more than 60 TV stations), including the TV archive. The offer is designed for customers who do not wish to use the landline or mobile TV with archive.

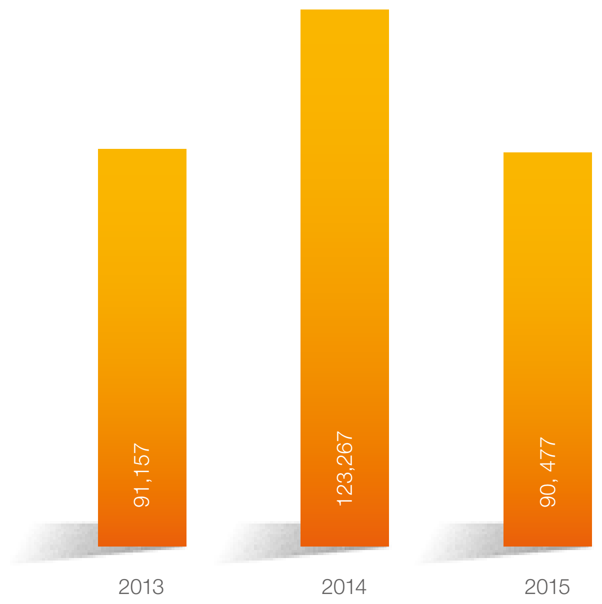
More and More Customers Buy Fixed Internet from Orange (in thousands)



More than 85 thousand customers use a fixed DSL internet from Orange

Source: Orange internal data

Development of Number of Digital TV Customers



During the year, we have added the offer of 13 new TV stations, 9 of them in HD resolution while strengthening our service, providing content upon request

Source: Orange internal data

Orange Customers Can Forget about Borders

Orange's long-term goal is to provide customers with simple and valuable services wherever they are. This also applies to roaming. Orange has been operating beyond the EU roaming regulation for a long time and in addition to the possibility of the same roaming communication prices of those at home, Orange has also brought the unlimited income calls within the EU and Switzerland under the "In Europe, as at Home" Package to its customers. Moreover, the Orange roaming package automatically offers a free bonus in a form of practical solution, the travel insurance abroad. Thanks to this, customers can save considerable fees. Because of the great success of this service, Orange has expanded to cover the insurance for the entire family in the past year.

With the decrease in roaming prices and with the favourable services, the appetite of users for mobile communications without borders has grown. Last year, nearly 2 million customers actively used the voice and data roaming from Orange, where as some of the packages were activated by more than 215 thousand customers, representing the 42 % year-on-year increase. In addition to increasing the number of users, the roaming traffic of our customers increased as well. Roaming voice traffic increased by 18 % and data traffic by more than 100 %. The data roaming traffic increase is the result of the innovative offers in the area of roaming data services enabling Orange customers to surf abroad from 4 cents per MB as well as of new data packets. Like with the voice services under a monthly service plan, the customers get extra travel insurance abroad.

Orange customers use their mobiles mostly in the Czech Republic, Austria and Germany.

5

customer care

building a strong and sound relationship with our customers

Customer Care

In order to retain the highest standards of communication with our customers, and provide them with all possible support, we strive to continuously improve our processes, train and support staff in direct contact with customers and develop solutions that enable easy and comfortable service of customer requirements.

Customer satisfaction is key for Orange, so the superior customer care is their main interest as well as quality service. Either it is directly at the point of sale through customer support, or in the customer zone on the internet, Orange therefore seeks to promote an especially friendly approach, with clarity and simple solutions. From points of sale, 905 Customer Line available around 24/7, guidance via our Facebook profile, to customer online and Expert zones, a customer can receive valuable advice for service or device set up.

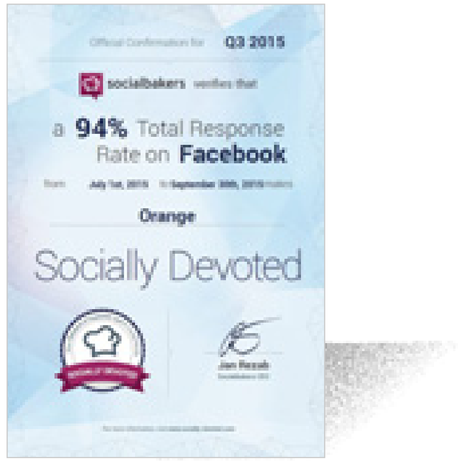
One of the better assistants is the “Orange Go” practical application. It allows customers to always keep track of their spending, check the data consumption and get comfortably into the customer zone. Handy applications, additionally gather all the multimedia services, Orange benefits, options to purchase a ticket for public transport or parking and much more, all in one place. Its use is facilitated by the automatic logon into applications using 2G, 3G and 4G networks from Orange, when the customer does not need to register or login with all data, the customer automatically logs in.

Fast and Quality Service

Also in the past year, Orange has retained its performance in the area of customer care, thus keeping its satisfied customers. In 2015, 905Customer Service Line received the total of more than 1.2 million calls which represents an annual decrease of customer calls by 11 %. This is the result of mainly good quality training and customer awareness in advance. Our customer service line retained a high level of satisfaction with an index of over 80 points.

In the past year, The Customer Care Department solved more than 40 thousand customer e-mail queries from the web form available to customers for their questions. Most of the e-mails delivered were, despite the two-day period, usually resolved within 20 hours. We also responded to customers with more than 6 thousand suggestions through Facebook, whereas we delivered the responses through this channel on an average of inside 8 hours. In connection with these activities, we have been twice awarded by the Socially Devoted title. The award is regularly provided by the Socialbakers company and evaluates the ratio of answered questions to the total number of questions asked by visitors to the social networking sites of the individual companies via posts on Facebook pages.

Similarly, our year-round activities in the area of customer care were reflected in lower levels of complaints, which is a trend of recent years. The activities were also shown in the reduction of time taken in complaint solving, whereas during the past year, customer claims were solved on average, in 3.2 days. Compared to the previous year 2014, this is another significant decline when the complaint sorting lasted 10 days, on average. As always, the Orange goal is to retain a high quality of service, not only in the commercial sphere, but an added value in the form of top customer care, appreciative treatment and increase of customers´ satisfaction as well in 2016.



6

employees

our work is a team game in which
we pass the ball to each other

Human Capital Management at Orange

Orange employees represent one of the most valuable assets that our company has in order to achieve its objectives. Therefore it is our long--term strategy to provide employees with adequate opportunities for their professional and personal development. Our goal is to create the conditions that Orange is an employer giving the best options, both for internal staff as well as for potential new colleagues. Therefore, we have been carrying out several activities for the long-term to achieve this goal. Also the satisfaction survey that we conducted in 2015, shows a significant shift in the motivation and satisfaction of our employees. These positive results not only please us, but also challenge us for commitment to further improving the various factors that influence motivation and employee satisfaction.

The most important topic we consider, is the area of performance management, continuous improvement of internal processes, the benefit and social policy area, the area of professional and personal development and balance between work and private life. Particularly important for us is also the management quality, internal communication and the level of cooperation. We strive to create adequate conditions to ensure that our employees are aware of the company's strategy, its main challenges and they understand how each individual can contribute to the successful achievement of common goals.

For employees to have the opportunity to constantly improve at their work, we organise various development and educational activities for them to contribute to fulfilling the completion and expansion of their knowledge and skills. To support employee development activities in 2015, we invested a total of EUR 895 thousand and registered 45,833 completed training hours. With the number of 1,043 trained employees this means that, on average, each employee spent 5.5 days on a variety of educational activities supported by Orange.

The massive construction of Orange high-speed LTE network has had an effect on investment in education. The significant part of last year's investment went in the field of project management and development activities related to operation and network security.

Special attention continues to be paid to the development of frontline employees. We have improved the training process in order to increase the readiness of the newly hired employees to perform their work activities, we expanded our online forms of learning and we created the opportunity to share their experience and skills. Last year we also prepared around 90 educational videos and 250 frontline employees were awarded certificates for providing extra customer care, exceptional performance and excellent presentation of Orange values.

In the area of management staff, we focused on developing managerial skills relating to performance management and also to creating space for their greater co-operation and sharing of management practices and experience.

We particularly care about our employees feeling comfortable at work and at the same time having enough space to spend more time with their loved ones, recharging their energy, as well as compensating for the time and energy spent in the workplace with their hobbies in their free time. Based on feedback from our employees, following our previous improvements, we further adjusted the working hours by the introduction of special working hours during the summer months, allowing early departure from work on Fridays or by expansion of home office.

We have also introduced rewarding employees on the year in service anniversary day, in the form of little surprise with the thank you note for their work and loyalty.

Healthier at Orange

Last year we also launched the Orange Healthier Program which focuses on activities supporting health, healthy lifestyles of our employees and their leisure sports activities. With experts in these fields we implemented, for example, lectures by experts for employees and special exercises in the workplace. During the summer months, our employees had the opportunity to participate in regular open air exercises. As part of the nationwide initiative „Land of rescuers" we also included the option to take the professional first aid training under the Orange Healthier Program. This activity was open to all our staff and their families. Nearly 250 employees and their family members were trained in this area, certified and ready to provide qualified first aid. Thanks to the above activities, we were placed fourth in the competition „Healthy Company of 2015“, organized by the Union, the health insurance company.

In addition to this award, Orange Slovensko was also awarded for the fourth time with the titles of Top Employer Slovakia and Top Employer Europe in 2015, for the quality of implemented policies and tools in all areas of human resources management.

Besides all these activities, of course, we further continue in providing a wide range of benefits. Our benefit and social policies have been very highly appreciated by the employees at Orange for a long-period.

We believe that through high-quality management and effective policy setting, concepts and tools in the field of human resources, we can achieve the number of employees positively talking about the company, associating their future with it and willing to make a special working effort, was the largest.

We Digitize to Increase Efficiency

An ever-increasing society digitization plays an important role in human resource management. Therefore, we have prepared a specialized program to support the internal digital transformation of our society, mainly in three basic pillars - raising awareness, training and in the field of technical facilities.

From this perspective, 2015 was the year in which we advanced in the digitization of the education process, we have created almost a hundred educational videos for our employees, we expanded our e-learning, with more and more digital tools we also use in the classic lecture learning (electronic boards, online training, social networks and so on). We have also launched a second phase of so-called Digital Academy in which employees can train on big data.

One of our objectives includes the improvement of internal processes and workflow. We strive to make them obstacle free for staff, moreover allowing the motivation to enable them to stay focused on what is essential in their work. We have aimed these at both, newly arrived employees and those existing ones too. One of the goals was to simplify the arrival of a new employee into our company - so we have summarized in detail all of her/his needs so that she/he could fully devote to her/his new job position. Through this initiative, newly arrived employees will have, as quickly as possible, all the work equipment available, they will have access to systems, training schedules and information about the processes. For new employees and also current employees, we focused on simplifying the complexities related to internal processes, the duration of approval processes and unnecessary bureaucracy. The aim was, of course, to facilitate the processes and remove obstacles in the work of employees so they can work more efficiently. Most commonly used applications thus received the digital form, we shortened the time of requirement approval and enhanced their implementation.

7

corporate social responsibility

we work to keep
our business sustainable

Corporate Social Responsibility

Orange as a leader on the telecommunications market, applies corporate social responsibility principles towards customers, its employees, partners and communities. The strategy of corporate social responsibility is to create a balance between the needs of partners, the company, its customers, shareholders and employees, as well as to apply changes supporting the long-term sustainability of our business. We believe that the only way of doing sustainable business is one that respects and balances the business goals of a company and its impact on society.

We Eliminate our Negative Impact on Environment

Although the impact of telecommunications operators on the environment is not as significant as in certain other sectors, the energy consumption has a significant indirect impact on both the environment and our economy. It is therefore obvious, that in terms of sustainable business we apply systematic changes and projects allowing a reduction in energy consumption.

Environmentally Friendly Network

Energy consumption is the largest CO_2 producer and Orange plans to reduce its CO_2 emissions by 20 % by 2020. To achieve this objective, we carry out various activities - from the introduction of automatic computer shutdown after working hours, to the optimization of technological premises. Solutions that contribute to this objective are applied also in the operation of our networks, number of base stations using the solar energy for their operation is growing. Currently, we have four of them available in Slovakia, and we plan to gradually increase their number. Moreover, we use, for example, the automatic power consumption check in real time, which allows more efficient operation of our base stations.

We Collect and Dispose in an Eco-friendly Manner

The year 2015 at Orange was again rich in a variety of activities, the objective of which was to collect back 15 % of the total number of telephones introduced to the Slovak market in a year. Altogether, we have managed to collect 64,877 devices from customers, accounting for 16.52 % of mobile phones introduced to the market in 2015. This way Orange has not only fulfilled its target, it exceeded it, there were 8,300 more mobile phones collected compared to last year. One of the most significant activities of this area is the traditional competition ´Old Mobiles to Be Rescued´. It combines eco-friendliness, charity, and entertainment in a single, beneficial project. Orange donated 50 cents for each mobile phone collected to selected non-profit organisations. Thus, the company donated approximately EUR 30 thousand to non-profit organisations throughout three phases of the competition, from February through December 2015.

Following the same objective of environmental responsibility, we enforced the separation of paper and plastic waste at our points of sale, administrative buildings, and archives in 2007. The year 2015 brought 70.6 tonnes of separated paper waste, which will get recycled, in addition to 2.025 tonnes of plastic bottles.

Last year we also achieved that more than three quarters of a million of our customers using plans, already take advantage of an electronic invoice. Their share of the customer base thus reached more than 66 percent. In addition to customer benefits, such as convenient and transparent archiving and search invoices, we also reduce paper consumption and encourage the implementation of our commitments towards the environment.

Considerately with Eco Tree

In summer 2015, Orange in co-operation with the civic association Green Gang brought the absolutely unique - Orange Eco Tree to Slovakia. The tree that produces energy instead of oxygen. The tree could be the first tried by the citizens of Banská Bystrica. They could re-charge the energy with this unique device in the shape of a tree, and try out how easy it is to charge their electronic devices using solar energy. They had gotten the new location there, not only to recharge their mobile phones but also as a place for pleasant meetings.

We Educate and Support

Technologies are no longer just an everyday part of our business, but also of our customers´ lives. They bring many positives to users´ life, however they also mean new risks which were not there before, Therefore it is very important that people can use the most advanced digital technologies responsibly. For many years, we were so focused on the education of parents, teachers as well as children themselves in this area. In particular, parents are the group that we target to and help them overcome the digital divide between them and their children, and assist them to recognize and avoid risks that technology brings.

Since 2006, we have been supporting the safe and responsible use of communication technologies. Last year, we again helped young people, parents, and teachers navigate the world of modern technologies and raise awareness about their efficient and safe use. We prepared an update of the comprehensive website www.detinanete.sk, which provides good advice and tips for parents and teachers on how to protect children from risks which can be posed in such an environment. We have also continued to spread this topic through our free workshop programme at schools, where expert lecturers held meetings and discussions with 536 teachers, over 4,286 children, and 320 parents all over Slovakia last year.

We Help the Active Ones

Orange perceives its environment from various angles, it cares, and gets involved where it can be helpful – not merely from the financial point of view. Through the Orange Foundation, Orange supports the helpful ideas of active people that assist change in lives of others.

Orange Foundation

The Orange Foundation has strived to provide help where needed ever since it was established. Or, to provide support where it sees passion, optimism, and potential for the development of good ideas. This is the reason why we systematically focus on the support of the education, community development and social inclusion areas.

Last year, the Orange Foundation implemented 9 grant programmes with the total allocation of EUR 296 thousand. It continued to support the activities of its long-standing partners, such as Návrat (Return) – the civic association, Andreas Autistic Centre, and more than 7,000 other community projects.

Total of EUR 93,827.50, for example, was reallocated to the requests for support in the popular “Donate Christmas Grant Programme”. Also in 2015, Orange customers contributed to a total redistributed amount. For each plan, internet, television or other services purchased by Orange customers, in the period from 30 October to 6 December 2015, Orange contributed the sum of 50 cents to the “Donate Christmas Grant Programme”. The total amount that Orange donated to programme reached EUR 31,849.

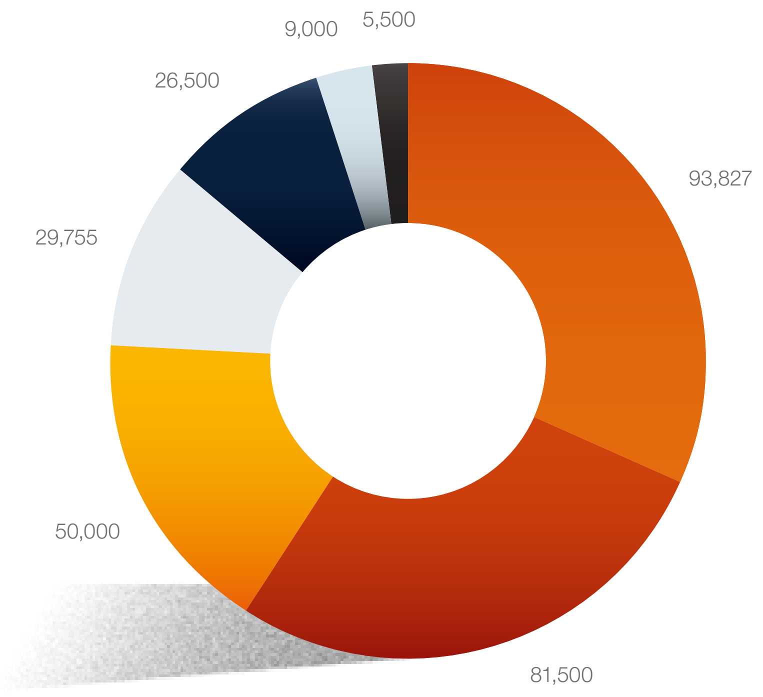
In 2015, the Orange Foundation Award, a unique appreciation of its kind in Slovakia, was awarded for the sixth time. Its aim is to reward the work of non-governmental organizations for their outstanding contribution. A total of nine such organizations got this prize, annually awarded in the fields of education, community development and social inclusion. An independent evaluation committee in each category awarded three organizations, not only morally but also financially. The organizations in first place were granted the amount of EUR 10,000, organizations in second place EUR 5,000, and EUR 2,000 was granted to the organizations that ranked third. There was also a special prize awarded. The prize of the Personality and Civic Engagement was awarded for the second time. In 2015, the prize was awarded to Marek Roháček who has been active in supporting foster parenting for many years.

Support from Our Own Resources

Collections of clothes, blood donation, own projects and ideas - these all are the ways in which, Orange staff have tried to help where it is needed. In co-operation with the National Transfusion Centre, a total of 74 employees donated blood in the past year. 24 colleagues devoted their time to a good thing, by carrying out their projects supported through the Employee Grant Programme. Thanks to the grant they obtained assistance in enhancement of the environment, helping children or in rescuing monuments and many other activities. Through the clothing collections, carried out by Orange also in 2015, the employees donated more than 500 kg of clothes. We supported five NGOs that care for people in need with clothing collected.

Last year, Orange also responded to the so-called refugee crisis. The employees could contribute to the alleviation of the fate of these peo-

The Amount of Funding Allocated Through
the Orange Foundation Grant Programmes in 2015.



- Donate Christmas
- Chance for your Region
- e-Schools for the Future
- Grant Programme for Optimists
- Employee Grant Programme (for Orange employees)
- Grant Programme for Salesmen of Orange
- Scholarships for the Disadvantaged

ple in the collection by donating toiletries. Thanks to employees of Orange, we managed to collect together around 105 kg of sanitary equipment.

We helped through mobile fundraising also in 2015. Either with our long-term partners - Friends of UNICEF Children, Magna Children In Need and Good Angel - or within the DMS system and through lump-sum donations in 22 collections which we implemented in 2015. We managed to collect more than EUR 300 thousand via mobile fundraising. The money in full, is always used to provide the assistance.

More information on Orange corporate social responsibility and Orange Foundation activities can be found in the 2015 Corporate Social Responsibility Report at www.orange.sk but also at www.nadaciaorange.sk.

8

financial statement

jointly we decide about our results

Orange Slovensko, a.s.

INDEPENDENT AUDITOR'S REPORT AND SEPARATE FINANCIAL STATEMENTS

(prepared in accordance with International Financial Reporting Standards as adopted by the EU)

Year ended 31 December 2015

Company identification number: 35 69 72 70

Tax identification number: SK2020310578

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Independent Auditor's Report

KPMG Slovensko spol. s r.o.
Dvořákovo nábrežie 10
P.O. Box 7
820 04 Bratislava 24
Slovakia

Telephone +421 (0)2 59 98 41 11
Fax +421 (0)2 59 98 42 22
Internet www.kpmg.sk

Translation of the statutory Auditor's Report originally prepared in Slovak language

Independent Auditor's Report

To the Shareholder, Supervisory Board and Board of Directors of Orange Slovensko, a.s.:

We have audited the accompanying financial statements of Orange Slovensko, a.s. ("the Company"), which comprise the statement of financial position as at 31 December 2015, the statements of comprehensive income, changes in equity and cash flows for the year then ended, and notes, comprising a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management as represented by the statutory body is responsible for the preparation of these financial statements that give a true and fair view in accordance with International Financial Reporting Standards as adopted by the European Union and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about 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 our judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the entity's preparation of the financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our 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 2015, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union.

Other Matter

The financial statements of the Company as at and for the year ended 31 December 2014 were audited by another auditor who expressed an unqualified opinion on those statements on 27 April 2015.

6 May 2016
Bratislava, Slovak Republic

Auditing company:
KPMG Slovensko spol. s r.o.
License SKAU No. 96

Slovenská komora audítorov
SKAU
Č.licencie 96
KPMG
Slovensko spol. s r.o.

Responsible auditor:
Peter Nemečkay
License UDVA No. 1054

Separate statement of financial position as at 31 December 2015

In thousands of EUR	Note	31 December 2015	31 December 2014
ASSETS			
Non-current assets			
Property, plant and equipment	4	338,701	331,211
Intangible assets	5	179,992	195,302
Investments in unconsolidated subsidiaries	6	106	106
Non-current receivables		6,889	3,242
Other non-current assets		84	84
Total		**525,772**	**529,945**
Current assets			
Inventories	8	20,493	11,778
Trade and other receivables	9	57,944	61,415
Other assets		5,205	3,721
Current income tax receivable		3,766	5,370
Cash and cash equivalents	11	5,509	7,575
Total		**92,917**	**89,859**
Total assets		**618,689**	**619,804**

In thousands of EUR	Note	31 December 2015	31 December 2014
EQUITY AND LIABILITIES			
Equity	**12**		
Share capital		39,222	39,222
Reserves		15,260	15,260
Retained earnings		155,565	260,129
Profit for the year		88,249	103,062
Total		**298,296**	**417,673**
Non-current liabilities			
Provisions	14	29,624	28,432
Long-term debt/loan	13	110,000	–
Deferred tax liabilities	7	4,358	7,978
Non-current payables	14	18,616	21,233
Total		**162,598**	**57,643**
Current liabilities			
Current financial liabilities	10	36,582	6,450
Trade payables and other liabilities	15	101,000	117,542
Provisions	14	1	1
Deferred income	16	20,212	20,495
Total		**157,795**	**144,488**
Total equity and liabilities		**618,689**	**619,804**

Separate statement of comprehensive income for the year ended 31 December 2015

In thousands of EUR	Note	2015	2014
Revenues	**17**	**560,623**	**580,156**
External purchases	18	(289,392)	(287,988)
Other operating expenses	19	(16,586)	(19,361)
Other operating income	19	7,962	7,083
Wages and contributions	20	(45,779)	(47,637)
Amortisation and depreciation expenses		(95,814)	(91,388)
Operating profit		**121 014**	**140 865**
Interest income		128	208
Interest expenses		(1,602)	(911)
Other finance expenses		(212)	(9)
Other finance income		37	2
Profit before tax		**119 365**	**140 155**
Income tax	21	(31,116)	(37,093)
Profit for the year		**88,249**	**103,062**
Other comprehensive income		–	–
Total comprehensive income for the year		**88,249**	**103,062**
Total comprehensive income attributable to:			
Owners of the Company		88,249	103,062

Separate statement of changes in equity for the year ended 31 December 2015

In thousands of EUR	Note	Share capital	Reserves	Retained earnings	Total
Balance as at 1 January 2014		39,222	15,260	340,129	394,611
Total comprehensive income for the year					
Profit for the year		–	–	103,062	103,062
Transactions with shareholders					
Dividends paid		–	–	(80,000)	(80,000)
Balance as at 31 December 2014		**39,222**	**15,260**	**363,191**	**417,673**
Balance as at 1 January 2015		39,222	15,260	363,191	417,673
Application of new accounting policy on capitalization of SIM cards	4	–	–	2,374	2,374
Balance as at 1 January 2015 adjusted		39,222	15,260	365,565	420,047
Total comprehensive income for the year					
Profit for the year	12	–	–	88,249	88,249
Transactions with shareholders					
Dividends paid		–	–	(210,000)	(210,000)
Balance as at 31 December 2015		**39,222**	**15,260**	**243,814**	**298,296**

Separate statement of cash flow for the year ended 31 December 2015

In thousands of EUR	Note	2015	2014
Profit for the year		**88,249**	**103,062**
Taxes		31,116	37,093
Financial income		–	(88)
Interest expenses		1,601	501
Interest income		(127)	–
Depreciation and amortisation of tangible and intangible assets		95,814	91,388
Increase in provisions		927	–
Decrease in value adjustment to receivables		(2,246)	–
Increase in value adjustment to inventories		316	–
Gain on sale of property, plant and equipment		(865)	–
Other		–	1,875
Profit from operating activities before changes in working capital		214,785	233,831
(Increase)/Decrease in trade and other receivables (including accruals/deferrals of assets)		1,351	(8,110)
Decrease/(Increase) in inventory		(9,031)	4,769
Increase/(Decrease) in trade liabilities (including accruals/deferrals of liabilities)		(20,155)	2,568
Cash generated from operations		186,950	233,058
Interest received		5	88
Interest paid		(551)	(501)
Taxes paid		(33,132)	(32,986)
Cash flows from operating activities		**153,272**	**199,659**

In thousands of EUR	Note	2015	2014
INVESTING ACTIVITY			
Purchase of property, plant and equipment		(85,903)	(131,923)
Proceeds from sale of non-current assets		1,147	499
Decrease /(Increase) in financial assets		–	6,102
Net cash outflow from investing activities		**(84,756)**	**(125,322)**
FINANCING ACTIVITY			
Changes in current financial liabilities	10	30,132	6,450
Increase in long-term loan net of arrangement fees	13	109,286	–
Dividends paid	12	(210,000)	(80,000)
Net cash outflow from financing activities		**(70,582)**	**(73,550)**
Net increase /(decrease) in cash and cash equivalents		**(2,066)**	**787**
Cash and cash equivalents at the beginning of the year		**7,575**	**6,788**
Cash and cash equivalents at the end of the year	**11**	**5,509**	**7,575**

Notes to the separate financial statements for the year ended 31 December 2015

1. General information

Orange Slovensko, a.s. (hereinafter also reffered to as the "Company") is a joint stock company established on 29 July 1996 and incorporated on 3 September 1996 with its registered office at Metodova 8, 821 08 Bratislava, Slovak Republic. In August 2008, Atlas Services Belgium, S.A. acquired all the shares held by Wirefree Services Nederland B.V., which had been the major shareholder since November 2005, when it acquired all the shares held by minority shareholders and became the 100 % shareholder of Orange Slovensko, a.s. The Company's principal activity is the establishment and operation of public mobile telecommunication networks at assigned frequencies as well as the operation of fibre-optic cable networks. The Company is not an unlimited guarantor in any other entity.

Approval of the 2014 Financial Statements

On 13 May 2015, the General Meeting approved the Company's 2014 financial statements (Notary Deed No. N 281/2015, Nz 16255/2015, NCR1s 16639/2015).

Members of the Company's Bodies

Body	Function	Name
Board of Directors	Chairman and Chief Executive Officer	Pavol Lančarič
	Chairman (untill 29 May 2015)	Brigitte Bourgoin
	Deputy Chairman	Ladislav Rehák
	Member (since 30 May 2015)	Zuzana Nemečková
	Member (since 30 May 2015)	Marc Ricau
	Member and ITN Director/CEO deputy	Ivan Golian
	Member and CFO/CEO deputy	Antoine Guilbaud
	Member (untill 29 May 2015)	Pierre Hamon
	Member (untill 29 May 2015)	Dominique Garnier
Supervisory Board	Member (since 30 May 2015)	Christophe Naulleau
	Member (since 13 August 2015)	Adela Irinel Savu Guedon
	Member	Ján Kodaj
	Member (since 18 June 2015)	Rudolf Tesár
	Member	Thuy Mai Pavret de La Rochefordiere
	Member (untill 29 May 2015)	Bertrand du Bourcher
	Member (untill 29 May 2015)	Zuzana Nemečková
	Member (since 30 May 2015 untill 12 August 2015)	Kais Ben Hamida
	Member (untill 18 June 2015)	Martin Schwantzer
Executives	Chief Executive Officer	Pavol Lančarič
	Human Resources Director	Andrea Danielová
	ITN Director/CEO deputy	Ivan Golian
	Chief Financial Officer/CEO deputy	Antoine Guilbaud
	Customer Services Director	Vladislav Kupka
	Communication and Brand Director	Miloš Lalka
	Strategy and Regulatory Affairs Director	Ivan Marták
	Commercial Director	Zuzana Nemečková

Employees

	31 December 2015	31 December 2014
Number of employees as at	1,087	1,133
Of which: managers	113	118
Average number of employees	1,077	1,137

2. Adoption of new and revised standards

In the current year, International Accounting Standards Board (IASB) and the International Financial Reporting Interpretations Committee (IFRIC) of the IASB have not issued any new or revised standards or interpretations that could be relevant to the Company's operations for accounting periods beginning on 1 January 2015.

(a) Standards and interpretations adopted by EU effective in 2015 but not relevant to the Company's operation

The following standards, amendments, and interpretations adopted by the EU are mandatory for accounting periods beginning on or after 1 January 2015 but are not relevant to the Company's operation:

- Amendments to various standards "Improvements to IFRSs (cycle 2011 – 2013)" resulting from the annual improvement project of IFRS (IFRS 1, IFRS 3, IFRS 13 and IAS 40) primarily with a view to removing inconsistencies and clarifying wording, adopted by the EU on 18 December 2014 (effective for annual periods beginning on or after 1 January 2015)
- Amendments to IAS 19 "Employee Benefits" - Defined Benefit Plans: Employee Contributions (effective for annual periods beginning on or after 1 July 2014)
- Amendments to various standards "Improvements to IFRSs (cycle 2010-2012)" resulting from the annual improvement project of IFRS (IFRS 2, IFRS 3, IFRS 8, IFRS 13, IAS 16, IAS 24 and IAS 38) primarily with a view to removing inconsistencies and clarifying wording (amendments are to be applied for annual periods beginning on or after 1 July 2014)

(b) Standards, interpretations, and amendments to the existing standards and interpretations adopted by the EU but not yet effective

At the date of authorisation of these financial statements, the following standards, revisions, and interpretations adopted by the EU had been issued but were not yet effective:

- IFRS 9 "Financial Instruments" and subsequent amendments (effective for annual periods beginning on or after 1 January 2018)
- IFRS 14 "Regulatory Deferral Accounts" (effective for annual periods beginning on or after 1 January 2016)
- IFRS 15 "Revenue from Contracts with Customers" (effective for annual periods beginning on or after 1 January 2018)
- Amendments to IFRS 10 "Consolidated Financial Statements" and IAS 28 "Investments in Associates and Joint Ventures" - Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (effective for annual periods beginning on or after 1 January 2016)
- Amendments to IFRS 10 "Consolidated Financial Statements", IFRS 12 "Disclosure of Interests in Other Entities" and IAS 28 "Investments in Associates and Joint Ventures" - Investment Entities: Applying the Consolidation Exception (effective for annual periods beginning on or after 1 January 2016)
- Amendments to IFRS 11 "Joint Arrangements" – Accounting for Acquisitions of Interests in Joint Operations (effective for annual periods beginning on or after 1 January 2016)
- Amendments to IAS 1 "Presentation of Financial Statements" - Disclosure Initiative (effective for annual periods beginning on or after 1 January 2016)
- Amendments to IAS 16 "Property, Plant and Equipment" and IAS 38 "Intangible Assets" - Clarification of Acceptable Methods of Depreciation and Amortisation (effective for annual periods beginning on or after 1 January 2016)
- Amendments to IAS 16 "Property, Plant and Equipment" and IAS 41 "Agriculture" - Agriculture: Bearer Plants (effective for annual periods beginning on or after 1 January 2016)

- Amendments to IAS 27 "Separate Financial Statements" - Equity Method in Separate Financial Statements (effective for annual periods beginning on or after 1 January 2016)

The Company anticipates that adopting these standards and amendments to the existing standards and interpretations will have no material impact on the Company's financial statements in the period of initial application except for the standard IFRS 15 which will significantly impact Company's revenue from goods sold in a package with services within the contract with customers. The future implication of the standard is being evaluated and will be applied in accordance with the requirements in 2018.

3. Significant accounting policies

(a) Statement of Compliance

The separate financial statements have been prepared in accordance with IFRS as adopted by the EU and on the going concern assumption. IFRS as adopted by the EU do not currently differ from IFRS as issued by the IASB, except for certain standards and interpretations that have not been endorsed by the EU as described above.

(b) Legal Framework for Preparing the Financial Statements

These financial statements are the Company's separate financial statements prepared under Act on Accounting No. 431/2002 Coll. on Accounting, as amended. The financial statements were prepared for the reporting period from 1 January 2015 to 31 December 2015 in accordance with IFRS as adopted by the EU. The Company elected to use the exemption from consolidation in accordance with the 7th Directive of the EU as well as with IAS 27.10 and not to present consolidated financial statements (with its 100 % owned subsidiary Orange CorpSec, spol. s r.o.), which is also incorporated into the Act on Accounting No. 431/2002 Coll. on Accounting, as amended. These financial statements are intended for general use and information; they are not intended for the purpose of any specific user or for the consideration of any specific transaction. Accordingly, users should not rely exclusively on these financial statements when making decisions.

Orange SA (France), the Company's ultimate parent company and the ultimate controlling party, prepares consolidated financial statements in accordance with IFRS as adopted by the EU for a group of companies, which also includes Orange Slovensko, a.s. and its subsidiary Orange CorpSec, spol. s r.o.

The consolidated financial statements of Orange SA are available at its registered office at 6 Place d'Alleray, 75015 Paris, France.

(c) Basis of Preparation

The financial statements are presented in euros, rounded to the nearest thousand. They are prepared on the historical cost basis. The principal accounting policies are included in the paragraphs below.

(d) Foreign Currency

Foreign Currency Transactions

Transactions denominated in foreign currencies are translated into euro using the exchange rate of the day prior to the transaction date. Monetary assets and liabilities denominated in foreign currencies are translated at the exchange rate valid on the balance sheet date. The exchange rate differences upon translation are charged to the result for the period. Non-monetary assets and liabilities denominated in foreign currencies that are stated at fair value are translated into euro at the foreign exchange rates valid on the dates on which the fair value is determined.

(e) Property, Plant, and Equipment

Owned Assets

Items of property, plant and equipment are stated at cost, less accumulated depreciation and impairment losses, if applicable. Cost consists of the price at which the asset was acquired plus the costs related to the acquisition (installation and commissioning, transport, assembling cost, etc). The cost of self-constructed assets includes the cost of materials, direct labour, the initial estimate (where relevant) of the costs of dismantling and removing the items and restoring the site on which they are located, and an appropriate proportion of production overheads. Items of property, plant, and equipment are accounted for on a component-by-component basis at a level that allows for the depreciation of each component over its expected useful life and allows the proper accounting of asset disposal and withdrawal.

Subsequent Expenditure

The Company recognises in the carrying amount of an item of property, plant, and equipment the additional costs or cost of replacing part of such an item when that cost is incurred if it is probable that the future economic benefits embodied with the item will flow to the Company and the cost of the item can be measured reliably. All other costs are recognised as an expense when incurred.

Capitalization of SIM cards

As at 1 January 2015 the Company changed its accounting policy and capitalizes the SIM cards, previously expensed when used, as a low value tangible assets within external purchases. The Company changed the policy and concluded that SIM cards meet the definition of an asset as it is controlled by the Company, used for a period longer than 1 year and is generating future economic benefits. Therefore since 1 January 2015 SIM cards are capitalized as property, plant and equipment and are depreciated over its useful life. The cumulative effect of the restatement has been recorded only to the beginning of the last period presented as at 1 January 2015. The retrospective application has not been presented as it would not be practicable.

Depreciation

Depreciation is charged to the income statement on a straight-line basis over the estimated useful life of each category of an item of property, plant, and equipment. Land is not depreciated. Depreciation starts when the assets are ready for their intended use. The estimated useful lives for the current and comparative periods are as follows:

	2015	2014
Radio Access Network	5 to 28 years	5 to 28 years
Transmission	6 to 30 years	6 to 30 years
Switching	5 to 10 years	5 to 10 years
Data Network	5 years	5 years
Dedicated Platforms	5 years	5 years
Other Network	5 to 10 years	5 to 10 years
IT Non-Network Hardware & Infrastructure	2 to 5 years	2 to 5 years
Buildings	10 to 30 years	10 to 30 years
Other Non-Network Equipment	2 to 10 years	3 to 10 years
Local Loop	10 to 30 years	10 to 30 years

The useful lives of property, plant and equipment are reassessed annually by Orange SA, which results in changes to the useful lives of certain assets. These changes are recorded as changes in the accounting estimates on a prospective basis.

At the Company level, the revision of an individual asset's useful life is performed when indicators of an earlier end of life exist.

(f) Intangible Assets

Intangible assets acquired separately by the Company are stated at cost less accumulated amortisation and impairment losses if applicable. Intangible assets mainly comprise software and licences for operating the telecommunication network.

Telecommunication licenses

Upon the granting of the telecommunication licenses (GSM, UMTS, LTE) Orange Slovensko, a.s. is obliged to pay to the Telecommunication Office one off license fee and two types of recurrent fees:

- Administrative variable fees
- Spectrum fixed fees

The license fees and the spectrum fees are capitalized as intangible assets and amortized over the license period. The administrative fees are expensed.

Capitalisation of Spectrum fees

Spectrum fees are the unavoidable payments computed on the principle of allocated bandwidth and fix tariff for the whole period to which a license is granted. Payment is done on a quarterly basis during the whole license period.

The Company discounts the value of future spectrum fees to their present value and recognizes them as other intangible assets. Related future spectrum fees payables are presented as both current and non-current liability.

Subsequent Expenditures

Subsequent expenditures on capitalised intangible assets are capitalised only when they increase the future economic benefits embodied in the specific assets to which they relate. All other expenditures are expensed as incurred.

Amortisation

Intangible assets are amortised from the date they become available for use, using the straight-line method over the following estimated useful lives:

	2015	2014
Software	3 to 10 years	3 to 10 years
Licences	10 to 16 years	10 to 16 years

The useful lives of intangible assets are reassessed annually by Orange SA, which results in changes to the useful lives of certain assets. These changes are recorded as changes in accounting estimates on a prospective basis.

At the Company level, the revision of an individual asset's useful life is performed when indicators of an earlier end of life exist.

(g) Impairment of Assets

The carrying amounts of the Company's assets are reviewed at each balance sheet date to determine whether there is any indication of impairment. If such indication exists, the asset's recoverable amount is estimated. An impairment loss is recognised whenever the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount. Impairment losses are recognised in the income statement.

The recoverable amount of other assets is the greater of their net selling price and the value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For an asset that does not generate largely independent cash inflows, the recoverable amount is determined for the cash generating unit to which the asset belongs.

(h) Investments in Subsidiaries

Investments in subsidiaries represent investments in wholly-owned subsidiaries: Orange CorpSec, spol. s r.o. with the seat on Metodova 8, 821 08 Bratislava, Slovakia and Nadácia Orange ("the Foundation"), having the seat on Metodova 8, 821 08 Bratislava. The Company's investments have been accounted for at cost.

(i) Inventories

Inventories are stated at the lower of cost and the net realisable value. The net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs necessary for completing the sale and selling expenses.

The cost is based on the weighted average principle and includes expenditures incurred in acquiring the inventories and bringing them to their existing location and condition.

(j) Trade Receivables

The trade receivables are mainly short-term with no stated interest rate and are measured at fair value, subsequent to initial recognition they are stated at their amortized costs using the effective interest rate method, less provisions for any impairment of the receivables.

Those receivables which include deferred payment terms over 12 up to 24 months for the benefit of customers who purchased handsets are discounted and classified as according to their remaining maturities. A provision for impairment of trade receivables is established when there is objective evidence that the Company will not be able to collect all amounts due according to the original terms of the receivables (see Note 9).

Contractual penalties

From 1 January 2015, the Company changed its accounting policy on contractual penalties and started to recognize them at the moment of collection (previously at subscription). This decision has been made based on the historical figures showing that the probability of contractual penalties collection is low (less than 50 % on average) and the probability is assessed on the basis of an individual contract level. Based on the individual contract level approach the Company considers contractual penalties as contingent asset.

The application of new accounting policy has no impact on the reported Statement of Income and retained earnings as the receivables from contractual penalties were offset by a 100 % impairment provision in the past.

(k) Cash and Cash Equivalents

Cash and cash equivalents consist of balances with banks, and highly-liquid investments with insignificant risk of changes in value.

(l) Financial Assets

Financial assets are classified into the following specified categories: financial assets as 'at fair value through profit or loss' (FVTPL), 'held-to-maturity investments', 'available-for-sale' (AFS) financial assets and 'loans and receivables'. The classification depends on the nature and purpose of the financial assets and is determined at the time of the initial recognition. As at 31 December 2015, the Company holds only trade receivables categorised as 'loans and receivables' (2014: only trade receivables categorised as 'loans and receivables').

(m) Financial Liabilities

Financial liabilities, including borrowings, are initially measured at fair value, net of transaction costs, and are subsequently measured at amortised costs using the effective interest rate method, with interest recognised on an effective yield basis. The Company's financial liabilities relates to overdraft on the current account held by parent company Orange SA and long term loan received from the parent company.

(n) Borrowing Cost

All borrowing costs are recognised in profit or loss in the period in which they are incurred. As the Company does not have any loans dedicated to investment activities, there are no borrowing costs eligible for capitalisation.

(o) Provisions

A provision is recognised when the Company has a legal or constructive obligation as a result of a past event, and it is probable that an outflow of economic benefits will be required to settle the obligation. If the effect is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability. The Company records a provision for asset retirement, a provision for retirement benefit cost and a provision for litigations (see Note 14).

(p) Trade and Other Payables

Trade and other payables are stated at cost.

(q) Revenues

The Company provides mobile and non-mobile communication services to individuals and commercial and non-commercial organisations. The Company generates revenue primarily by providing digital wireless services for voice and data as well as value-added services, text and multimedia messaging. To a lesser extent, Orange Slovensko a.s. generates revenue from the sale of wireless handsets, including laptops and tablet computers.

The Company recognises mobile usage and roaming service revenues based upon the traffic processed or contracted fee schedules when the service is rendered. Revenues due

from foreign carriers for international roaming calls are included in revenues in the period in which the call occurs.

Certain prepaid usage services are billed in advance, resulting in deferred income. Related revenues are recognised based on the usage or the expiry of the prepaid vouchers.

The Company enters into multiple element arrangements, which include the sale of handsets, activation fees and service contracts to customers through Orange-branded shops. These transactions include the sale of a mobile handset, the up-front charge of non-refundable activation fees to connect the customer to the service, and subsequently monthly fees and airtime fees charged during the contract period. The Company considers each element delivered as a separately identifiable components for the purpose of accounting of the transaction, as the handset or mobile service contract can be sold separately. The Company allocates the consideration of the package based on the relative fair value of the elements and recognize the first element delivered, i.e. the handset up to the price paid by the customer for the handset.

Other service revenues are recognised when delivered and accepted by customers and when services are provided in accordance with the contract terms.

Revenue and related expenses associated with the wholesale of wireless handsets to distributors are recognised when the products are delivered and accepted; as such, sales transactions are separate and distinct from the sale of wireless services to customers.

(r) Expenses

Operating Lease Payments

For operating leases, lease payments are expensed on a straight-line basis over the lease period.

(s) Taxation

Income tax expenses for the year comprise current and deferred tax and special levy.

Current Income Tax

Current tax is the expected tax payable on the taxable profit for the year, using tax rates enacted or substantially enacted at the balance sheet date, and any adjustment to tax payable in respect of previous years. Taxable profit differs from profit as reported in the separate income statement because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible.

Special levy

Special contribution made by a regulated entity from activities in regulated industries. The base for the levy is the economic result reported for the accounting period. The monthly levy rate is 0.363 % from the operating profit.

Deferred Tax

Deferred tax is provided using the balance sheet liability method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The amount of deferred tax provided is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities, using the tax rates enacted or substantially enacted at the balance sheet date including the special levy. A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the asset can be utilised. Deferred tax assets are reduced to the extent that it is no longer probable that the related tax benefits will be realised.

(t) Employee Benefits

Long-Term Service Benefits

The Company's net obligation in respect of long--term service benefits is the amount of future benefits that employees have earned in return for their service in prior periods. The obligation is calculated using actuarial methods and discounted to its present value using a risk free interest rate. The Company's employee benefits contain only retirement benefit.

4. Property, plant, and equipment

In thousands of EUR	Land and Buildings	Plant and Equipment	Motor Vehicles	Fixtures and Fittings	ARO *)	Under Con-struction	Total
Cost							
As at 1 January 2014	4,224	752,620	8,154	31,926	18,756	28,450	844,130
Additions	–	–	–	–	1,585	60,554	62,139
Disposals	–	(25,001)	(1,842)	(4,121)	–	–	(30,964)
Transfer	10	53,260	544	2,682	–	(56,496)	–
As at 31 December 2014	**4,234**	**780,879**	**6,856**	**30,487**	**20,341**	**32,508**	**875,305**
As at 1 January 2015	4,234	780,879	6,856	30,487	20,341	32,508	875,305
Additions	–	–	–	–	2,957	72,708	75,665
Disposals	–	(49,971)	(3,271)	(1,043)	–	–	(54,285)
Transfer	404	62,127	1,867	3,363	–	(67,761)	–
As at 31 December 2015	**4,638**	**793,035**	**5,452**	**32,807**	**23,298**	**37,455**	**896,685**
Accumulated depreciation							
As at 1 January 2014	633	481,220	4,930	18,095	4,454	–	509,332
Charge for the year	284	58,087	1,373	4,804	1,043	–	65,591
Disposals	–	(24,986)	(1,721)	(4,122)	–	–	(30,829)
As at 31 December 2014	**917**	**514,321**	**4,582**	**18,777**	**5,497**	**–**	**544,094**
As at 1 January 2015	917	514,321	4,582	18,777	5,497	–	544,094
Charge for the year	294	60,484	972	4,958	1,185	–	67,893
Disposals	–	(49,885)	(3,075)	(1,043)	–	–	(54,003)
As at 31 December 2015	**1,211**	**524,920**	**2,479**	**22,692**	**6,682**	**–**	**557,984**

*) Asset Retirement Obligation (ARO) described in Note 14

In thousands of EUR	Land and Buildings	Plant and Equipment	Motor Vehicles	Fixtures and Fittings	ARO *)	Under Con-struction	Total
Carrying amount							
As at 1 January 2014	3,591	271,400	3,224	13,831	14,302	28,450	334,798
As at 31 December 2014	3,317	266,558	2,274	11,710	14,844	32,508	331,211
As at 1 January 2015	3,317	266,558	2,274	11,710	14,844	32,508	331,211
As at 31 December 2015	3,427	268,115	2,973	10,115	16,616	37,455	338,701

*) Asset Retirement Obligation (ARO) described in Note 14

As at 31 December 2015, none of the properties were pledged to secure bank loans.

In previous periods SIM cards were expensed when used. In 2015, the Company adjusted its accounting policy for presentation of SIM cards and started to capitalise costs of SIM cards with retroactive effect but without restatement of previous years, only 2015 opening balance was corrected (in amount of EUR 2,374 thousand). SIM card meets the definition of an asset: it is controlled by the Company, will generate future economic benefits for the Company, its useful life exceeds one year and the cost can be estimated reliably.

In 2015, transfers from assets under construction to property, plant, and equipment mainly comprised investments to upgrade of the existing network, particularly Mobile RAN (Radio Access Network) LTE equipment & releases and Mobile RAN Infrastructure, increase in IP routers equipment & releases and Microwave transmission.

During 2015, the Company had a disposal in gross value of EUR 54,285 thousand (book value of EUR 282 thousand) relating mainly to old fully depreciated IT servers and Mobile RAN equipment.

Property and equipment, excluding motor vehicles, is insured to a limit of EUR 745,147 thousand (2014: EUR 741,597 thousand). Each motor vehicle is insured to a limit of EUR 5,000 thousand (2014: EUR 5,000 thousand) for damage on health and expenses related to death and EUR 2,000 thousand (2014: EUR 2,000 thousand) for damage caused by destroyed, seized or lost items.

5. Intangible assets

In thousands of EUR	Software	Telecom. Licences	Other Intangible Assets	Under Construction	Total
Cost					
As at 1 January 2014	135,440	117,982	16,816	6,580	276,818
Additions	–	67,295	1,066	19,247	87,608
Disposals	(489)	–	(1,358)	–	(1,847)
Transfer	19,048	–	–	(19,048)	–
As at 31 December 2014	**153,999**	**185,277**	**16,524**	**6,779**	**362,579**
As at 1 January 2015	153,999	185,277	16,524	6,779	362,579
Additions	–	–	–	15,253	15,253
Disposals	(36,125)	(727)	(266)	–	(37,118)
Transfer	13,518	–	669	(14,187)	–
As at 31 December 2015	**131,392**	**184,550**	**16,927**	**7,845**	**340,714**
Accumulated amortisation					
As at 1 January 2014	87,347	53,150	1,472	–	141,969
Charge for the year	17,015	7,198	1,584	–	25,797
Disposals	(489)	–	–	–	(489)
As at 31 December 2014	**103,873**	**60,348**	**3,056**	**–**	**167,277**
As at 1 January 2015	103,873	60,348	3,056	–	167,277
Charge for the year	18,789	9,925	1,848	–	30,562
Disposals	(36,852)	–	(266)	–	(37,118)
As at 31 December 2015	**85,810**	**70,273**	**4,638**	**–**	**160,721**

In thousands of EUR	Software	Telecom. Licences	Other Intangible Assets	Under Construction	Total
Carrying amount					
As at 1 January 2014	48,093	64,832	15,344	6,580	134,849
As at 31 December 2014	50,126	124,929	13,468	6,779	195,302
As at 1 January 2015	50,126	124,929	13,468	6,779	195,302
As at 31 December 2015	45,582	114,277	12,289	7,845	179,993

In 2015, the addition mainly comprises the purchase of a customer domain, messaging service platforms and service delivery domain.

During 2015, the Company had a disposal in gross value of EUR 37 118 thousand (book value of EUR 0 thousand) relating mainly to old fully depreciated IT servers and Mobile RAN equipment.

6. Investments in subsidiaries

Investments in subsidiaries at a cost of EUR 100 thousand represent an investment in the wholly-owned subsidiary Orange CorpSec, spol. s r.o. The subsidiary was registered in the Commercial Register on 1 February 2005. The table below summarises the subsidiary's financial information:

In thousands of EUR	Assets	Liabilities	Equity	Revenues	Profit/loss for the Period
As at 31 December 2015	644	215	449	1,080	262
As at 31 December 2014	327	141	186	1,080	54

In 2010, the Company recognised an investment in Nadácia Orange (hereinafter also referred to as the "Foundation") at a cost of EUR 6 thousand, which is considered immaterial for the purpose of these financial statements.

7. Deferred tax assets and liabilities

Movement in the deferred tax account is as follows:

In thousands of EUR	31 December 2015	31 December 2014
At beginning of period – net deferred tax liability	7,978	7380
Income statement	(3,620)	598
At end of period – net deferred tax liability	**4,358**	**7,978**

Deferred tax assets and deferred tax liabilities are attributable to the items detailed in the table below:

In thousands of EUR	31 December 2015			31 December 2014		
	Assets	Liabilities	Net	Assets	Liabilities	Net
Property, plant, and equipment	–	19,648	(19,648)	–	18,472	(18,472)
Inventories	377	–	377	245	–	245
Receivables	1,672	–	1,672	1,964	–	1,964
Accruals	4,351	–	4,351	154	–	154
Provisions	8,890	–	8,890	8,131	–	8,131
Net deferred tax	**15,290**	**19,648**	**(4,358)**	**10,494**	**18,472**	**(7,978)**

Deferred tax assets and liabilities were offset on the grounds that the Company has the legally-enforceable right to offset their current tax assets against current tax liabilities and the deferred taxes relate to the same taxation authority.

8. Inventories

In thousands of EUR	31 December 2015	31 December 2014
Raw materials and consumables	1,027	967
Merchandise	20,896	11,925
Provision for slow moving merchandise	(1,430)	(1,114)
	20,493	**11,778**

Previously-recognised provisions for slow-moving merchandise were released for assets that were sold or donated.

As at 31 December 2015, no inventories were pledged to secure bank loans.

Changes in provisions for slow moving merchandise are recognised under Note 18 line" Purchased goods and services".

9. Trade and other receivables

In thousands of EUR	31 December 2015	31 December 2014
Accounts receivable	94,676	100,457
Allowance for doubtful debts and receivables	(36,732)	(39,042)
	57,944	**61,415**

As at 31 December 2015, no trade receivables were pledged to secure bank loans. The trade receivables are decreased by the allowance for receivables expected to be irrecoverable.

Allowances for doubtful debts are currently determined according to two methods:

- Statistical method for the retail market is based on historical losses and leads to a separate impairment rate for each ageing balance category.
- Individual method based on an examination of specific overdue items for the wholesale market (roaming, interconnect).

Ageing of past due but not impaired trade and other receivables

In thousands of EUR	31 December 2015	31 December 2014
Total receivable	57,944	61,415
Of which: non due	49,378	45,976
past due impaired	6,486	7,981
past due not impaired	2,080	7,458
Less than 180 days	2,080	7,458
Between 180 days and 360 days	–	–
More than 360 days	–	–

Movements in the allowance for doubtful debts

In thousands of EUR	31 December 2015	31 December 2014
Balance at beginning of the year	39,042	40,232
Net charge against bad debt provision	(2,310)	(1,190)
Balance at the end of the year	**36,732**	**39,042**

Aging of impaired trade and other receivables

In thousands of EUR	31 December 2015	31 December 2014
Total impaired of which:	**36,732**	**39,042**
Less than 180 days	1,261	1,390
Between 180 days and 360 days	1,858	2,108
More than 360 days	33,614	35,544

10. Current financial liabilities

The Current financial liabilities account balance of EUR 36,582 thousand (2014: EUR 6,450 thousand) represents the cumulative cash-pool overdraft of the Company with Orange SA, held in BNP Paribas France. On 15 March 2006, the Company signed a Centralised Treasury Management Agreement with France Telecom S.A (the successor company Orange SA) with the aim of centralisation and optimisation of affiliated companies' cash surplus under the best technical and financial conditions and ensuring a fine-tuning of the liquidity at the Group level.

Cash balances are not subject to any foreign exchange risk as they are denominated in the local currency. Maximum borrowing headroom is EUR 66 million. The balances bear an interest rate calculated as EONIA (EONIA: Euro Overnight Index Average). Interest is accounted for on a monthly basis and capitalised on the Company's current account. In the event of an overdraft, the interest is paid on a monthly basis and is calculated as EONIA plus the fixed rate of interest. The interest rate was 0.773 % as at 31 December 2015 (1.044 % as at 31 December 2014).

11. Cash and cash equivalents

In thousands of EUR	31 December 2015	31 December 2014
Cash on hand and cash equivalents	108	125
Bank balances and deposits	5,401	7,450
Cash and cash equivalents in the balance sheet	**5,509**	**7,575**

The Company's cash balance includes current bank accounts and overnight balances with banks. The Company transfers free cash to its current account held by Orange SA, except for certain level held for operational reasons.

12. Equity

Share capital

As at 31 December 2015, the authorised share capital comprised 1,181,755 ordinary shares (2014: 1,181,755), with a nominal value of EUR 33.19 each, 1 ordinary share (2014: 1) with a nominal value of EUR 13.78, and 1 ordinary share (2014: 1) with a nominal value of EUR 0.66. Holders of these shares are entitled to dividends as declared from time to time and are entitled to one vote per share at the general meetings of the Company.

Reserves

Reserves of EUR 15,260 thousand (2014: EUR 15,260 thousand) relate to the Legal Reserve Fund, which is not available for distribution and should be used to cover future losses arising from business activities, if any.

Dividends

As at the preparation date of these financial statements the Board of Directors made no decision regarding the amount of dividends to be paid from the 2015 profit.

In May 2015, the shareholders approved a dividend payment of EUR 210 million related to undistributed profits from previous years at their annual general meeting. An amount of EUR 150 million was paid in June 2015 and EUR 60 million was paid in December 2015.

13. Loans and borrowings

On 30 June 2015 the Company signed a Credit Facility Agreement with Atlas Services Belgium S.A.. The credit facility is drawn down in two tranches: Tranche A in the amount of EUR 110 000 thousand was drawn down as at 30 June 2015. Tranche B in the amount of EUR 100,000 thousand will be available in period from 15 June 2016 to 15 July 2016.

The final maturity date for Tranche A is 30 June 2019 and for Tranche B is 30 June 2020. The Company paid arrangement fees in June 2015 in amount of EUR 714 thousand (0.34 % from the Total Maximum amount of the Facility) and quarterly is paying a commitment fee (0.34 %) of the undrawn amount of the Facility. Interest is paid on a quarterly basis and is calculated as EURIBOR plus 0.89 % margin. The interest rate was 0.759 % as at 31 December 2015.

The loan is unsecured and the Company may use the funds for the general corporate operation purposes.

14. Provisions and non-current payables

Provisions

In thousands of EUR	Provision for Asset Retirement	Other	Total
Balance at 31 December 2014	22,522	5,910	28,432
Provisions made during the year	3,225	325	3,550
Provisions used during the year	–	(299)	(299)
Provisions reversed during the year	–	(2,058)	(2,058)
Balance at 31 December 2015	**25,747**	**3,878**	**29,625**

In thousands of EUR	31 December 2015	31 December 2014
Non-current	29,624	28,431
Current	1	1
	29,625	**28,432**

A provision for asset retirement obligation was recorded in the amount of EUR 25,747 thousand, using the following assumptions based on an expert's study: average costs of site demolition of EUR 8 thousand, an average site usage of 15 years, discount rate of 1.18 %, dismantling cost index of 3.00 % and number of sites of 2,374 (2014: EUR 22,522 thousand, 15 years, 1.99 %, 3.00 %, and of 2,344 sites, respectively). The Company records the carrying amount of EUR 16,616 thousand (2014: EUR 14,844 thousand) in the asset side of the balance sheet (Note 4).

Other provisions represent a provision for retirement benefit costs and provision for litigations.

Non-current payables

Non-current payables represent long-term liability resulted from the capitalised unavoidable future spectrum fees payable to Telecommunication Office. The liabilities were initially discounted to the fair value at discount rate that ranges from 1.99 % to 2.25 %. The liability is amortised using the effective interest rate method.
Fair value of the liability using the discount rate

of 1.18 % is by EUR 2 million higher compared to its carrying amount at the balance sheet date.

15. Trade payables and other liabilities

In thousands of EUR	31 December 2015	31 December 2014
Trade payables	54,394	58,585
Accrued liabilities	31,290	42,825
Tax liabilities (VAT)	3,346	4,182
Liabilities to employees	11,359	11,249
Other current liabilities	611	701
Total	**101,000**	**117,542**

Accounts payables are classified as current liabilities if the payment is due within one year or less. Trade payables are non-interest bearing and the prevailing credit period on purchases is from one to two months.

Payables within and after maturity 31 December 2015

In thousands of EUR	within maturity period	within 360 days overdue	more than 360 days overdue	Total
Trade payables	50,566	3,828	–	54,394
Accrued liabilities	31,290	–	–	31,290
Tax liabilities (VAT)	3,346	–	–	3,346
Liabilities to employees	11,359	–	–	11,359
Other current liabilities	611	–	–	611
Total	**97,172**	**3,828**	**–**	**101,000**

The payables in category “within 360 days overdue” were paid during January 2016.

Payables within and after maturity 31 December 2014

In thousands of EUR	within maturity period	within 360 days overdue	more than 360 days overdue	Total
Trade payables	48,893	9,692	–	58,585
Accrued liabilities	42,825	–	–	42,825
Tax liabilities (VAT)	4,182	–	–	4,182
Liabilities to employees	11,249	–	–	11,249
Other current liabilities	701	–	–	701
Total	**107,850**	**9,692**	**–**	**117,542**

The payables in category “within 360 days overdue” were paid during January 2015.

Liabilities to employees include social fund liabilities:

In thousands of EUR	2015	2014
As at 1 January	137	131
Additions	324	336
Utilisation	318	330
As at 31 December	**143**	**137**

16. Deferred income

In thousands of EUR	31 December 2015	31 December 2014
Prepaid phone cards (Prima cards)	6,948	6,211
Post paid customers	12,990	13,945
Other	274	339
Total	**20,212**	**20,495**

17. Revenues

Revenues are presented in the table below:

In thousands of EUR	2015	2014
Mobile voice services	280,110	315,747
Mobile non-voice services	164,312	157,069
Sale of equipment	50,316	36,958
Other revenues	65,885	70,381
Total Revenues	**560,623**	**580,156**

18. External purchases

External purchases are presented in the table below:

In thousands of EUR	2015	2014
Cost of equipment sold	100,768	88,591
Purchased goods and services	75,568	78,215
Service fees and interoperator costs	81,649	85,180
Costs associated with non-current assets	12,767	13,030
Other	18,640	22,972
Total external purchases	**289,392**	**287,988**

19. Other operating expenses/(income), net

Other operating expenses are presented in the table below:

In thousands of EUR	2015	2014
Brand royalty and management fees	13,759	14,440
Bad debt provision	270	1,054
FX differences net	154	159
Other operating expenses	2,403	3,708
Total other operating expenses	**16,586**	**19,361**

Other operating income is presented in the table below:

In thousands of EUR	2015	2014
Property fees	1,065	1,175
Late payment interest on trade receivables	2,574	2,541
Results on disposal of property, plant and equipment	775	348
Other operating income	3,548	3,019
Total other operating income	**7,962**	**7,083**

20. Wages and contributions

In thousands of EUR	2015	2014
Wages and salaries	25,482	26,781
Bonuses and untaken holiday payroll provision	6,445	6,147
Social contribution	11,507	11,998
Other	2,345	2,711
Total wages and contributions	**45,779**	**47,637**

21. Income tax

Reconciliation of the effective tax rate is shown in the table below:

In thousands of EUR	2015	2014
Income tax payable		
from operating activities	34,736	36,495
Deferred income tax		
from operating activities	(3,620)	598
change in tax rate	–	–
Total income tax	**31,116**	**37,093**

The Slovak Corporate Tax is 22 % effective from 1 January, 2014.

In thousands of EUR	2015	2014
Profit before tax	119,365	140,155
Income tax at the rate of 22 %	26,260	30,834
Income tax in respect of prior year	1,275	136
Special levy 4.36 % applied since September 2012	4,883	5,580
Impact of adjusting items:		
permanent differences and other differences	(1,302)	543
Total income tax	**31,116**	**37,093**

22. Financial instruments

Risk Management Policies

The Company's activities expose it to a variety of financial risks, including mainly credit risk. The Company's overall risk management programme focuses on the unpredictability of financial markets and the economic environment and seeks to minimise potential adverse effects on its financial performance.

Capital Risk Management

The Company manages its capital to ensure that it will be able to continue as a going concern while maximising the return to shareholders and benefits to other stakeholders through the optimisation of the debt and equity balance.

The capital structure of the Company consists of cash and cash equivalents, cash pooling (Note 11), long term debt/loan (Note 13) and equity attributable to equity holders of the parent, comprising issued capital, reserves and retained earnings as disclosed in Note 12.

The Company reviews the capital structure regularly. Based on the review and the General Meeting's approval, the Company balances its overall capital structure through the payment of dividends, the issue of new debt, or the redemption of existing debt.

The Company monitors capital on the basis of the gearing ratio. This ratio is calculated as net debt divided by total capital. Net debt is calculated as total loans (as shown in the separate balance sheet) less cash and cash equivalents.

The gearing ratios as at 31 December 2015 and 2014 were as follows:

In thousands of EUR	31 December 2015	31 December 2014
Cash and cash equivalents	(5,509)	(7,575)
Long term loan	110,000	–
Financial (assets)/liabilities	36,582	6,450
Net debt	**141,073**	**(1,125)**
Equity	**298,296**	**417,673**
Net debt to equity	47 %	0 %

Increase in Net debt to equity ratio mainly relates to drawing of a new Long term loan (see Note 13). In measuring the capital structure management disregards the loans provided by the shareholders or parent company, as these are considered all to be available capital funds allocated to the Company.

Main Categories of Financial Instruments

In thousands of EUR	Note	31 December 2015	31 December 2014
Financial assets			
Cash and cash equivalents	11	5,509	7,575
Trade and other receivables	9	57,944	61,415
Financial liabilities			
Current financial liabilities	10	36,582	6,450
Long term loan	13	110,000	–
Trade payables and other liabilities	15	101,000	117,543

Financial Risk Management

The Company's activities expose it to financial risks in foreign currency exchange rates and interest rates. The Company does not use any official statistical methods for measuring market risk exposures; however, management's assessments of the Company's exposure to those risks are described below:

Foreign Exchange Risk

The Company's exposure is to changes in USD, which represents a minor risk in respect of the US dollar's position to the total amount of liabilities/assets, and therefore no sensitivity analysis was performed.

The carrying amounts of the Company's foreign currency denominated assets and liabilities at the reporting date are as follows:

In thousands of EUR	Liabilities		Assets	
	2015	2014	2015	2014
Currency USD	1,224	2,193	378	473

Interest Rate Risk

The Group's Treasury department exercises the policy of cash pooling of the Company's available funds to maximise economic returns and to manage the cash optimisation and centralisation under the best financial conditions for most of the affiliated companies (see Note 10). Such instruments are not exposed to the risk of interest rate fluctuation. Owing to the character of the financial liabilities/assets, the Company does not assume any risk relating to interest rate movements.

Management has entered in to loan contracts which are exposed to floating interest rates in the normal course of business. Management policy is to enter in the variable interest rates borrowings contracts only. Management does not see the need to hedge the interest rates related to these contracts.

An increase or decrease of interest rate (EURIBOR, LIBOR) by 100 basis points, considering all other factors remain unchanged, would cause a decrease or an increase of profitability by EUR 1,465 thousand (2014: EUR 65 thousand).

The sensitivities were estimated based on year end balances and the actual results might differ from these estimates.

Fair values versus carrying amounts

The fair value of trade and other receivables, cash and cash equivalents, finance lease receivables, trade and other payables, except for long term payables (refer to Note 14) loans and interest bearing borrowings with variable interest rate is approximated by their carrying amounts as at 31 December 2015 as well as at 31 December 2014.

Basis for determining fair values

The fair value of trade and other receivables, cash and cash equivalents, finance lease receivables, trade and other payables, including long term payables (refer to Note 14) loans and interest bearing borrowings is estimated as the present value of the future cash flows discounted at market rate of interest at the reporting date.

Credit Risk

Financial instruments that could potentially expose the Company to concentration of counterparty risk consist primarily of trade receivables and cash and cash equivalents.

The Company considers that it has limited concentration in credit risk with respect to trade accounts receivables due to its large and diverse customer base (residential, professional and large business customers) operating in numerous industries and located in many regions. In addition, the maximum value of the counterparty risk on these financial assets is equal to their recognized net book value. An analysis of net trade receivables past due is provided in Note 9.

In addition, should a customer fail to pay any due payment for services, the Company will limit the customer's outgoing calls and, thereafter, the provision of services will be disconnected.

Liquidity Risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company's approach to managing liquidity is to ensure that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation. Management monitors risks with rolling 12-month forecasts of the Company's liquidity reserve (comprising loan facility and cash and cash equivalents) on the basis of expected cash flows.

The Group's Treasury department exercises the policy of cash pooling the Company's available funds to maximise economic returns and to manage the cash optimisation and centralisation under the best financial conditions for most of the affiliated companies (see Note 10).

The following tables detail the Company's remaining contractual maturity for its non-derivative financial liabilities without provisions in which the maturity is unknown. The tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Company can be required to pay. The table includes the principal and interest cash flows if applicable.

2015

In thousands of EUR	Note	Year end effective interest rate	Less than 1 month	1 - 3 months	3 months to 1 year	1 - 5 years	5+ years	Total
Non-current payables	14	–	131	392	1,044	8,493	8,557	18,617
Non-interest liabilities	15	–	28,044	72,940	16	–	–	101,000
Financial guarantee contracts		–	–	–	–	–	–	–
Long term loan	13	–	–	–	–	110,000	–	110,000
Interest and commitment fee from Long term loan		0,759 %	–	297	732	2,087	–	3,116
Variable interest rate instruments	10	0,773 %	36,582	–	–	–	–	36,582
Total			**64,757**	**73,629**	**1,792**	**120,580**	**8,557**	**269,315**

2014

In thousands of EUR	Note	Year end effective interest rate	Less than 1 month	1 - 3 months	3 months to 1 year	1 - 5 years	5+ years	Total
Non-current payables	14	–	55	164	437	8,845	11,732	21,233
Non-interest liabilities	15	–	60,811	56,732	–	–	–	117,543
Financial guarantee contracts		–	–	–	–	–	–	–
Variable interest rate instruments	10	1,044 %	6,450	–	–	–	–	6,450
Total			**67,316**	**56,896**	**437**	**8 845**	**11,732**	**145,226**

The following tables detail the Company's expected maturity for its non-derivative financial assets. The tables have been drawn up based on the undiscounted contractual maturities of the financial assets including interest that will be earned on those assets. The inclusion of information on non-derivative financial assets is necessary in order to understand the Company's liquidity risk management as the liquidity is managed on a net asset and liability basis.

2015

In thousands of EUR	Year end effective interest rate	Less than 1 month	1 – 3 months	3 months to 1 year	1 – 5 years	5+ years
Non-current receivables		–	–	–	6,889	–
Non-interest liabilities	–	44,808	4,095	9,041		–
Cash and cash equivalents	0,30 %	5,509	–	–	–	–
Variable interest rate instruments	–	–	–	–	–	–
Total		**50,317**	**4,095**	**9,041**	**6,889**	**–**

2014

In thousands of EUR	Year end effective interest rate	Less than 1 month	1 – 3 months	3 months to 1 year	1 – 5 years	5+ years
Non-currnet receivables		–	–	–	3,242	–
Non-interest liabilities	–	54,792	2,257	4,290		–
Cash and cash equivalents	0,17 %	7 575	–	–	–	–
Variable interest rate instruments	–	–	–	–	–	–
Total		**62,367**	**2,257**	**4,290**	**3,242**	**–**

23. Related party transactions

The immediate parent company and the ultimate controlling party of the Company are Atlas Services Belgium, S.A., (from August 2008, up to July: Wirefree Services Nederland B.V.) and Orange SA (incorporated in France), respectively. Transactions with related parties have been conducted under standard business conditions. Receivables, liabilities, purchases and sales with related parties are summarised in the following tables:

In thousands of EUR	31 December 2015	31 December 2014
Liabilities - current and unbilled supplies		
Atlas Service Belgium (parent company)	110,007	–
Orange SA (ultimate control.party)	1,706	1,138
Orange SA - cash pool account	36,582	6,450
Orange Brand Services	2,044	2,181
Mobistar	983	573
Orange CorpSec (subsidiary)	90	198
Orange Polska	119	133
Other	297	365
	151,828	**11,038**
Trade accounts receivable - current		
Orange SA (ultimate control.party)	1,437	1,435
Equant	2,334	2,281
Atlas Service Belgium (parent company)	643	–
Orange Moldova	125	223
Orange Polska	119	149
Orange Romania	79	91
Other	44	53
	4,781	**4,232**

In thousands of EUR	2015	2014
Purchases		
Orange SA (ultimate control.party)	11,844	10,742
Atlas Service Belgium (mother company)	759	–
Orange Brand Services	8,120	8,668
Orange CorpSec (subsidiary)	1,078	1,074
Orange Romania	448	150
Mobistar	673	351
Orange Polska	198	569
Other	424	565
	23,544	**22,119**
Sales		
Orange SA (ultimate control.party)	3,322	6,204
Equant	2,388	2,122
Orange Polska	407	395
Orange Romania	386	430
Orange Moldova	295	103
Other	293	245
	7,091	**9,499**

The following related party transactions are applicable for the Company:

- Management fees, brand fees – transactions mainly with Orange Brand Services and Orange SA (ultimate parent company);
- Intra-group international telecom services – mobile and other telecom services with other group companies; and
- Shared products – mobile and other telecom services with other group companies.

24. Information on income and emoluments of members of the statutory bodies, supervisory bodies and other bodies of the accounting entity

The income and emoluments of the Company's members of the statutory body, supervisory body and other bodies are summarised in the following table:

In thousands of EUR	2015	2014
Statutory body	48	48
Supervisory body	42	87
Total	**90**	**135**

25. Operating leasing

Leases as the Lessee

The Company is committed under operating leases to terms ranging from 1 to 15 years, which relate primarily to office, retail space, technological premises, and land and rooftops for base stations. The future aggregate minimum lease payments under non-cancellable operating leases are as follows:

In thousands of EUR	31 December 2015	31 December 2014
Less than one year	2,791	4,184
Between one and five years	8,670	9,317
After five years	542	822
Total	**12,003**	**14,323**

Total expenses for rent represent EUR 11 million (2014: EUR 11 million) and primarily represent office, retail space, technological premises and land and rooftops for base stations and other equipment. The Company maintains evidence of assets under lease contracts.

26. Commitments and contingencies

Litigation

The Company is not involved in any legal proceedings outside of the normal course of business except for litigations for which provision was created (see Notes 14, 27). Management does not believe that the resolution of the Company's legal proceedings will have a material adverse effect on its financial position, the result of the operations, or cash flows.

Commitments

The Company has CAPEX commitments in a total amount of EUR 18,773 thousand (2014: EUR 13,552 thousand), of which EUR 10,209 thousand (2014: EUR 4,017 thousand) relate to investment in 2G/3G network and EUR 2,973 thousand (2014: EUR 3,170 thousand) relate to investments in 4G network assets, and the remaining commitments relate to investments in other long-life assets. The Company also has OPEX commitments in the total amount of EUR 31,257 thousand (2014: EUR 45,549 thousand) mainly related to the purchase of handsets in amount of EUR 8,628 thousand (2014: EUR 24,492 thousand) and network maintenance in amount of EUR 12,160 thousand (2014: EUR 15,990 thousand).

Legal Commitments

The Company has not given any guarantees to third parties in 2015 (2014: EUR 0 thousand).

Contingent assets

The Company considers contract penalties as contingent assets as the probability of their collections is very low (below 50 %).

27. Critical accounting estimates, judgements, and key sources of estimate uncertainty

The preparation of the financial statements in conformity with IFRS as adopted by the EU requires management to make judgments, estimates and assumptions that affect the application of policies and the reported amounts of assets and liabilities, income and expenses. The estimates and the associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making judgments about the carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised, if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

The Company makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below:

Estimated Useful Lives of Property, Plant, and Equipment and Intangible Assets

Useful lives, which are described in Note 3 (g) and (h), are determined based on the Company's best estimate of the useful lives of long-term assets and are reviewed annually.

Estimated Asset Retirement Obligation

The Company is obligated to dismantle technical equipment and restore technical sites when terminates its operation. The provision is based on dismantling costs (on a per-site basis) incurred by the Company to meet its environmental commitments over the asset dismantling and site restorations planning. The provision is assessed on the basis of the identified costs for the current financial year, extrapolated for future years by using the best estimate for the commitment settlement. It is discounted at a risk-free rate. This estimate is revised annually and the provision is consequently adjusted against the relevant asset where appropriate.

Sensitivity of ARO reserves

A change in discount rate by 1 bps and change in dismantling costs by 10 % against initial assumption as at 31 December 2015 would have increased / (decreased) the Estimated ARO by the amounts shown below:

In thousands of EUR	31 December 2015		31 December 2014	
	Increase	Decrease	Increase	Decrease
Discount rate +/- 1bps	(3,530)	4,135	(3,066)	2,252
Dismantling costs +/- 10 %	2,574	(2,574)	3,587	(2,252)

The sensitivities were estimated based on year end balances and the actual results might differ from these estimates.

28. Subsequent events

No other events with a material impact on the true and fair presentation of facts as presented in these financial statements occurred after 31 December 2015 up to the preparation date of these financial statements.

29. Authorisation of financial statements

The financial statements were authorised for issue by management on 6 May 2016.

Pavol Lančarič
Chief Executive Officer

Antoine Guilbaud
Chief Financial Officer

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