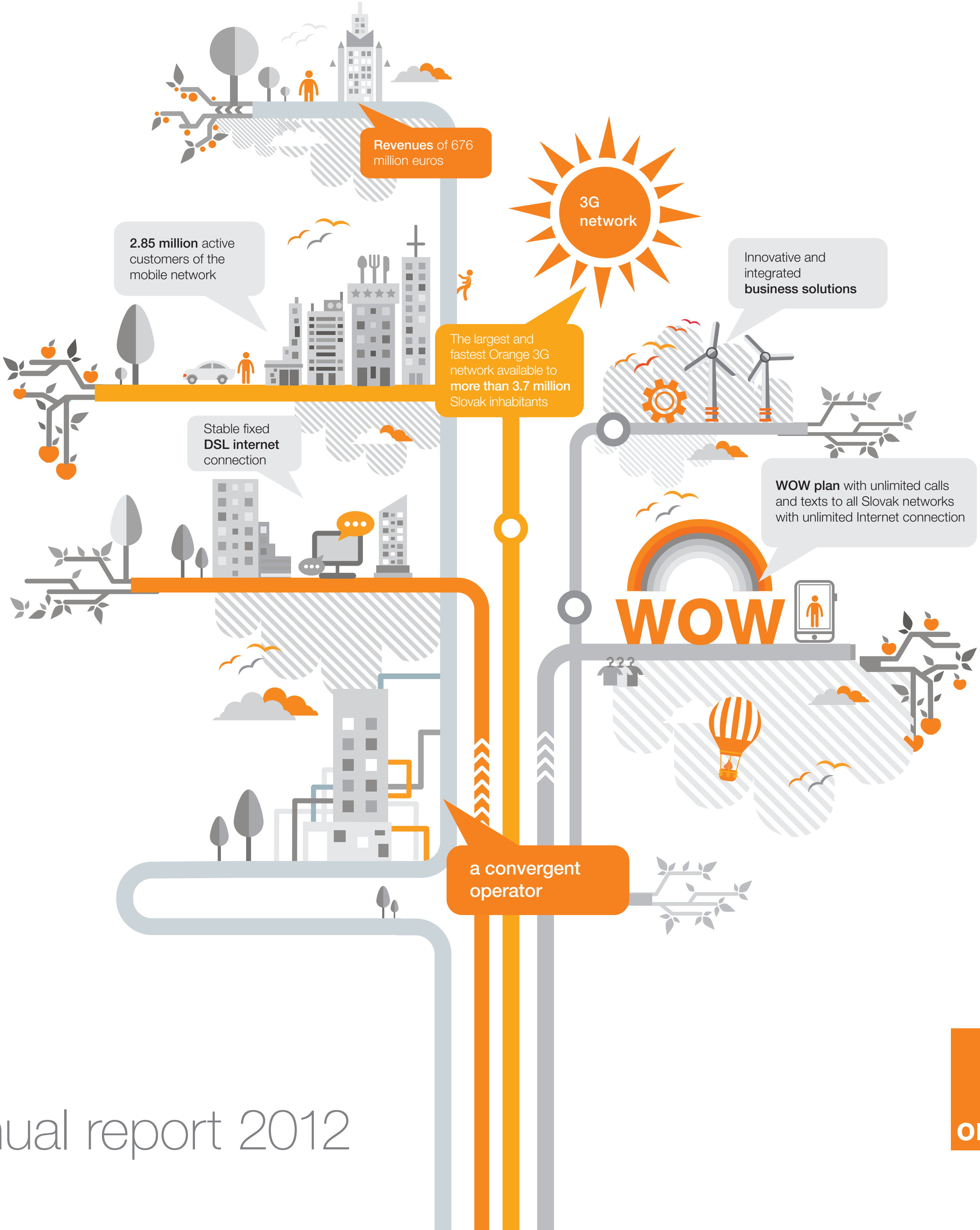


annual report 2012

orange™

Contents

Orange Slovensko, a.s.
– part of the global France Telecom group

Registered office of the Company
Metodova 8, 821 08 Bratislava, Slovak Republic

Company Identification Number
35697270

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

Legal form
Joint Stock Company

Entry status in the Commercial Register
Filed in the Commercial Register of Bratislava 1 District Court
Section Sa, File No. 1142/B

Company characteristics

Orange Slovensko is a telecommunications operator providing the whole range of telecommunications services. In its state-of-the-art mobile and fixed networks, it provides voice services, internet connection and television services. Its commercial operation in the Slovak market started in 1997. Currently, it is the biggest mobile operator in Slovakia. As of 31 December 2012, Orange Slovensko had 2.85 million active mobile network customers and more than 82,000 customers of its fixed network. In 2012, Orange Slovensko generated sales of EUR 676 million. Orange Slovensko is a member of the global France Telecom - Orange Group, which is one of the largest mobile operators and broadband internet providers in Europe. The revenues of the Orange Group as of 31 December 2012 amounted to EUR 43.5 billion, with 231 million customers.

Along with the second generation mobile data network with nationwide coverage, Orange is a leading provider of mobile broadband internet in the largest 3G network in Slovakia with an unrivalled coverage of more than 3.7 million inhabitants in 137 towns and almost 650 adjacent villages. The high-speed data network of Orange in HSPA+ standard, which is accessible over the whole territory of the Slovak Republic under UMTS coverage, provides support to data download speed of up to 21.1 Mbit/s. It is even available with the speed of up to 42.2 Mbit/s to almost 55% of Slovak population.

Orange Slovensko has been the first telecommunications operator in Slovakia to launch the latest FTTH-based (Fiber To The Home) new generation fixed network, which currently covers more than 323 thousand households in 17 towns in Slovakia. The quality of Orange Slovensko services meets criteria of ISO 9001:2000 certificate and the company is a holder of ISO 14001:2004 environmental management certificate. In Slovakia, it is the leader in the field of corporate social responsibility and corporate philanthropy by means of Nadacia Orange. 100 % of shares of Orange Slovensko are in the ownership of the France Telecom Group by means of Atlas Services Belgium.

Bodies of the Company

Board of Directors

chairman	Brigitte Marie Bourgoin
vice-chairman	Ladislav Rehák
member and chief executive officer	Pavol Lančarič
members	Ivan Golian
	Dominique Garnier
	Corentin Maigné
	Pierre Théophile Marie Hamon

Supervisory Board

chairman	Bertrand du Boucher
members	Ján Kodaj
	Martin Schwantzer
	Zuzana Nemečková
	Vincent Brunet
	Thuy Mai Pavret de La Rochefordiere

Company management

chief executive officer	Pavol Lančarič
deputy chief executive officer and ITN director	Ivan Golian
chief financial officer	Antoine Guilbaud
strategy and regulatory affairs director	Ivan Martak
commercial director	Zuzana Nemečkova
communication and brand director	Andrea Cocherova
human resources director	Andrea Danielová
customer service director	Vladislav Kupka

Pavol Lančarič

CEO and member of the Board of Directors

He was born in 1963, 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., where he also serves as a Board member.

Ivan Golian

ITN Director and Deputy Chief Executive Officer

He was 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 in KIHO Gent, Belgium, and about two years later he began to work at Digital Equipment Corporation as a project manager for banking and telecommunications sector. In 1997, he joined Orange Slovensko, where he worked, for more than eight years, as a member of the senior management, ITN Director and Chief Operation Officer. 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, and he is also the Deputy CEO and a Board member.

Andrea Cocherová

Communication and Brand Director

She was born in 1972. She graduated from the Faculty of Philosophy at Comenius University in Bratislava. Beginning in 1994, she worked as a reporter and later as the editor-in-chief of the monthly – Strategy. In 1996, she took the position of Executive Director of the Advertising Council. At Orange Slovensko, a.s., she has been working since June 1997, where she first worked as Public Relations Manager and later as Communication Manager. She has been at the position of the Communications and Brand Director since the position was established in 2006.

Andrea Danielová

Human Resources Director

She was born in 1967. She graduated from the University of Economics in Bratislava. Since 1991, she has been operating in the field of human resources management. In 1996, she took the position of Deputy Human Resources Director of Globtel GSM (later Globtel, a.s.) and of Orange Slovensko, a.s.. Since 2003, she has been working as Human Resources Director at Orange Slovensko, a.s..

Antoine Guilbaud

Chief Financial Officer

He was born in 1972. He completed his bachelor studies at Académie d'Orléans-Tours, later graduated as Master at the Institute of Political Sciences in Paris. In the years 1998-2000, he worked for France Telecom as the Head of the Financial Unit, later worked in Orange in Paris where he was responsible for sales controlling and costs network modelling. In 2006 he started working in Mobistar in Brussels as the sales controlling manager. Two years later he was promoted to the Controlling Director. He has worked as the Chief Financial Officer at Orange Slovensko, a.s., since 2012.

Vladislav Kupka

Customer Services Director

He was born in 1974. He graduated from the Faculty of Philosophy at University of St. Cyril and Methodius in Trnava. In 1994, he started working in sales and since 1996, he has worked at Orange Slovensko, a.s., first as an employee of the Customer Centre, a year later he started working for the Back Office as a coach, and later, he worked as a deputy manager for three years. From 2001 to 2006 he worked as the Back Office Manager and as the B2C Department Manager, later. He has been the Customer Services Director at Orange Slovensko, a.s. since July 2008.

Ivan Marták

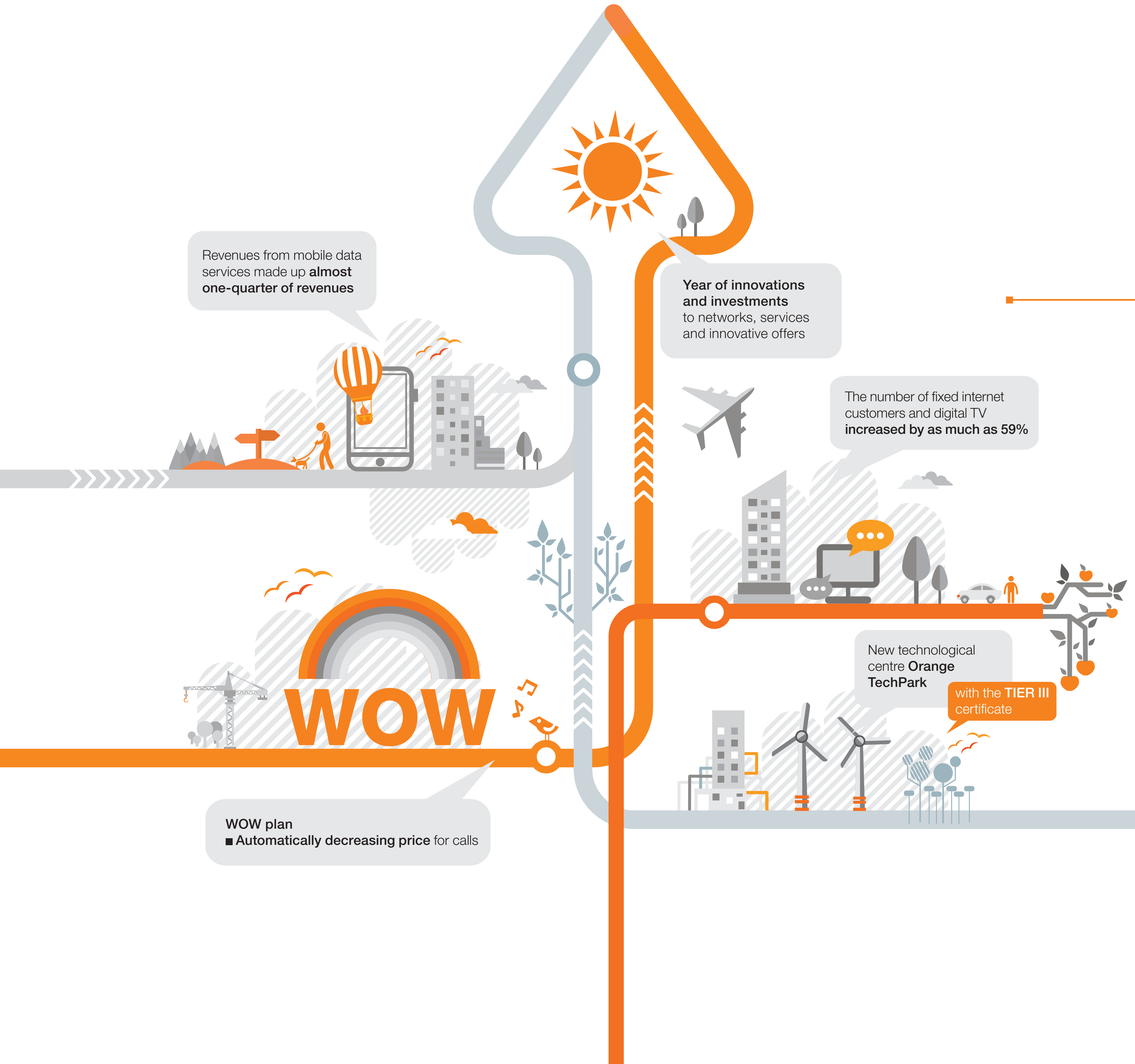
Strategy and Regulatory Affairs Director

He was born in 1964. He graduated in journalism from the Faculty of Philosophy at Comenius University in Bratislava. He obtained technical training in telecommunications from the Slovak Technical University in Bratislava. Since 1992, he worked in the International Telecommunication Union, and in 1995, at the Canadian Institute of Telecommunications Management in Montreal. Beginning in 1993, he held various management positions at Slovenske telekomunikacie, š.p. (Slovak Telecom). Since 2001, he has been working in Orange Slovensko, a.s. as the Strategy and Regulatory Affairs Director.

Zuzana Nemečková

Commercial Director

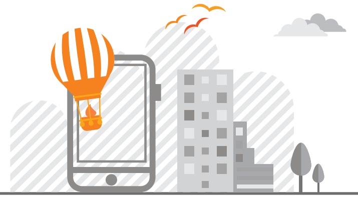
She was born in 1970. She graduated from the Faculty of Commerce at the University of Economics.
In 1993, she began working as Assistant to Director and later as the Marketing Manager at Tchibo Slovensko, s.r.o. In 1996, she became Director of Sales, Marketing and Communications with Rajo, a.s. Since 2001 she has worked at Orange Slovensko, a.s., as the Commercial Director.



2. challenges are our opportunities to continue growing

CEOs foreword

challenges are our opportunities to continue growing



Ing. Pavol Lančarič, PhD.
CEO and Member of the Board of Directors

Dear shareholders, colleagues, partners and friends,

The telecommunications sector all over Europe has been exposed to turbulences and the Slovak telecommunications market did not avoid them either. For several years in a row, it has been facing long-term intensive price regulation and a decrease of customer spending as a result of low-cost competition and general economic development. The influence of such factors on our revenues in 2012 was so strong that it could not even be offset by excellent operating performance I would like to share with you in this annual report.

The financial results of the past year confirm, anyway, that Orange is, even in the complicated environment, an efficiently operating company. Even despite continuing drop in revenues by 8.3% to EUR 676 million we managed to keep the profitability level thanks to the level of earnings before interests, taxes, depreciation and amortisation (EBITDA) in the amount of EUR 291 million and we even slightly exceeded the cash flow generation plan. Despite the overall sector crisis, for us, the year 2012 was a year of fundamental innovations and investments to networks, technologies, new services and innovative customer offers. This is how we continued in the several years' long initiative of development and investments, which culminated in 2012 by launching new types of services for customers.

Again, we became the most successful operator in Slovakia, with the highest number, more than 1.2 million, of Slovaks choosing us as their partner. We are not only talking about customers who ported to Orange from competitors, but also about those, who decided to reaffirm their trust and satisfaction by renewing their contracts. The total number of active customers of mobile services amounted to 2.85 million at the end of the year. Moreover, there were almost 82 thousand other customers using the fixed internet and digital TV services of Orange, which is almost a 60% increase compared to the same time in the preceding year.

One of the key factors that influenced the operating performance of Orange in the area of traditional mobile services was a new concept of

Despite the overall sector crisis, for us, the year 2012 was a year of fundamental innovations and investments to networks, technologies, new services and innovative customer offers

Even despite the development of the economy and the situation in the telecommunications sector, we continued our investments to networks and technologies also in the last year.

voice services with the simple and, at the same time, universal and flexible WOW plan. Launching unlimited calling plans also to the Slovak market marked a turning point here. With the WOW plan, we have been the first to provide a single plan with automatically decreasing tariff as well as packages of unlimited calls to all networks in Slovakia for affordable prices.

The success of the initiative has been reaffirmed by the fact that more than one-fourth of our postpaid clients switched to the new plan.

Revenues from mobile data services made up almost as much as one quarter of Orange revenues last year. The driving force of mobile data was, as usual, increase of the traffic supported by the technological development on the part of networks as well as end-user devices. We kept investing into improving of the accessibility of our fast 3G network. For customers, we tried to support the trend by the offer of mobile data devices as well as innovations in services. In the second half of the year, 7 out of 10 mobile devices sold in Orange were smartphones and more than one half of Orange customers with smartphones also opted for mobile data packages.

In the life of Orange, last year can be marked as a breakthrough year in the field of fixed networks. Thanks to the extension of availability of the digital TV and fixed internet connection to the entire territory of Slovakia, Orange also became a full fledged player in the fixed services market. With the Internet cez DSL (Internet over DSL) product, we provided our customers with a favourable alternative to the fixed DSL internet connection under the brand trusted by most Slovaks. And, with the TV Extra package, we made it possible to access digital functions also to those customers who do not want or do not have the option to change their TV providers. Thanks to the above, the total number of fixed internet and digital TV customers of Orange increased last year by as much as 59 %, which has been the highest figure since we started providing this type of services.

Even despite the development of the economy and the situation in the telecommunications sector, we continued our investments to networks and technologies also in the last year. Out of the total volume of investments in the amount of EUR 87 million, almost 50 millions were dedicated to networks development, with the other part dedicated to new services. In the summer 2012, we launched new technology centre – Orange TechPark – the first and currently the only one in Slovakia to receive the official TIER III certification. This project made us prepared to extend the offer of our services in the field of housing and hosting, starting in 2013. We also completed a one and half years' project of technological replacement in our mobile 2G network.

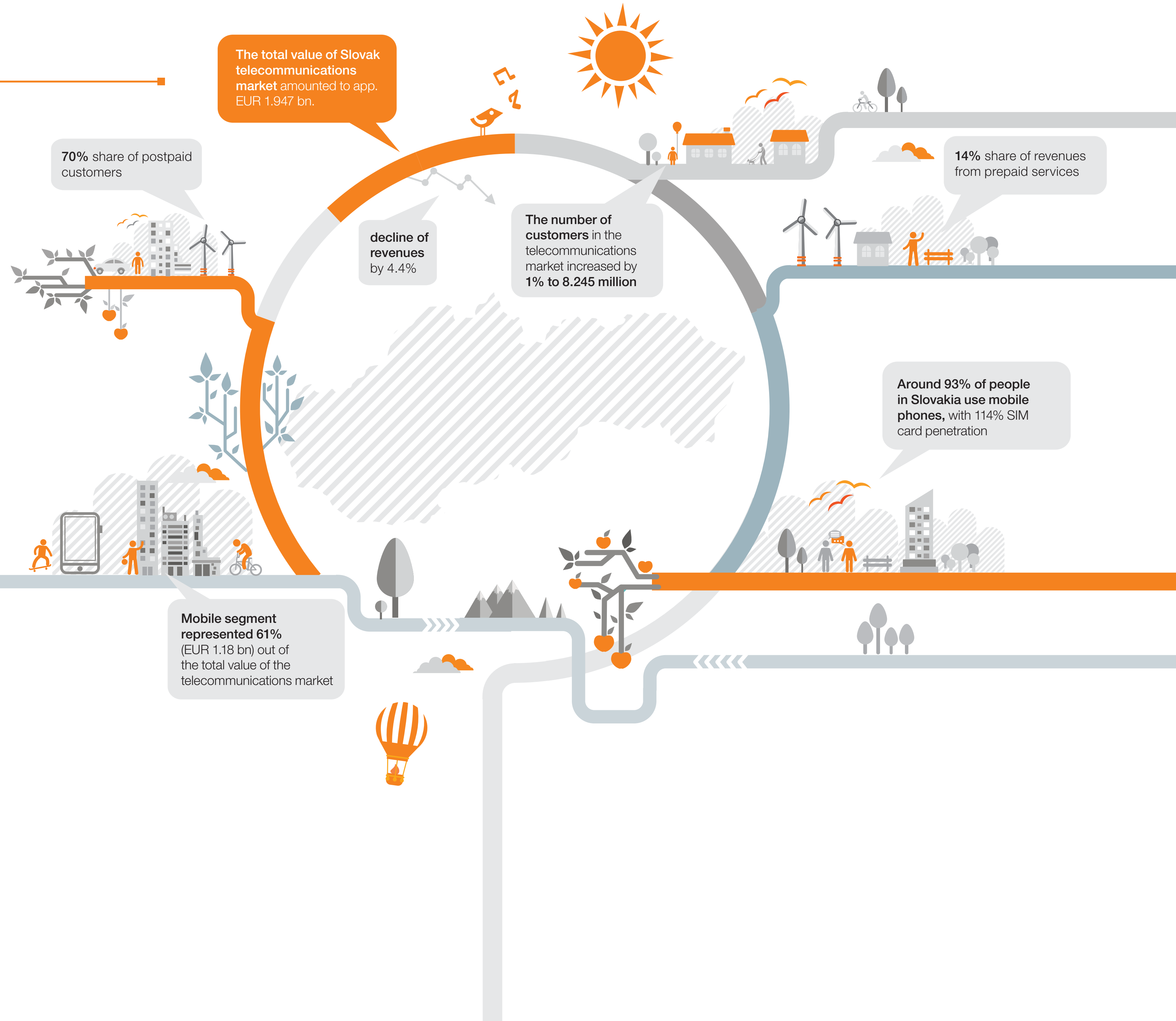
As we are an operator that, even despite the crisis, keeps investing into its network in order to provide customers with the best user experience, at the end of the past year, Orange provided 3G network coverage to as many as 72.3 % of the population. More than one half of them can enjoy the maximum connection speed of up to 42 Mbit/s.

We are an operator that, even despite the crisis in the entire sector, keeps investing and innovating because we perceive the crisis as the opportunity to get ready for the future. Anyway, that would not be possible without a motivated team of employees and trust of our customers. Let me make use of this opportunity to thank to all colleagues in Orange for their everyday engagement and to our customers and business partners for their continuing trust. We will do our best in 2013 to uphold it.

Ing. Pavol Lančarič, PhD
CEO and member of the Board of Directors
Orange Slovensko, a.s.

3.
global trends continue reflecting also in Slovakia

development of the Slovak telecommunications

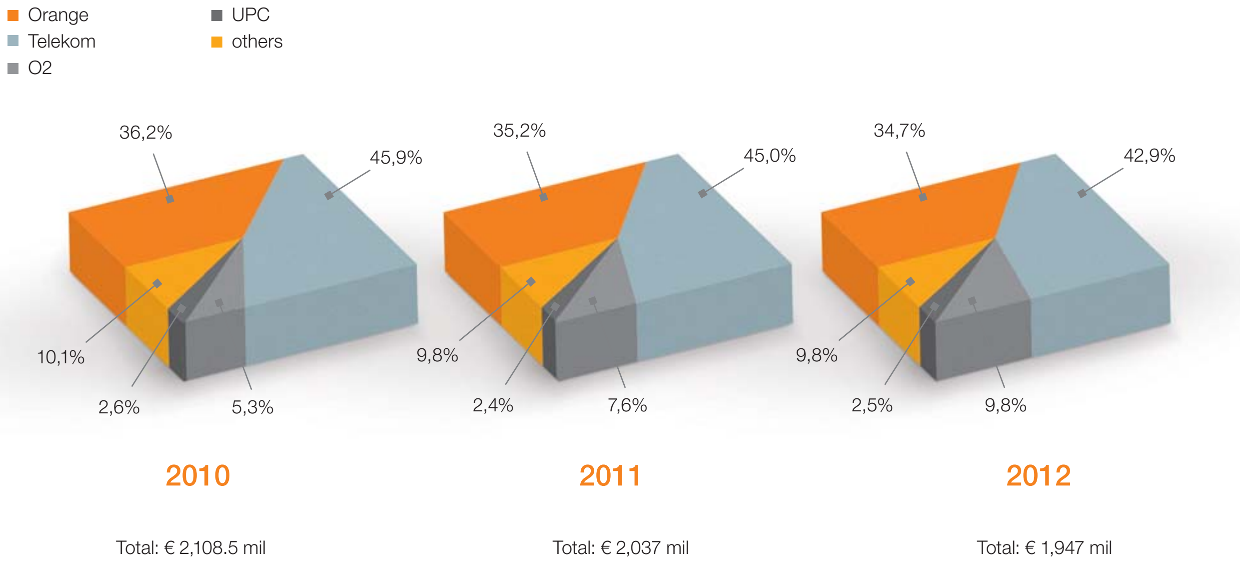


global trends continue reflecting also in Slovakia

We are part of the integrated European economy and the single European telecommunications market. What holds true for the European economy applies to Slovakia, too. On one hand, there is a combination of several substantial factors such as overall economic situation or price competition that push revenues downwards; on the other hand, there is a growing regulatory pressure that requires exerting additional costs in order to implement operators' obligations arising under the market regulation. The traffic in our networks keeps growing too because customers of Orange want to use increasingly more services.

The combination of all above factors in 2012 further pushed the telecommunications market downwards. Compared to 2011, its revenues dropped by 4.4% on the year-on-year basis. The total value of the telecommunications market in Slovakia amounted to around EUR 1.947 billion last year.

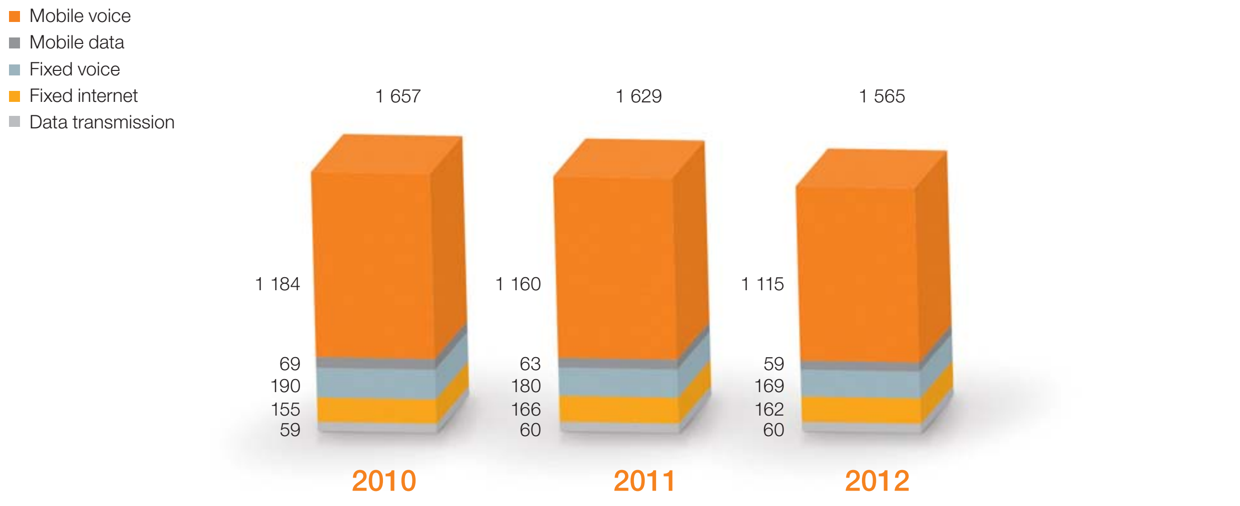
Development of market revenues and their distribution broken down to operators



Key factors, such as regulation, economic crisis and price competition directly put pressure on decreasing prices of our services and revenues of the telecommunications sector.

Source: data published by operators.

Structure of the telecommunications market revenues broken down to services



The mobile market represents as much as 60% of the total value of the telecommunications market. In 2012, it generated total revenues in the amount of EUR 1.16 billion. Data stated in millions of euros.

Source: data published by operators.

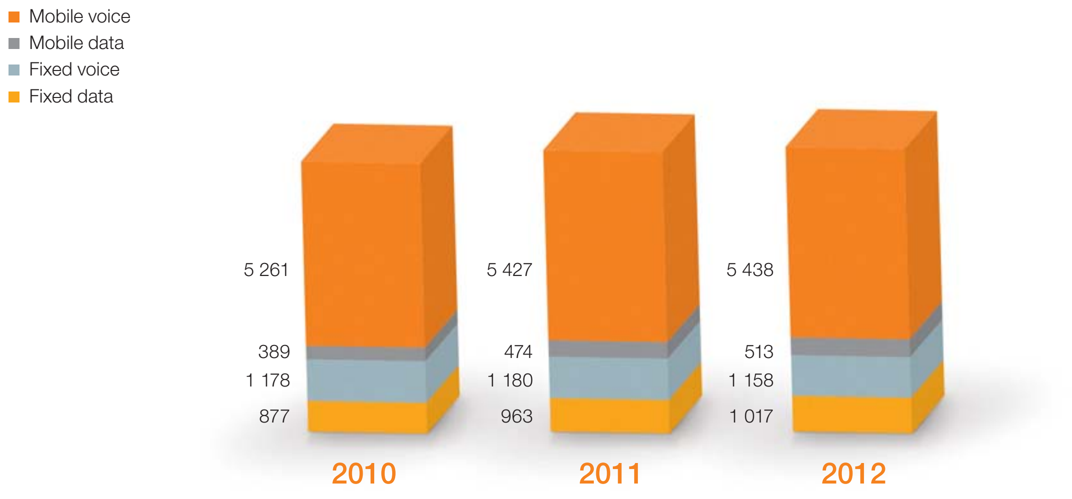
The share of the mobile segment in this figure was 61 %, which means EUR 1.18 billion. Revenues of the telecommunications market have been declining in the long-term. Compared to the previous year, they dropped by 4%.

As far as the structure of the mobile market in Slovakia, it has traditionally been a market of postpaid services. The share of postpaid customers reached 70% last year with even a higher share of the segment in the total market revenues. The share of prepaid revenues amounted to 14%. In 2012, the fixed network voice services revenues reported a decline, again. In particular, it was a drop down by 6% with the decline in the number of customers by 5%.

Last year, we also experienced a 2% decline in the value of the fixed internet market, even despite the fact that the number of its users increased by 2.8%.

The total number of customers in the telecommunications market in 2012 increased to 8.245 million. We recorded an increase in all market segments except for the fixed voice, where their number decreased by 52 thousand.

Development of the number of customers in telecommunications market



There is a continuing increase of the number of mobile phone users. Two-thirds of them use one of the calling plans.

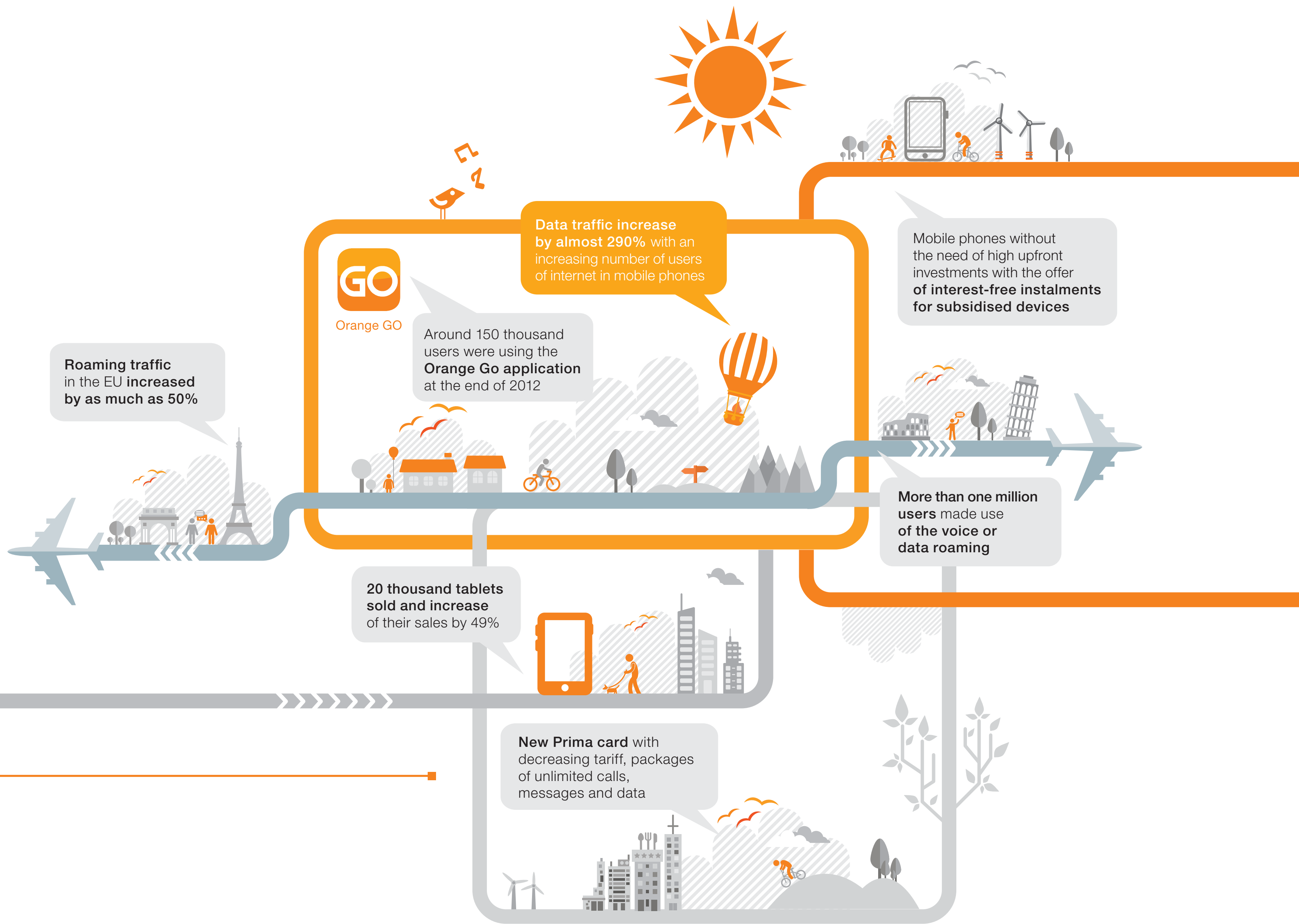
Source: data published by operators.

Based on the survey titled Market and Demand carried out for Orange by agency 2Muse, mobile phones are used in Slovakia by around 93 % of people, with the SIM cards penetration of 114 %. It means that there is an increasing number of customers with more SIM cards and customers with data SIM cards. As at the end of 2012, we recorded 6.146 million customers of mobile services, which represents a year-on-year increase by 1.6%. The biggest increase of the number of customers by 6.7% was observed last year in the fixed internet segment.

4.

customers can count on that we keep innovating our services

products and services
of Orange Slovensko



customers can count on that we keep innovating our services

Customers perceive Orange as a reliable and high-quality operator. Even despite an ongoing crisis of the telecommunications sector, the year of 2012 was a special one for us from the viewpoint of key investments. We were able to extend the portfolio of fixed services thanks to important investment decisions. At the same time, we launched the state-of-the-art data centre Orange TechPark.

In 2012, Orange turned into a convergent provider of electronic communication services in mobile and fixed networks. Along to mobile services, customers can also order fixed internet connection and digital TV, almost anywhere in Slovakia. As of the last year, corporate clients can rely on the supreme quality technological and security standard of services in the Orange TechPark data centre.

The advantages of the WOW plan were used by as many as 26% of mobile voice services customers, which represents 476 thousand users.

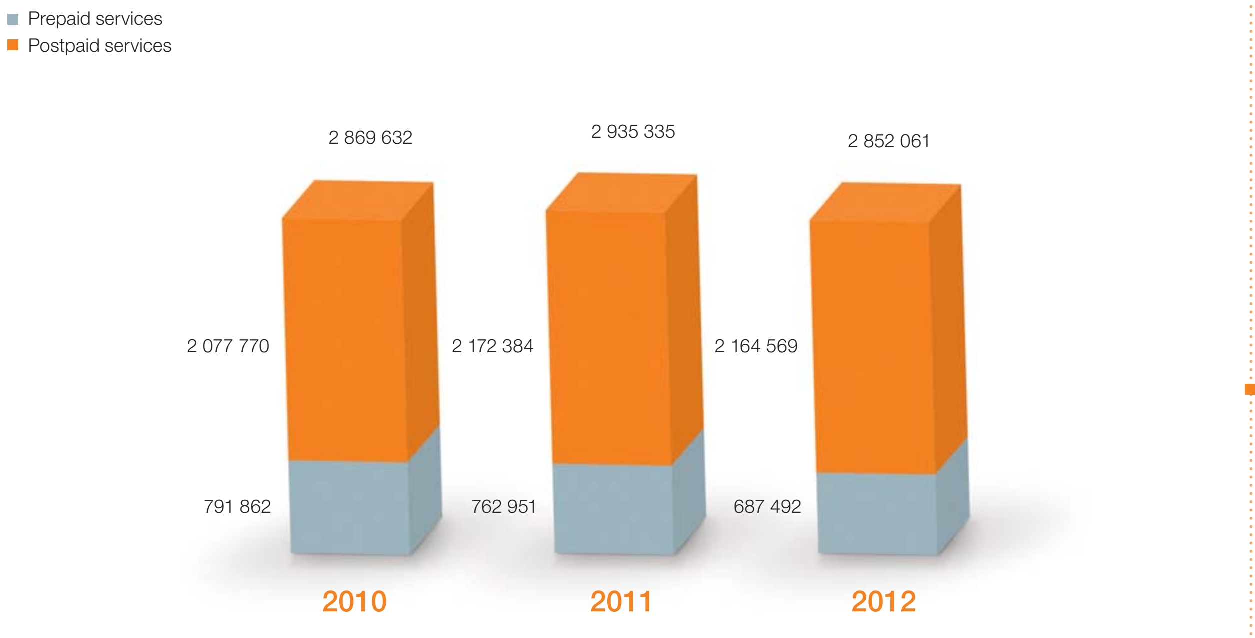
New view on the offer of mobile voice services

The development of traditional services of mobile communication in Slovakia was materially influenced by the arrival of the so called flat rate plans last year. For a fixed fee, they offer unlimited communication in any network. Orange was the first operator to combine, in one product – WOW plan – the simplicity of standard calling plans with an automatically decreasing tariff and advantages of unlimited calls, SMS and MMS messages to all networks. Along with the introduction of the plan, Orange also significantly down-shifted the price level of availability of unlimited calls packages down to the level accessible to a wide range of customers.

The market responded to the innovation clearly positively. The fact is that, by the end of 2012, the advantages of the WOW plan were used by as many as 26% of mobile voice services customers, which represents 476 thousand users. Almost 70% of them opted for one of favourable offers by means of which Orange intended to address special segments of customers depending on their communication needs. The most successful offer was the Maximum 2 plan, offering a package of Unlimited calls to all networks in Slovakia with the Internet in mobile phone for the best price on the market. Almost one-fourth of WOW plan customers chose this plan. Clients also appreciated the fact that they could choose flat rate packages depending on their needs – ranging from unlimited calls in the Orange network, to calls, SMS and MMS messages to all national networks up to unlimited calls to Europe and even the world.

We know that the freedom of unlimited communication is important for our customers. It is also confirmed by the fact that 55 % out of the WOW customers opted for one of the packages of unlimited calls to all networks. Along with the WOW plan, Orange also introduced a more transparent method of acquiring subsidised phones. Customers can set the amount of the subsidy by themselves, depending on the amount of the monthly fee, and thus determine the price they want to pay for the phone. This is the way they can get a discount of as much as 6 multiple of their monthly fee. Thanks to it, customers can have almost any device for the price starting at 1 euro.

Structure of Orange mobile voice services customers



Number of customers is stabilised and its slight decline is copying the development in the telecommunications market.

Source: internal data of Orange Slovensko.

We introduced an option to get subsidies phones also in interest-free instalments.

Last year, Orange decided, for the first time in its history, to actively approach customers of its competitors. It prepared a special offer for them – a reward in the form of a credit. It is available to all users who decided to port their number to Orange. The offer brought in its fruits. At the end of 2012, Orange recorded doubled figure of ported numbers from competitive operators.

Prima prepaid card with new services

Prima has been, in the long run, the most successful prepaid card in the market. The arrival of the WOW concept provided a new impetus to its development. In the previous year, it introduced decreasing tariff as well packages of unlimited calls, messages and data. We were the first to provide such features on prepaid cards. Since its launch to the market in September, the new edition of Prima WOW service has become the choice of almost 45 thousand customers.

We provide customers with the latest devices coming to the market

Customers know they can find the latest mobile devices in the Orange offer, always at favourable prices. Orange makes effort to provide them with a wide range of options so that they could make the full use of the biggest and fastest mobile data network. There is a special position of brand devices developed by Orange in close cooperation with renowned producers. They offer unrivalled ratio of quality, functionality and price and represent an alternative to the mainstream of manufacturers. Among the most successful models ranked Orange Monte Carlo, Orange Santa Barbara and Orange Dublin.

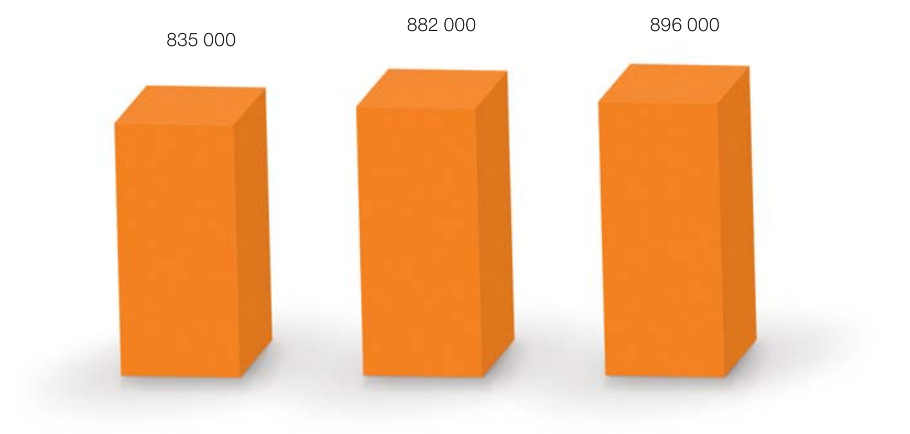
Another way how Orange has been supporting availability of mobile devices to the widest possible spectrum of customers is innovative sales models. We want to provide our customers with the latest mobile phones without high initial investment and therefore we introduced the new service of interest-free instalment payments for subsidised devices. Our loyal customers can choose what price they will pay for the phone at the signing of the contract and they can split the remaining part of the price to 12 or 18 monthly instalments. Using such repayment method, Orange does not increase the price for them. The offer of payment for subsidised devices in instalments in Orange is a form of a reward to loyal customers. The longer customers have been using Orange services the higher the amount customers may pay back in interest-free instalments.

Last year, almost 7 thousand customers made use of the option of buying their phones with interest-free instalments.

An increasing number of customers use access to mobile data

Also last year's statistics of the traffic in mobile operators' networks indicate that there is a continuing hunger for mobile data in Slovakia. Mobile data traffic generated by Orange customers increased by 14 more per cent last year. Revenues from mobile data services have been, as a standard, the fastest growing items in the structure of Orange revenues for several years already. Their share in the total revenues reached 24.6%. The number of customers who use mobile data services of Orange increased to almost 900 thousand. In 2012, we experienced their increase in all groups of mobile data services (internet in mobile phone, mobile internet for computers, notebooks and tablets).

Number of customers of mobile data services



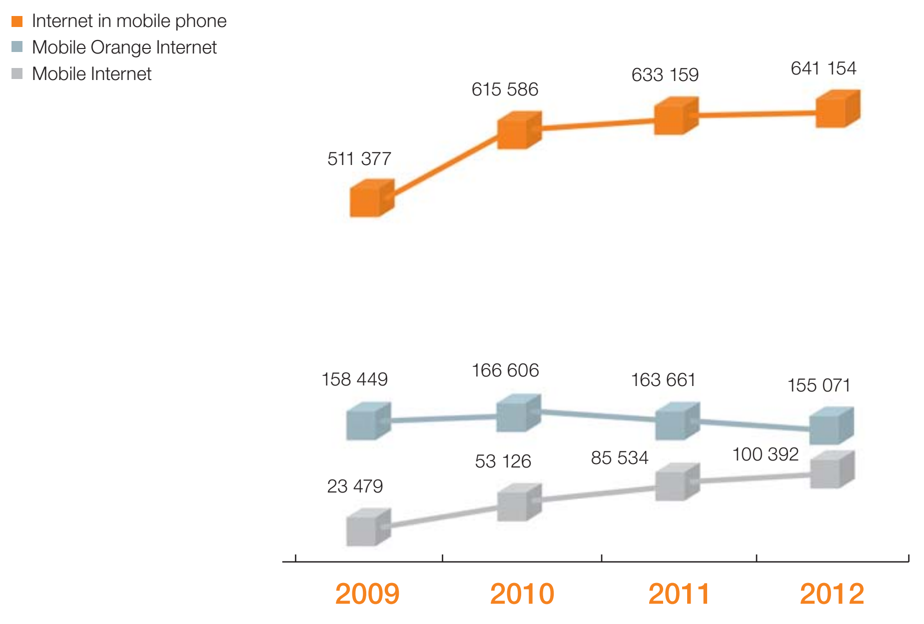
Data traffic generated by customers keeps growing thanks to Orange's investments to the coverage and speed as well as thanks to availability of mobile devices and smartphones for favourable prices. Currently, there are almost 900 thousand customers using mobile data services in the biggest and fastest mobile data network of Orange.

Source: internal data of Orange Slovensko.

The continuing growth of interest in mobile data services of Orange is backed not only by investments to the network but also by innovations in the offer of services. Last year, Orange further worked on extending the coverage by its 3G network. At the end of 2012, it was already accessible to 72.3% of the Slovak population, with more than 55% of those who could use the maximum theoretical downloading speed of 42 Mbit/s. From the viewpoint of services, Orange innovated its offer of mobile data services last year and introduced enhanced packages of the Internet in mobile phone and the Mobile Orange Internet without data limits.

Thanks to them, customers can surf without any worries of receiving unexpected bills for data transfers. The extraordinary increase of mobile data traffic has been made possible also thanks to the boom of mobile equipment that enable use of the mobile internet anywhere and everywhere.

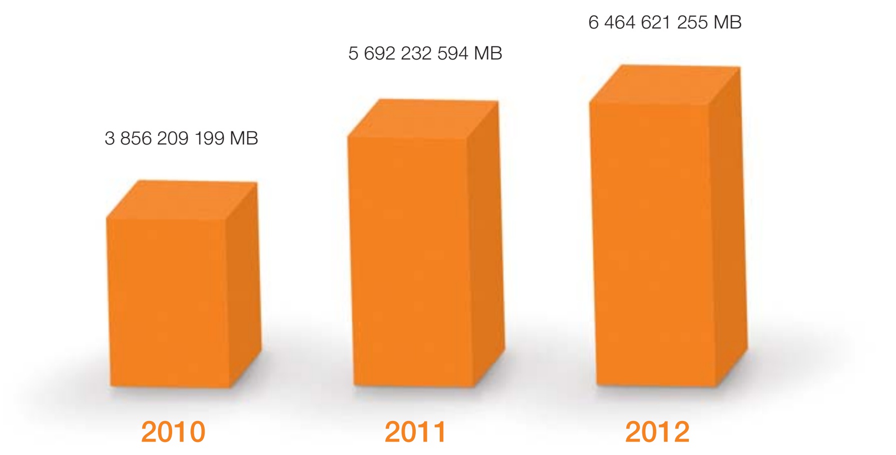
Structure and number of customers of mobile data services of Orange



The number of customers of unlimited Mobile internet keeps growing. Thanks to it, customers can surf and download as much data as they desire, without any fear of receiving high bills. After the data in the plan is used, the data transfer speed is reduced to 64 kbit/s.

Source: internal data of Orange Slovensko.

Increase of data traffic in the mobile network



Mobile data traffic of Orange customers continued in the two-digit growth in 2012.

Source: internal data of Orange Slovensko.

Last year, smartphones made up as much as 72% of all phones customers bought in Orange shops.

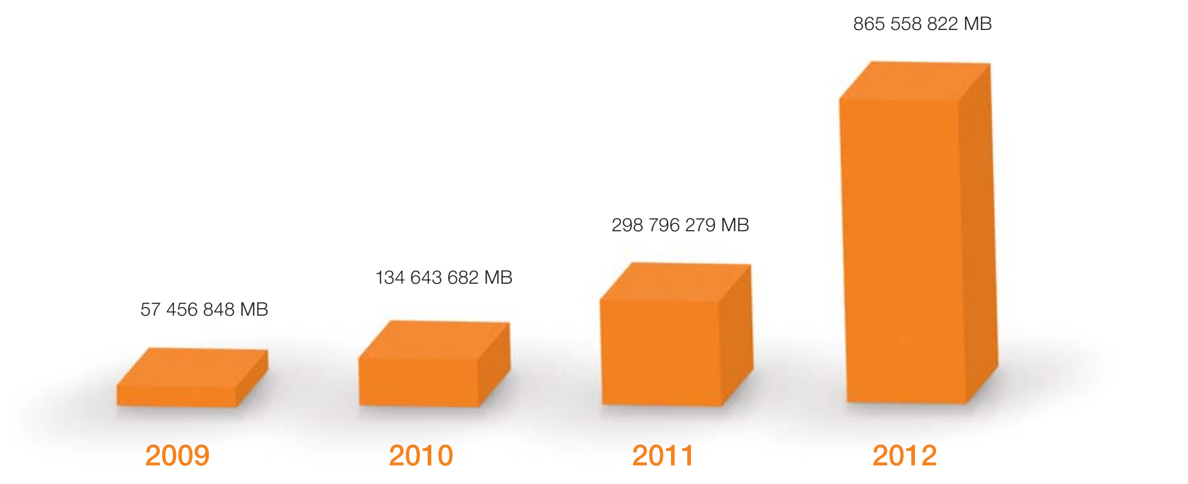
Tablets represent a special group of mobile devices in the Orange mobile data network. Their share in the total sales in 2012 increased to 49%, thanks to which Orange became the leader among operators in the number of tablets sold last year. The most popular out of more than 20 thousand sold tablets was Samsung Galaxy Tab 10.1 16GB.

At the end of 2012, the 3G network was already covering 72.3% of the Slovak population.

Mobile applications increase the demand for mobile data services

Mobile applications breathe new life into mobile devices and have become the key phenomenon of the mobile multimedia era. That is why we introduced Orange Go in 2012 – an application for operating systems of smartphones and tablets.

Data traffic of the Internet in mobile phone



Thanks to the Orange Go campaign, which also encompassed introduction of an application bearing the same name, data traffic of Internet in mobile phone customers almost tripled last year. Thanks to the education provided by Orange, there is a constantly growing number of customers uncovering advantages of the service.

Source: internal data of Orange Slovensko.

Total number of customers using fixed services of Orange increased 82 thousand in 2012, also thanks to the Internet over DSL and the Orange TV.

We wanted to support the idea of simplicity and benefits of the Internet in mobile phone and simplify user access to its functions. The application made it possible to access the most favourite mobile applications in a single spot and enabled administration of each customer mobile account via a transparent and intuitive graphic interface on the phone display.

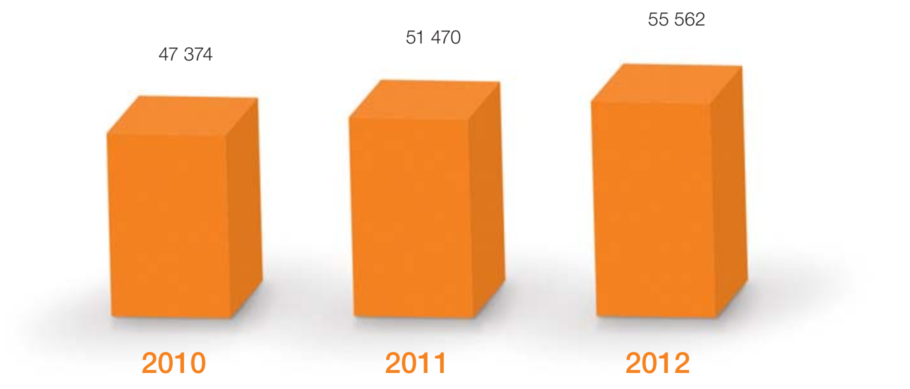
After its launch to the market, Orange Go became the second most downloaded application in Google Store. In 2012, the number of downloads exceeded 150 thousand. It has definitely contributed to the increase of the interest of smartphone users in the Internet in mobile phone, as the mobile data traffic of our users utilising this service increased by almost 290% on the year-on-year basis.

Fixed internet and digital TV by Orange are accessible almost all over Slovakia

Fixed services play an increasingly more important role in the structure of Orange revenues. Their share in the total income of the company amounted to 2.2% in 2012. Orange provides fixed services on one of the largest optic fibre networks with the FTTH (Fiber To The Home) technology, as well as over a leased DSL network. At the end of 2012, there were more than 55 thousand customers using digital services of Orange's optic fibre network.

Among the biggest innovations of Orange products and services last year was extension of the availability of the fixed internet and digital TV to almost the entire territory of Slovakia. By introducing the Internet over DSL, Orange managed to overcome the competitive disadvantage due to limited accessibility of optic fibre connections.

Number of customers of the optic fibre network services

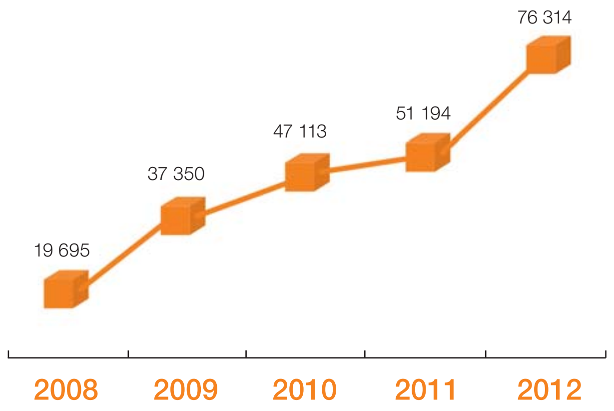


Most customers using the optic fibre network services chose a combination of several services – FiberNet, FiberTV a FiberTel.

Source: internal data of Orange Slovensko.

With the Internet na doma DSL (DSL Internet for Home), Orange introduced, to the Slovak market, a new, cost favourable alternative to the fixed internet connection with the speed range from 5 Mbit/s up to 20 Mbit/s, all over the territory of Slovakia. During the first year after its launch to the market, 21 thousand customers opted for the Internet over DSL. The total number of fixed broadband internet clients over optic fibre and DSL line by Orange increased by more than one-half last year.

Number of the optic fibre network services customers

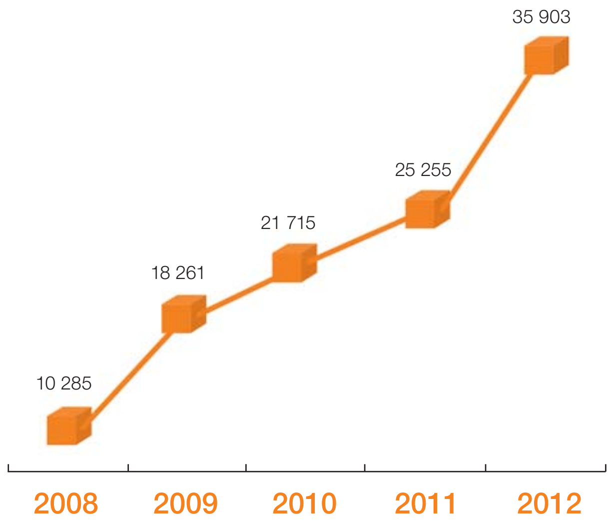


Also Internet over DSL helped us achieve a 49% year-on-year increase of the number of fixed internet customers.

Source: internal data of Orange Slovensko.

The second important step in the field of fixed services was extension of the accessibility of the Orange digital TV under the Orange TV brand to almost entire territory of Slovakia. With the new hybrid set-top box, most Slovak households with access to a stable internet connection can use the favourite functions of the Orange TV. Customers can also buy additional functions of the digital TV separately. Orange also introduced an application for smartphones and tablets that makes it possible to watch Orange TV also when not at home. It also provides com-

Number of the Orange digital TV customers



It is also thanks to Orange TV that we could record a 42% increase of the number of Orange digital TV customers.

Source: internal data of Orange Slovensko.

fortable control of the service on mobile device touchscreens. Introduction of the Orange TV service significantly accelerated the growth of the Orange digital TV services customer base, which increased by more than 42% last year.

There is demand for mobile services without borders

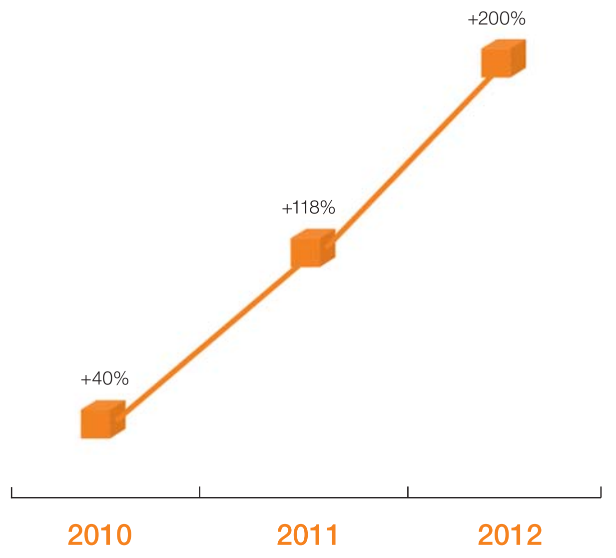
An increasing number of Orange customers use their mobile phones or data devices with internet connection abroad, too. Along with the decline in prices for roaming services, the appetite of users for mobile communications without borders keeps growing. Last year, more than one million customers actively used voice or data roaming of Orange. The roaming traffic of our clients grew in parallel to the increase of the number of users. Orange was one of the first operators in the last year to introduce a roaming package that offers roaming communication for prices similar to domestic tariffs. Customer

The roaming traffic of Orange customers in the EU increased last year by as much as 50%, which is one of the highest figures in Europe.

with the Moja Európa (My Europe) package can make phone calls in the European Union countries for prices starting at 12 cents per minute.

The success and popularity of the My Europe service can also be attributed to the travel insurance abroad, which forms a part of the package. Travellers, thus, can save significant amounts of money and also enjoy increased comfort and safety. Based on the success of the package, we also introduced an enhanced version of this service – Môj Svet (My World). It enables making calls in countries outside the EU for prices same as for domestic calls. Due to popular roaming packages, the voice roaming traffic of Orange customers in the EU increased last year by as much as 50%, which is one of the highest figures in Europe.

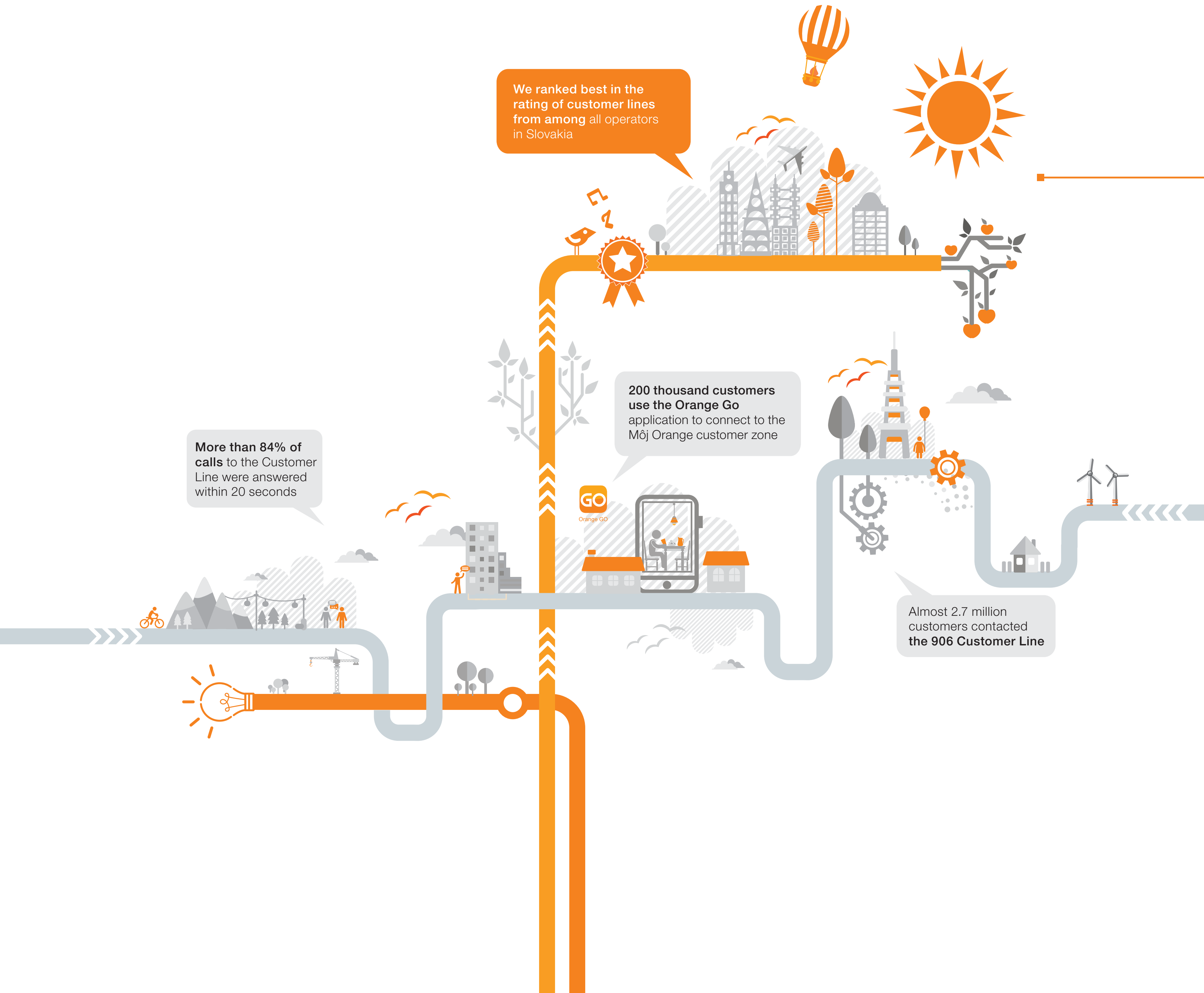
Roaming data traffic



Increase in the roaming data traffic is a natural response of the market to Orange prices and offers that are interesting and address many customers.

Source: internal data of Orange Slovensko.

Data roaming traffic generated by Orange customers also increased, by almost 200%. The mystery behind this fast increase of popularity of roaming is our new offers in the area of roaming data services. With the new Európa Dáta (Europe Data) and Svet Dáta (World Data) packages, Orange customers can surf abroad for as little as 9 cents/MB. Moreover, similar to voice services, they get travel insurance abroad as a part of the monthly fee for the service.



5.
trust of customers is committing and keeps us moving ahead

customer care

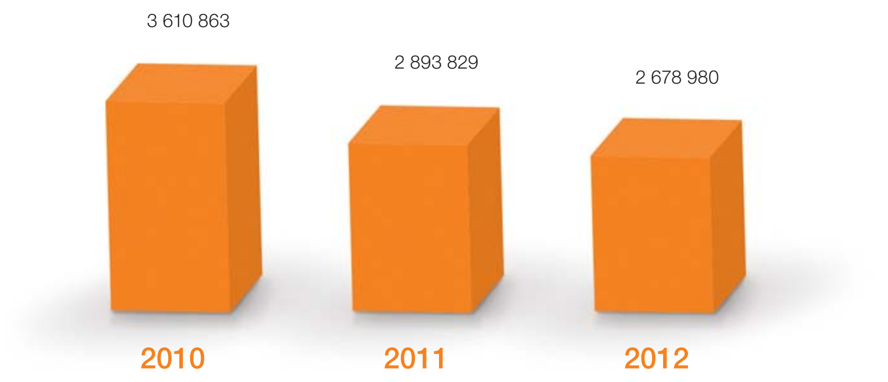
trust of customers is committing and keeps us moving ahead

Orange pays special attention to the maximum possible satisfaction of all its customers. That holds true not only to provided services and devices but also the level of customer service. Trust is the most important factor thanks to which Orange ranked at a forefront position in the sector of telecommunications from the viewpoint of customer care. It provides its customers with 24/7 customer care and a high-quality info service not only on the 905 Customer Line but also on the successful 14 905 Expert Line and by means of the new free-of-charge mobile application Orange Go.

Thanks to the regular monitoring of customer satisfaction we receive valuable feedback that helps us improve continuously.

Last year we introduced an automated satisfaction survey after each call made to the customer line. Its purpose is to monitor customer satisfaction with handling their requests and the attitude of customer line operators. We place extraordinary emphasis to not disappoint the trust of our customers in the quality of the provided service, on the contrary, to strengthen it continuously. Therefore we are looking for ways how to simplify our customers' contact with Orange. No matter if we are talking about ways how they can get through to us or about quality standards our contact points must meet.

Number of calls to Customer Line 905



The number of calls to Customer Line 905 has been slightly decreasing in the past years, especially thanks to the increase of the number of contact points and self-servicing options in administrating customer accounts on the Internet or via the Orange Go mobile application.

Source: internal data of Orange Slovensko.

Last year, operators of the 905 Customer Line that is available 24 hours a day 7 days a week, provided information and advices about services, innovations as well as invoices to almost 2.7 million calling customers. At the same time, we managed to keep the quality standard Orange customers are used to. More than 84% of calls were answered within 20 seconds. In order to increase the comfort of the service, we made the automated voice system of the 905 Customer Line even more transparent and simplified. We are pleased that, thanks to the continuous emphasis on the quality of the client service, we ranked best from among all operators in Slovakia in the evaluation of the customer lines.

There is a growing demand for expert consultancy

Almost 74 thousand customers, either of Orange or of other operators, sought for technical assistance in setting their devices at the 14905 Expert Line, which has already become a benchmark in the field of quality of special technical customer support in Slovakia. It provides highly specialised assistance with the setting of computers, tablets and other mobile devices.

In order to streamline providing solutions to technical issues of its customers, Orange set up the free-of-charge Expert Line directly on its website. This is where customers can find answers to their most frequently asked questions concerning setting up of their devices. During two months of its launch, it was visited by more than 7 thousand customers.

Orange Go mobile application – the most comfortable contact with Orange

We keep improving the level of our customer service even in the online environment. There-

Thanks to the continuous emphasis on the quality of the client service, we ranked best from among all operators in Slovakia in the evaluation of the customer lines.

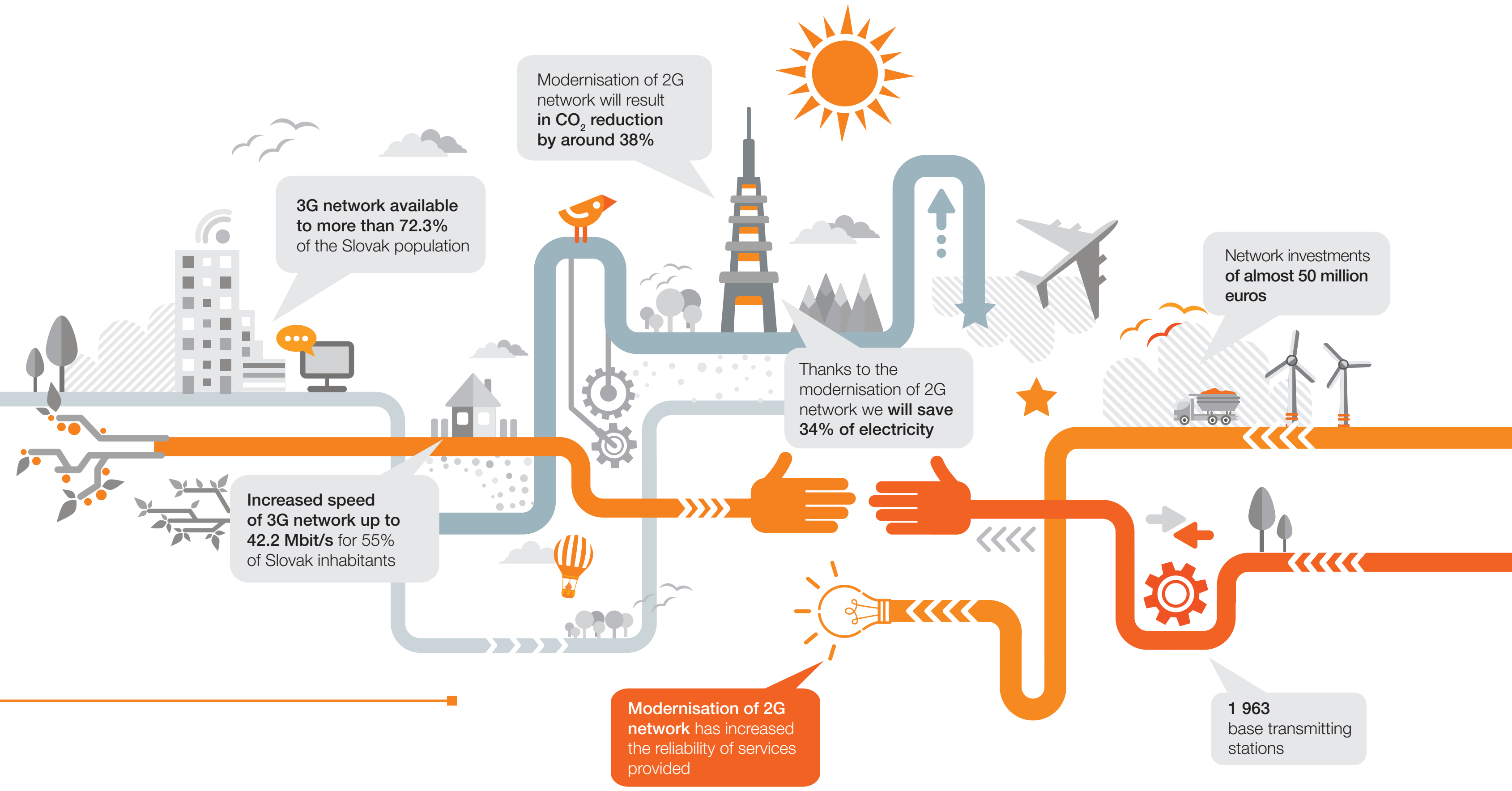
fore, in 2012, we introduced a free-of-charge mobile application Orange Go for the most widespread mobile operating systems.

Every month, the My Orange customer zone is visited by around 200 thousand customers who perform 30 thousand actions there.

The application, by means of its simple and transparent graphic interface, makes it possible to access the customer zone as well as to check the airtime. It also provides a transparent access to bills. The Môj Orange (My Orange) customer zone that is available on the Internet and on the mobile application has become a popular and frequently used option for self-serviced administration of customer accounts of our customers. Every month, the My Orange customer zone is visited by around 200 thousand customers who perform 30 thousand actions there.

Telecommunications ombudsman represents an above-the-standard form of the customer care

We want to provide the above-the-standard customer care in full extent. That is why the customer care system also includes the office of the telecommunications ombudsman. Customers of Orange Slovensko who are not satisfied with results of the claims handling procedure can address the independent advocate of consumer rights. The ombudsman has the right to review the manner of claim handling and, in justified cases, consider the subjective situation of the complainant. In 2012, the office received a total of 704 filings. 216 out of them were dealt with to the benefit of customers; however, only 35 of them were classified by the ombudsman as justified. In 181 cases he recommended satisfying customer claims even though there had been no fault on the part of Orange in providing its services. Since the beginning of its operation until now, the telecommunications advocate of consumer rights dealt with more than 1,700 consumer filings.



6.

we offer high quality top networks and technologies

networks and information technology

we offer high quality top networks and technologies

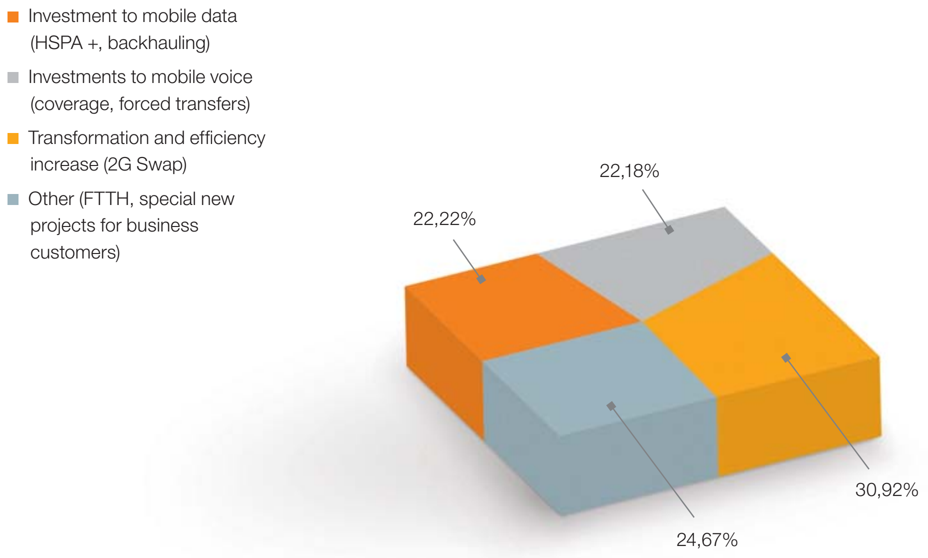
Orange wants to be the leader in introducing innovations and providing customers with advantages brought in by modern technologies. Orange upheld its leading position in its segment not only by building a state-of-the-art technology centre Orange TechPark, but also by launching its Virtual Gateway. Both innovations provide customers with a new generation of services.

Orange has traditionally been the leader in quality, offer and availability of mobile data services.

Network investments in the total amount of almost 50 million euros we made in 2012 were dedicated to technological renovation as well as transformation and development projects that extend the options of electronic communication of our customers and further enhance their user comfort.

Orange has traditionally been the leader in quality, offer and availability of mobile data services.

Structure of investment to the network in 2012



Investments to networks made as much as 57% out of the total volume of investments in the amount of EUR 87 million.

Source: internal data of Orange Slovensko.

It runs the most extensive mobile broadband network that is accessible by more than 72.3% of the Slovak population.

During the last year, we managed to increase the theoretical maximum download speed in the 3G network up to 42.2 Mbit/s (upload speed increased to theoretical 5.8 Mbit/s) to 55% of Slovaks, while, throughout the whole territory with 3G coverage, the network is available with the download speed of up to 21.1 Mbit/s.

We managed to increase the network speed and extend its capacity to 1,340 out of 1,409 3G base stations thanks to the HSPA+ technology whose coverage will be further extended. One of the key projects in increasing the mobile networks performance was an upgrade of the capacity of 3G base stations that provide for one half of our customers' mobile data traffic.

Modernisation of the 2G network has increased the reliability of provided services

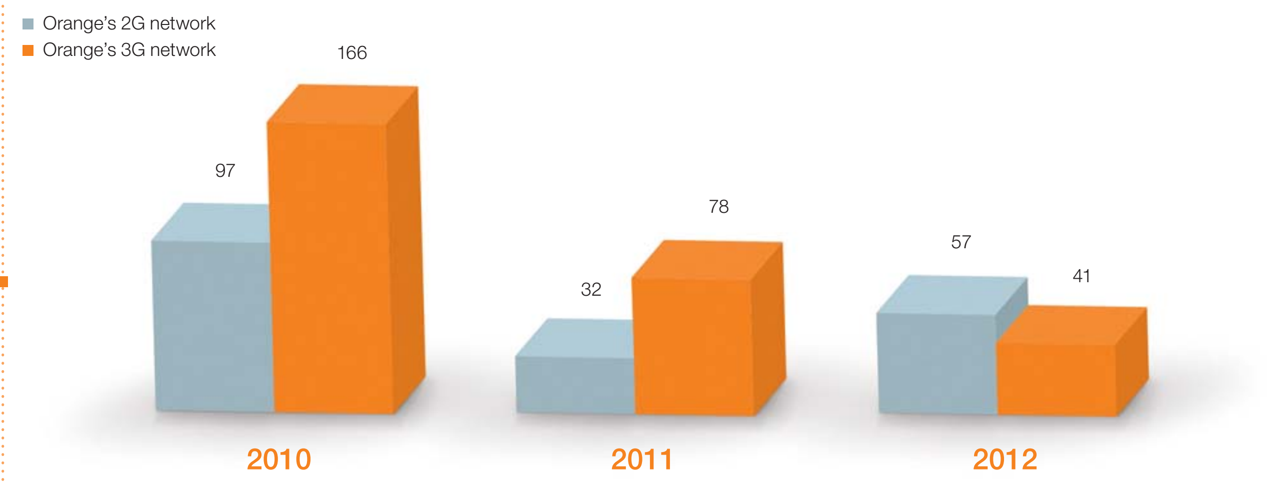
Modernisation of the 2G network is one of the most important technological projects of the past years. The project of replacement of the mobile network technology was completed in 2012 after 1.5 years. Besides a reduction in the costs of network operation and further enhancement of its reliability, this modernisation will make it possible to deploy new technologies in a faster and more flexible manner, including access to mobile broadband network in the 3G standard on frequencies currently used for GSM. As a part of the project, we replaced a total of 1,963 base stations, which also resulted in energy savings and increased reliability.

In 2012, we recorded historically lowest levels of network unavailability.

The new technology will assist in reducing the produced CO_2 emissions by around 38 %, which will help to protect the environment too. And, it will save 34% on electricity consumption.

The network quality also has an impact on the customer satisfaction. In the last three years, their satisfaction index has been steadily increasing. It was certainly helped by the fact that, in 2012, we recorded historically lowest levels of network unavailability. In the long run, we have been experiencing a positive trend also in the number of missed calls, in the 2G as well as in

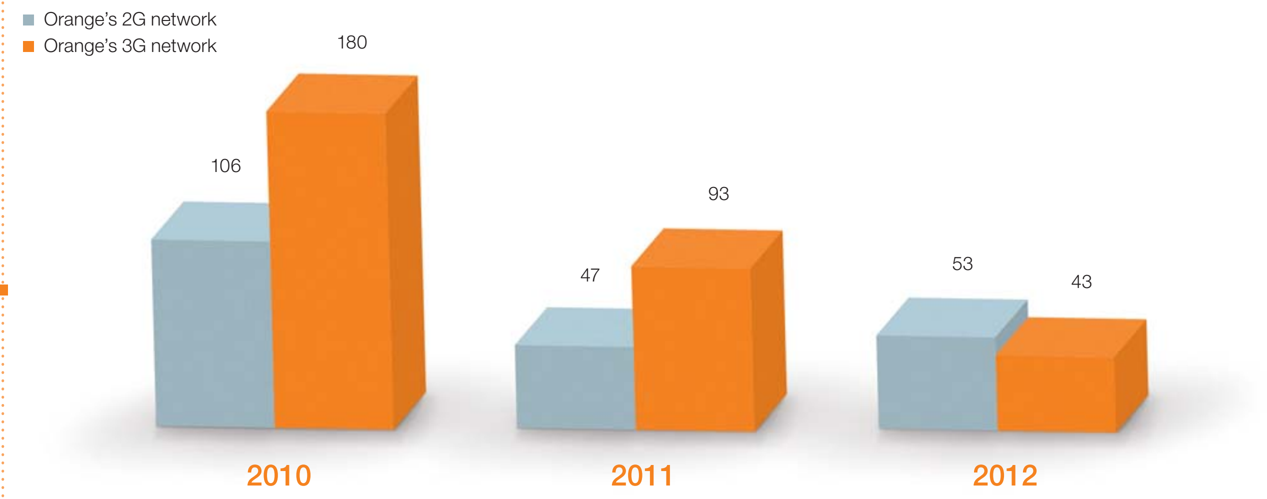
Unavailability of 2G and 3G networks of Orange – voice services



Also measurements of network unavailability reaffirm the quality provided to our customers. Data stated in minutes per year.

Source: internal data of Orange Slovensko.

Unavailability of 2G and 3G networks of Orange – data services



The 3G network we operate is the biggest and fastest in Slovakia and, moreover, its parameters meet the highest quality standards. Data stated in minutes per year.

Source: internal data of Orange Slovensko.

the 3G network. We achieved the best results in the whole France Telecom group.

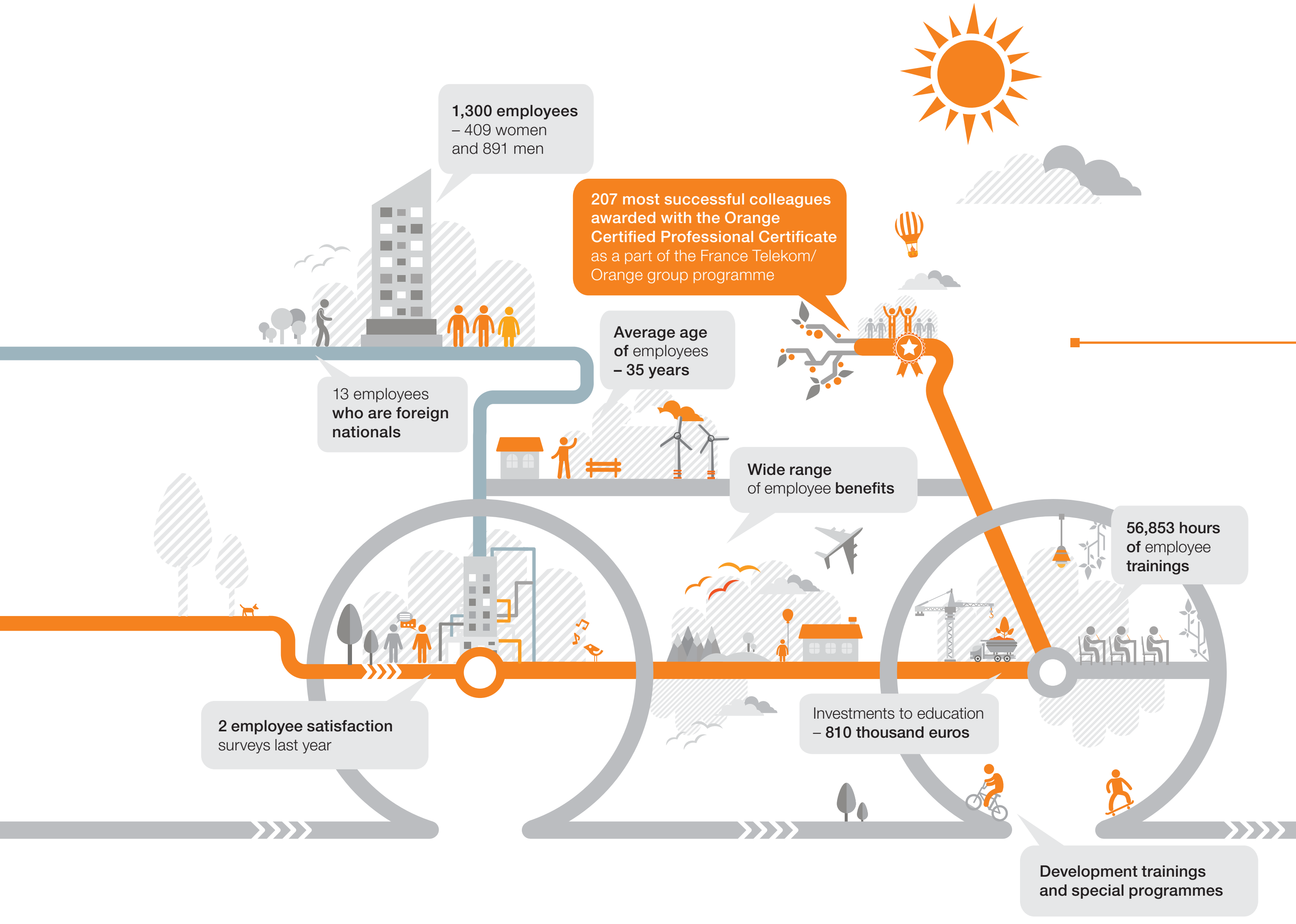
In the summer of 2012, we opened the operation of the new technological centre Orange TechPark.

It's high technological level ensures non-stop operation for customers interested in housing services and serves as the background for Orange technologies. More than 340 m2 for rent are dedicated to storing technologies of clients who demand supreme standards. In Orange TechPark, customers can also use a lot of other services along to the rental of premises with network infrastructure. Thanks to that, they can receive a complete package of technological care in one place. For example, they can make use of the connectivity provided over a high-quality network or the access over a private VPN. It also comes packed with a high level of security and integrated data and voice communication services. All that respecting strict standards for technological premises.

In the first half of December, Orange TechPark was awarded with the TIER III Certificate and thus became the first one in Slovak market to provide housing services in premises whose high standards have officially been confirmed by an international certification authority. They are designed to meet all required parameters, which means, they guarantee 99.982 % accessibility, in other words, no more than 90 minutes' outage per year, backup feeding and cooling systems for the minimum of 72-hour outage of electricity from the distribution grid.

Launching of the Virtual Gateway operation was another important project we implemented last year. It provides customers with a simple interconnection of their mobile and fixed voice traffic including a solution over virtual branch exchanges. This is how Orange has become a fully-fledged alternative to companies looking for high-quality and price competitive services of fixed voice communication over branch exchanges. Thanks to the above investments, Orange is now prepared to provide its customers with a new generation of services ranging from housing and hosting up to cloud services.

In 2012, Orange started providing customers with services of the state-of-the-art quality technology centre.



7.
our results are backed by motivated and satisfied employees

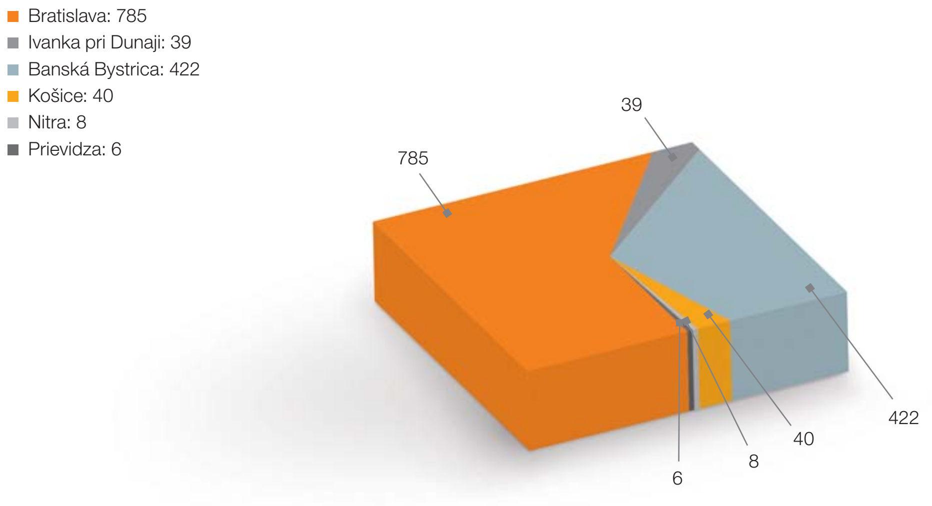
human resources
in Orange Slovensko

our results are backed by motivated and satisfied employees

Women and men in Orange are the most precious assets of our company. Orange can successfully meet its goals only with motivated and satisfied employees. We try to achieve satisfaction of employees not only by means of a just remuneration but also by regular trainings and enhancing the program of benefits.

On 31 December 2012, Orange Slovensko had 1,300 employees, which is by 58 less than the average number of employees in 2011. Last year, there were 409 women and 891 men working in Orange. From the viewpoint of completed education level, the structure of employees is evenly distributed to university and secondary school educated employees. As of the end of the year, we were employing 13 foreign nationals. Most of them are working at the IT and Networks Unit. The average age of Orange employees is 35 years.

Number of employees by regions



Relocation to new premises was an important milestone in lives of employees in Bratislava. Orange did it its best to adapt them to employees' expectations and needs. The moving was accomplished in 6 weeks. The project of relocation of the headquarters, including technological equipment, was carried out without any impact on the operation and quality of provided services.

Source: internal data of Orange Slovensko.

In the past couple of years, Orange became an important employer of highly qualified employees, in Bratislava as well as in regions. Most of them work in the technical and customer centre of Orange in Banská Bystrica. Last year, there were more than 420 people working in Banská Bystrica, i.e. approximately one-third of Orange's employees.

Increasing demands of company's customers and the development of the telecommunications market place an increasing demand on the professional level of employees too. Development trainings, courses and special programs of Orange help employees to keep the pace with the trend. As many as 1,320 employees took part in at least one training last year. Altogether, Orange employees received 56,853 hours of trainings. Last year, Orange again increased the investments to employee training, which amounted to 810 thousand euros.

Incentives for employees

Just remuneration and education of employees is an everyday reality, as well as incentives and benefits programs. In 2012, employees could select from a broad range of benefits: recreational stays, preventive medical checks in a private health care centre, flu vaccination, allowances for children summer camp, seasonal benefits, seasonal tickets for massage, discounted tickets to cultural events, universal passes for sport, culture, education and other activities, allowances for supplementary retirement pension insurance, extended holidays or compensation of lost salary due to sick leaves. Orange provides selected benefits also to employees on maternity and parental leave.

Orange Slovensko pays an extraordinary attention to quality management, internal communication, working environment, cooperation and strong customer orientation. It regularly measures and monitors satisfaction and motivation of its employees. Two employee satisfaction surveys were done last year. One of them was the Social Barometer, which is used as one of the tools to measure employee satisfaction in the France Telecom Group, with the employee turnout of 64%.

The second employee satisfaction survey held in Orange was carried out in cooperation with Aon Hewitt. The operator assessed its results at the end of 2012.

Last year, Orange again increased the investments to employee training, which amounted to 810 thousand euros.

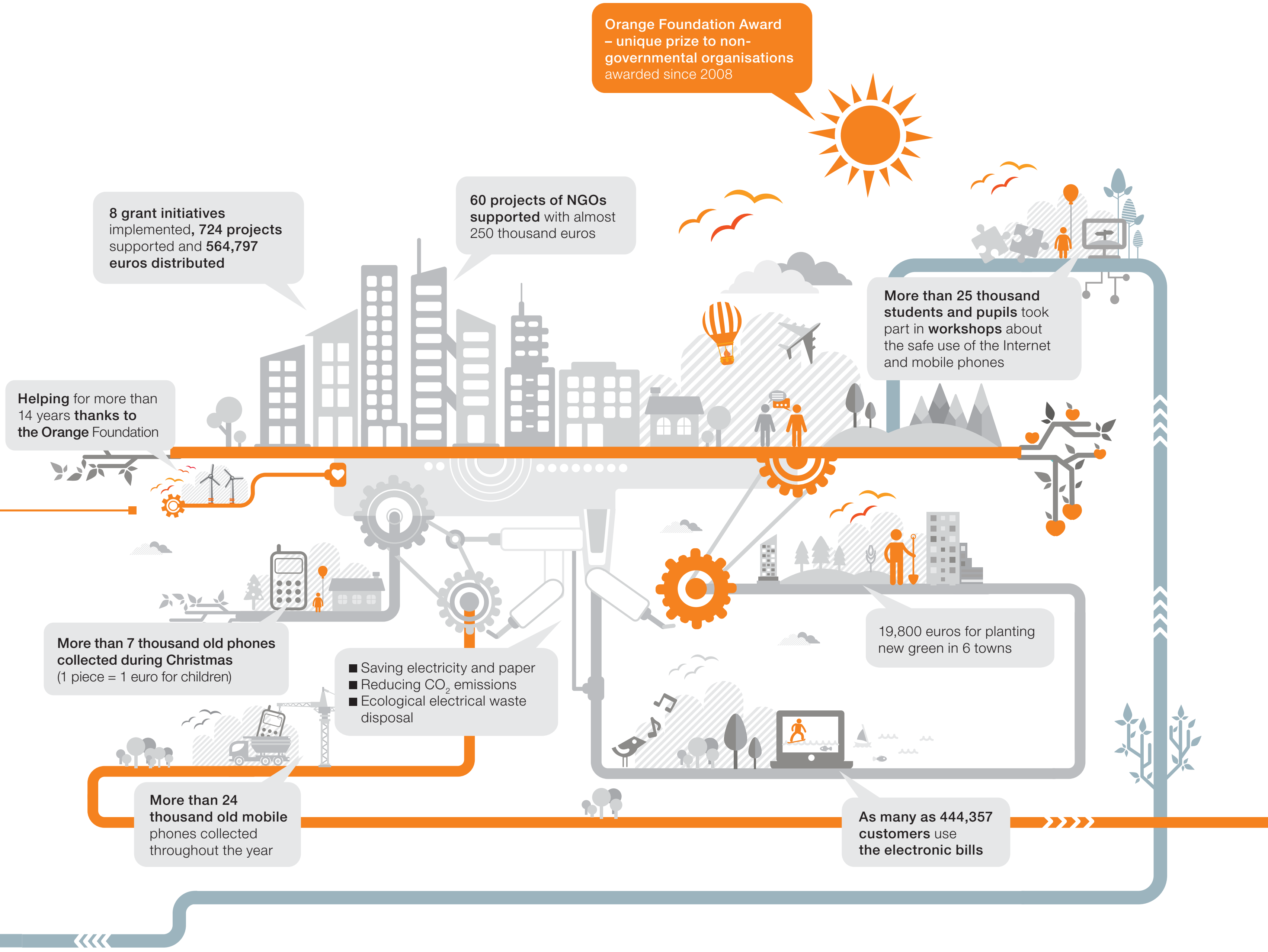
The survey focused on uncovering the employee satisfaction level and the climate in the company. It was attended by 69% of all employees. A special care is paid to employees working in the first line who are in direct contact with customers. The quality of the working atmosphere in such teams is measured every quarter and, based on its results, a plan for improvement is prepared regularly.

The certification program launched last year is another activity by means of which Orange emphasises the quality of its employees and rewards their effort. In 2012, 207 most successful colleagues employed with Orange and at sales points who directly communicate with customers were awarded the France Telecom/Orange's certificate Orange Certified Professional.

In the long run, Orange Slovensko has implemented such human resources management programs and instruments that are positively perceived by its employees in all areas. Orange wants to continue in building the working culture that can inspire our employees to their top performance and be the employer that is the best choice for them.

8. we want to be other people's inspiration

corporate social responsibility



we want to be other people's inspiration

Today, Orange is not only the biggest mobile operator but also a leader whose activities inspire others. We are proud that, in cooperation with our employees, customers and partner organisations, we can move our socially responsible business forward. For 14 years we have been helping with the Nadácia Orange (Orange Foundation). We believe that this is the way we can improve lives, our environment and, together, make the world a better place.

Charity and philanthropy

The Orange Foundation supports people with good ideas. We try to help people, who have not had enough luck in their lives, with activities in fields of education, social inclusion and community development. At the same time, we help to improve everyday lives of people and the surrounding environment. In the long-term, Orange Foundation has been perceived as the most trustworthy and most transparent corporate foundation in Slovakia. We are pleased that its activities receive much attention. It thus confirms the meaningfulness of its activities.

In the long-term, Orange Foundation has been perceived as the most trustworthy and most transparent corporate foundation in Slovakia.

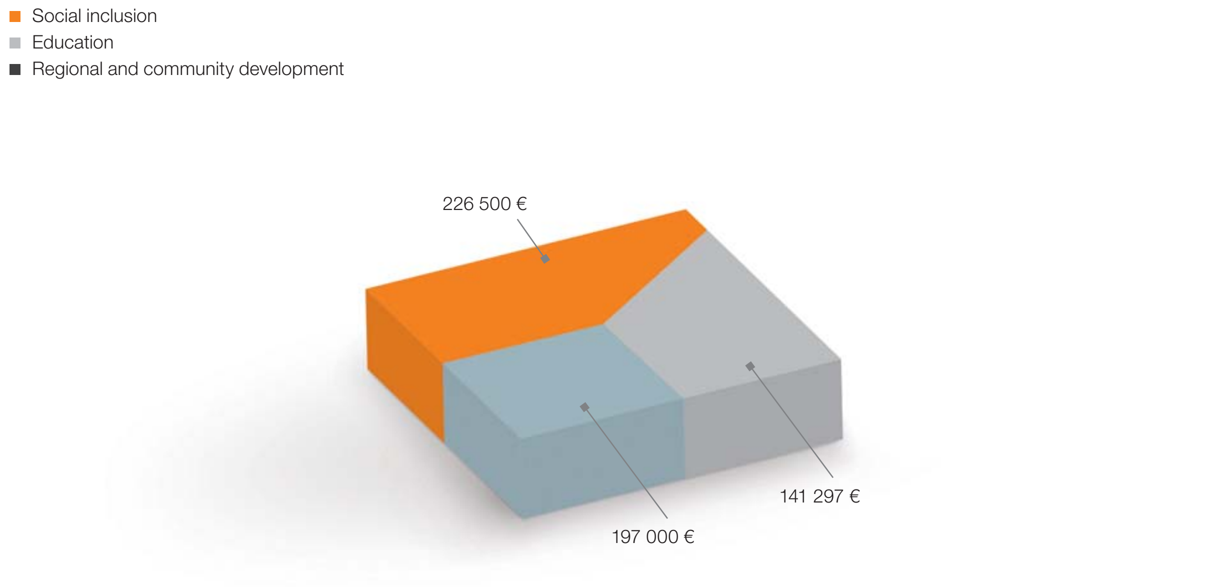
We support good ideas

Altogether, we carried out 8 grant programmes last year and supported 724 projects with 564,797 euros. Along to traditional grant initiatives we launched new one – Special Opportunities – to foster inspiring and beneficial incentives of non-governmental organisations. Within its framework, we supported 60 projects and distributed almost 250 thousand euros.

Last year, we continued and further extended cooperation with our long-term partners from among NGOs. For example, we donated 62 thousand euros to support the elderly, partners in the field of foster care and care for autistic children. In parallel to grant programs and partnerships, we distributed money to support needy people and the sick, non-governmental organisations and their activities and, in various ways, we helped individuals and groups of people.

The total amount of donations provided by the Orange Foundation last year amounted to EUR 977,464.77. With our partners, we collected and forwarded the full amount of 900 thousand more euros (in mobile collections) and more than 30 thousand euros thanks to donation SMS messages.

Funds distributed by Orange Foundation grant programs



Also in 2012, we provided support to three priority areas. Altogether, we distributed 546,797 euros in grant programs.

Source: internal data of Orange Slovensko.

Give Christmas

Every year, we receive an increasing number of applications sent to the Give Christmas program, with historically highest number received in 2012. Out of the total of 478 applications, we supported 227 projects with the total amount of 50 thousand euros. For the first time in the history, also individuals were provided with the possibility to support projects in the Give Christmas – by means of the www.dakujeme.sk portal. The Orange Foundation granted, to each amount donated over the portal, the same amount and thus donated additional 10 thousand euros. This is how the Orange Foundation helped and provided 60 thousand euros to needy people to have more pleasant holidays.

Orange Foundation Award

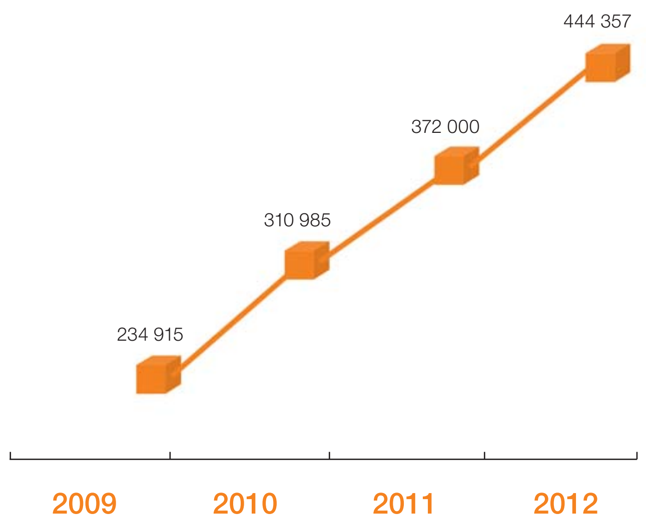
Last year, it was for the fourth time, when the prestigious Orange Foundation Award was awarded to winners. The foundation started awarding it in 2008 to non-governmental organisations that made significant contributions to the third sector, best responded to current needs of the society and approached the issue in a timeless, bold and innovative manner. Awards and prizes are awarded to non-governmental organisations in three main categories. The 2012 award in the education category was awarded to Asociácia Susan Kovalikovej – Vzdelávanie pre 21. storočie na Slovensku (Susan Kovalikova Association – Education for the 21st Century in Slovakia). The award in the regional and community development category was granted to Kultúrne centrum Aktivity (Activity Cultural Centre) and the winner of the social inclusion category was Plamienok (Little Flame). In total, we supported the third sector with the amount of 30 thousand euros, which, along to the moral recognition of activities of the organisation, will serve for the purposes of their future development.

Ecological activities

Every year, we try to contribute to the sustainable development, together with our customers and business partners. The biggest challenges for us as a telecommunications operator are: saving electricity in our network, reducing paper consumption, electronic administration, ecological electric waste disposal and CO_2 emissions reduction. These are also the reasons why we continuously modernise our network and replace older technologies with later ones that offer energy savings. We support the use of electronic bills, replace paper documents with electronic files and implement a lot of other activities that contribute to a greener life.

Electronic bills

In 2012, we managed to further increase the number of e-billed customers. In the year-on-year comparison, their number increased by more than 19% with 444,357 of our customers using e-bills.



Every year, there number of customers using e-bills keeps growing. Their number has exceeded 444 thousand.

Source: internal data of Orange Slovensko.

Funds distributed by Orange Foundation grant programs

Towns turned green

We support green thinking not only in the company but also among our customers. Last year we provided the opportunity to show it and held another year of the Zeleň pre mesto (Green for the Town) competition with the total number of more than 24 thousand people involved. 759 of them made use of the possibility to return used phones and thus get points for their town and more than 23,400 customers activated electronic billing. Compared to the previous year, it was an increase by almost 27%. Thanks to that, six Slovak towns received 3,300 euros each for planting new green. The total amount of 19,800 euros was distributed to municipalities of Banská Bystrica, Bratislava-Ružinov, Gelnica, Košice, Myjava a Veľký Krtíš.

We drive with care

As a green operator we also extended our vehicle fleet at the end of the last year with a vehicle with alternative drive. Thanks to the electricity-driven Peugeot iON, our employees can relieve our capital city of smog.

We dispose of in an ecological way

We are the biggest mobile operator in Slovakia and therefore every sold mobile phone is not only our commitment to our customers but also to the environment.

In 2012, we distributed to our customers more than a half of a million of mobile phones. Our regular goal is to get back the maximum possible number of them after their lifetime in order to provide for their ecological disposal. Since 2005, our customers have had the possibility to return their unnecessary phones. We regularly support the collection of old devices, either working ones or not, with various activities and contests for the public. We also motivate our business partners, selected schools or employees.

For example, in December, we held a collection for the customers who could bring their used mobile phones to Orange sales points. We collected more than 7 thousand pieces. Along to the fact that we had the phones disposed of in an ecological way, we helped too. We donated 1 euro for every device to the Hodina deťom (Hour to Children) collection. The whole amount of 7,026 euros was thus used to help and improve lives of children who need it. In 2012, we collected the total of more than 24,000 used mobile phones, approximately a double figure compared to 2011.

We modernize and thus save

One of the important steps we made in 2012 in the field of energy saving was the completion of modernisation of almost two thousand base stations in the Orange network. Starting in spring 2011, every day, on average, 12 such 2G base stations were equipped with new technological equipment. The result of the one and half years of modernisation is a more efficient operation and, in particular, around one-third electricity saving.

Education

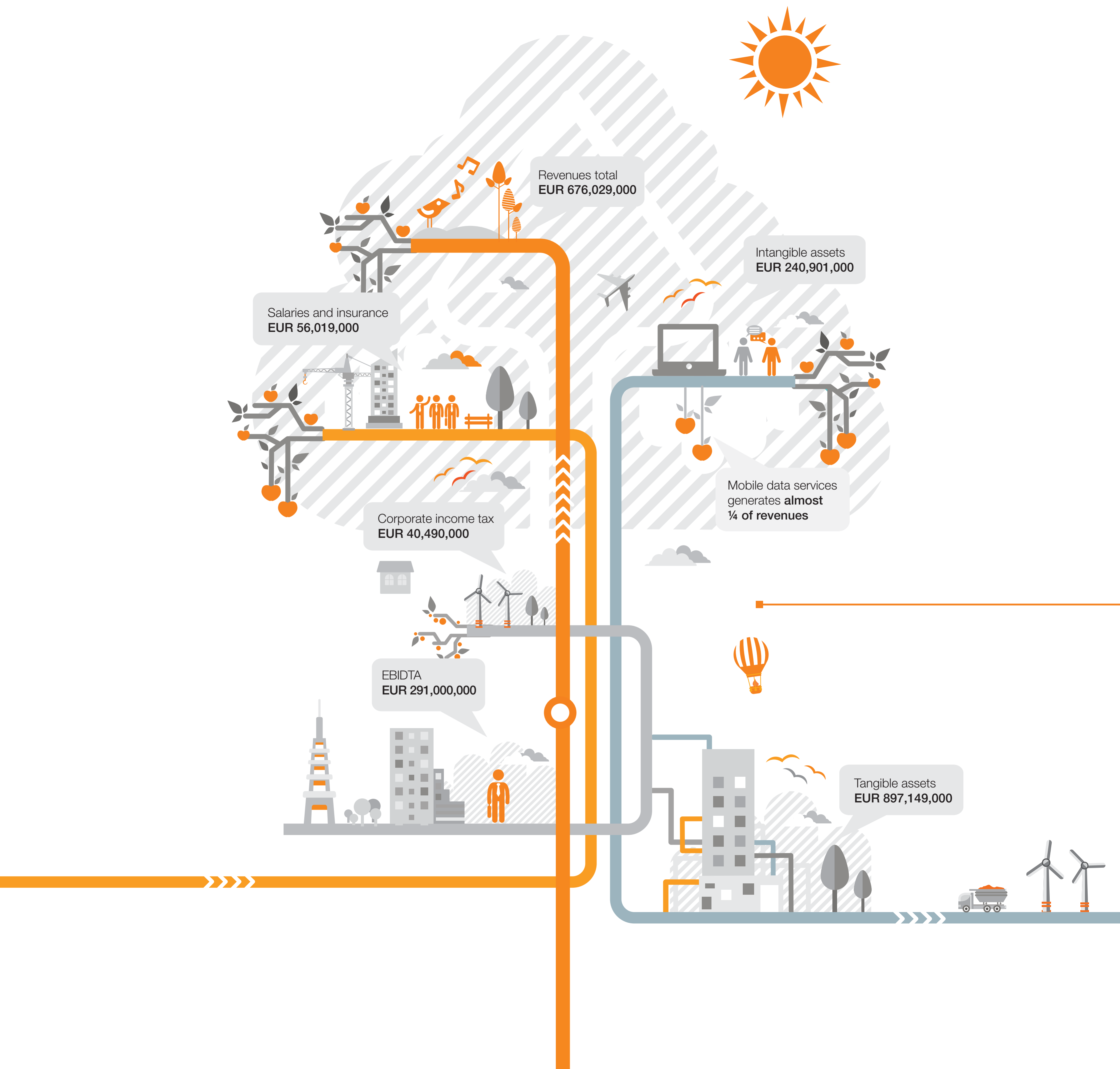
We talk about technology traps

Education about the safe use of technologies is the area where Orange has been active for several years already. Since 2006, we have carried out a lot of information and educational activities in order to increase the awareness of the phenomenon among children, teachers and parents – ranging from special content on websites, through brochures for parents and teachers, discussions at schools up to opinion poll surveys focused on this issue.

In 2012, we held the survey again and, in certain cases, it showed substantial changes in the way children use mobile phones or the Internet, compared to 2006 and 2008.

Based to these findings and due to a fast onset of some risks, we started with preparation of activities for the next year concerning the educational campaign in this area. It will be held throughout the whole summer of 2013. We also continued in the direct education project titled Psychológovia v školách (Psychologists at schools). It deals with a safe use of the Internet and modern communication means. With the help of eight trained psychologists, we have been spreading awareness directly at schools for more than three years. Altogether, almost 25,000 pupils and secondary school students attended expert workshops about the traps and hazards of the using the Internet and mobile phones. Also around a thousand of parents got involved in the issue at the parents' association and their number and interest have been growing increasingly.

For more details about activities of Orange in the field of corporate social responsibility, please see the 2012 Corporate Social Responsibility Report.



9.
results showed us that we are on the right path

financial report for 2012

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 2012

Company identification number: 35 69 72 70

Tax identification number: SK2020310578

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Independent Auditor’s Report

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Orange Slovensko, a.s.

INDEPENDENT AUDITOR’S REPORT

To the Shareholders 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 2012, and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Statutory Body’s Responsibility for the Financial Statements

The Company’s statutory body is responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards as adopted by the EU, and for such internal control as the statutory body 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 the auditor’s 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, the auditor considers internal control relevant to the Company’s preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company’s internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the statutory body, as well as evaluating the overall presentation of the financial statements.

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

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of Orange Slovensko, a.s. as of 31 December 2012, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the EU.

Bratislava, 10 April 2013

Deloitte Audit s.r.o.
Licence SKAu No. 014

Ing. Stanislav Kubala
Responsible Auditor
Licence UDVA No. 1062

Separate statement of financial position at 31 December 2012

In thousands of EUR	Note	31 December 2012	31 December 2011 (restated)	1 January 2011 (restated)
ASSETS				
Non-current assets				
Property, plant and equipment	4	352,014	370,270	382,380
Intangible assets	5	120,622	120,396	78,098
Investments in unconsolidated subsidiaries	6	106	106	106
Non-current receivables		1,662	87	1,611
Other non-current assets		923	199	252
		475,327	**491,058**	**462,447**
Current assets				
Inventories	8	15,361	14,462	15,425
Trade and other receivables	9	67,941	69,098	60,977
Other assets		4,822	6,048	3,648
Current income tax receivable		8,060	-	13,354
Current financial assets		-	-	1,758
Cash and cash equivalents	11	5,219	5,067	9,153
		101,403	**94,675**	**104,315**
Total assets		**576,730**	**585,733**	**566,762**

In thousands of EUR	Note	31 December 2012	31 December 2011 (restated)	1 January 2011 (restated)
EQUITY AND LIABILITIES				
Equity	12			
Share capital		39,222	39,222	39,222
Reserves		15,260	15,260	15,260
Retained earnings		180,315	113,107	312,107
Profit for the year		144,510	167,208	-
		379,307	**334,797**	**366,589**
Non-current liabilities				
Provisions	13	25,801	35,845	39,505
Deferred tax liabilities	7	5,663	4,646	7,679
		31,464	**40,491**	**47,184**
Current liabilities				
Current financial liabilities	10	3,713	38,918	-
Trade payables and other liabilities	14	132,969	137,230	120,417
Current income tax payable		-	376	-
Provisions	13	1	2,456	1
Deferred income	15	29,276	31,465	32,571
		165,959	**210,445**	**152,989**
Total equity and liabilities		**576,730**	**585,733**	**566,762**

Separate statement of comprehensive income for the year ended 31 December 2012

In thousands of EUR	Note	2012	2011
Revenues	**16**	**676,029**	**728,566**
External purchases	17	(335,287)	(342,336)
Other operating income / (expenses), net	18	6,910	(13,681)
Wages and contributions	19	(56,019)	(56,559)
Amortisation and depreciation expenses		(106,615)	(107,648)
Operating profit		**185,018**	**208,342**
Interest income and related revenue		37	478
Interest expenses		(114)	(47)
Other finance (expenses) / income		59	(430)
Profit before tax		**185,000**	**208,343**
Income tax	20	(40,490)	(41,135)
Profit for the year		**144,510**	**167,208**
Other comprehensive income		-	-
Total comprehensive income for the year		**144,510**	**167,208**
Total comprehensive income attributable to:			
Owners of the Company		144,510	167,208

Separate statement of changes in equity for the year ended 31 December 2012

In thousands of EUR	Note	Share capital	Reserves	Retained earnings (restated)	Total
Balance as at 1 January 2011		39,222	15,260	316,374	370,856
Restatement	3 (d)			(4,267)	(4,267)
Balance as at 1 January 2011 (restated)		39,222	15,260	312,107	366,589
Dividends paid		-	-	(199,000)	(199,000)
Total comprehensive income for the year		-	-	167,208	167,208
Balance as at 31 December 2011		39,222	15,260	280,315	334,797
Dividends paid	12	-	-	(100,000)	(100,000)
Total comprehensive income for the year		-	-	144,510	144,510
Balance as at 31 December 2012		39,222	15,260	324,825	379,307

Separate statement of cash flow for the year ended 31 December 2012

In thousands of EUR	Note	2012	2011
Profit for the year		**144,510**	**167,208**
Taxes		40,490	41,135
Financial income		(526)	(478)
Interest expenses		114	47
Depreciation and amortisation of tangible and intangible assets		106,615	107,648
Other		(16,483)	(6,668)
Profit from operating activities before changes in working capital		274,720	308,892
(Increase) in trade and other receivables (including accruals/deferrals of assets)		2,099	(10,101)
Decrease/(Increase) in inventory		(899)	963
Increase/(Decrease) in trade liabilities (including accruals/deferrals of liabilities)		(4,413)	8,719
Cash generated from operations		271,507	308,473
Interest and dividends received		526	478
Interest paid		(114)	(47)
Income tax paid		(47,952)	(30,396)
Cash flows from operating activities		**223,967**	**278,508**
INVESTING ACTIVITY			
Purchase of property, plant and equipment		(89,627)	(124,817)
Proceeds from sale of non-current assets		1,072	543
Decrease /(Increase) in other non-current assets		(55)	1,762
Net cash outflow from investing activities		(88,610)	(122,512)

In thousands of EUR	Note	2012	2011
FINANCING ACTIVITY			
Changes in current financial assets / liabilities	10	(35,205)	38,918
Decrease in short-term bank loans		-	-
Dividends paid	12	(100,000)	(199,000)
Net cash outflow from financing activities		**(135,205)**	**(160,082)**
Net increase /(decrease) in cash and cash equivalents		**152**	**(4,086)**
Cash and cash equivalents at the beginning of year		**5,067**	**9,153**
Cash and cash equivalents at the end of year	**11**	**5,219**	**5,067**

Orange Slovensko, a.s.
Notes to the separate financial statements for the year ended 31 December 2012

1. GENERAL INFORMATION

Orange Slovensko, a.s. (hereinafter also 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 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.

Approval of the 2011 Financial Statements
On 26 April 2012 the General Meeting approved the Company's 2011 financial statements (Notary Deed No. N 84/2012, Nz 14847/2012, NCR1s 15198/2012).

Members of the Company's Bodies

Body	Function	Name
Board of Directors	Chairman	Brigitte Bourgoin
	Deputy Chairman	Ladislav Rehák
	Member and Chief Executive Officer	Pavol Lančarič
	Member	Dominique Garnier
	Member and ITN Director/CEO deputy	Ivan Golian
	Member	Pierre Hamon
	Member	Corentin Maigné
Supervisory Board	Chairman	Bertrand du Boucher
	Member (till 12 February 2013)	Jerome Berger
	Member	Vincent Brunet
	Member	Ján Kodaj
	Member (till 12 February 2013)	Ivan Marták
	Member (till 25 July 2012)	Dana Prekopová
	Member (since 13 February 2013)	Zuzana Nemečková
	Member (since 13 February 2013)	Thuy Mai Pavret de La Rochefordiere
	Member (since 26 July 2012)	Martin Schwantzer
Executives	Chief Executive Officer	Pavol Lančarič
	Communication and Brand Director	Andrea Cocherová
	Human Resources Director	Andrea Danielová
	ITN Director/CEO deputy	Ivan Golian
	Chief Financial Officer	Antoine Guilbaud
	Customer Services Director	Vladislav Kupka
	Strategy and Regulatory Affairs Director	Ivan Marták
	Commercial Director	Zuzana Nemečková

Employees

	31 December 2012	31 December 2011
Number of employees	1 300	1 358
Of which: managers	127	131

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 2012.

(a) Standards and interpretations adopted by EU effective in 2012 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, 2012 but are not relevant to the Company's operation:

- Amendments to IFRS 1 "First-time Adoption of IFRS" – Severe Hyperinflation (effective for annual periods beginning on or after 1 July 2011). Amendments provide guidance for entities emerging from severe hyperinflation either to resume presenting IFRS financial statements or to present IFRS financial statements for the first time.
- Amendments to IFRS 1 "First-time Adoption of IFRS" – Removal of Fixed Dates for First-time Adopters (effective for annual periods beginning on or after 1 July 2011). The amendments provide relief to first-time adopters of IFRSs from reconstructing transactions that occurred before their date of transition to IFRSs.
- IFRS 7 "Financial Instruments: Disclosures" – Transfers of Financial Assets – amendments effective for the annual period beginning on or after 1 July 2011. Increase disclosure requirements for transactions involving transfers of financial assets.
- Amendments to IAS 12 "Income Taxes" – Deferred Tax: Recovery of Underlying Assets (effective for annual periods beginning on or after 1 January 2012). The amendment to IAS 12 introduces a rebuttable presumption that deferred tax on investment properties measured at fair value will be recognised on a sale basis, unless an entity has a business model that would indicate the investment property will be consumed in the business. If consumed, an own use basis must be adopted.

(b) Standards, interpretations and amendments to the existing standards and interpretations in issue 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 10 "Consolidated Financial Statements" – (effective on or after 1 January 2013)
- IFRS 11 "Joint Arrangements" (effective on or after 1 January 2013)
- IFRS 12 "Disclosures of Involvement with Other Entities" (effective on or after 1 January 2013)
- IFRS 13 "Fair Value Measurement" (effective on or after 1 January 2013)
- IAS 27 (revised in 2011) "Separate Financial Statements" (effective for annual periods beginning on or after 1 January 2013)
- IAS 28 (revised in 2011) "Investments in Associates and Joint Ventures" (effective for annual periods beginning on or after 1 January 2013)
- Amendments to IFRS 7 "Financial Instruments: Disclosures" – Offsetting Financial Assets and Financial Liabilities (effective for annual periods beginning on or after 1 January 2013)
- Amendments to IAS 1 "Presentation of financial statements" – Presentation of Items of Other Comprehensive Income (effective for annual periods beginning on or after 1 July 2012)
- Amendments to IAS 19 "Employee Benefits" – Improvements to the Accounting for Post--employment Benefits (effective for annual periods beginning on or after 1 January 2013)
- Amendments to IAS 32 "Financial instruments: presentation" – Offsetting Financial Assets and Financial Liabilities (effective for annual periods beginning on or after 1 January 2014)

The future implications of standards, interpretations and amendments that are relevant to the Company are being continuously evaluated and will be applied in accordance with the requirements if applicable.

(c) Standards, interpretations and amendments issued by IASB but not yet adopted by the EU

At present, IFRS as adopted by the EU do not significantly differ from the regulations adopted by the International Accounting Standards Board (IASB), except for the following standards, amendments to the existing standards and interpretations, which were not endorsed for use at the date of publication of financial statements:

- IFRS 1 "Government loans" – (effective on or after 1 January 2013)
- IFRS 9 "Financial Instruments" (2009 version and 2010 version) – effective on or after 1 January 2015, earlier application allowed and Amendments to IFRS 9 "Financial Instruments" and IFRS 7 "Financial Instruments: Disclosures" – Mandatory Effective Date and Transition Disclosures
- Amendments to IFRS 10, IFRS 11 and IFRS 12 Consolidated Financial Statements. Joint Arrangements and Disclosure of Interests in Other Entities: Transition Guidance - (effective for annual periods beginning on or after 1 January 2013)
- Annual improvements to IFRSs 2009-2011 Cycle – (effective for annual periods beginning on or after 1 January 2013)
- Amendments to IFRS 9 "Financial Instruments" and IFRS 7 "Financial Instruments: Disclosures" – Mandatory Effective Date and Transition Disclosures

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.

At the same time, hedge accounting regarding the portfolio of financial assets and liabilities, the principles of which have not been adopted by the EU, is still unregulated. Based on the Company's estimates, applying hedge accounting for the portfolio of financial assets or liabilities pursuant to IAS 39: "Financial Instruments: Recognition and Measurement" would not significantly impact the financial statements, if applied at the reporting date.

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 2012 to 31 December 2012 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, which is also incorporated into 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, 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.

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 (certain financial instruments were revalued to fair value) and on the going concern assumption. The principal accounting policies are included in the paragraphs below.

(d) Change in accounting policy

During 2012 the Company has decided to change its accounting policy related to deferral for connection fees in order to be consistent with accounting policy of the parent company.

As a result of the change, the Company has restated the impact of connection fee related to period 2008 – 2010 by the spreading of connection revenue over the statistical length of the contractual relationship. The restatement was done via retained earnings with the impact of the cumulated restatement in amount of EUR 4 267 thousand (net of income tax).

Previously, the Company recorded connection fee in income statement as received i.e. no deferral of connection fee/renewal fee over the subscription period to the service.

The following table summarises the adjustment made to the statement of financial position on implementation of the new accounting policy:

In thousands of EUR	Deferred tax	Deferred income	Retained arnings
Balance at 1 January 2011 - as previously reported	8,680	27,303	316,374
Impact of change in accounting policy	(1,001)	5,268	(4,267)
Restated balance at 1 January 2011	7,679	32,571	312,107
Balance at 31 December 2011 - as previously reported	5,647	26,197	117,374
Impact of change in accounting policy	(1,001)	5,268	(4,267)
Restated balance at 31 December 2011	4,646	31,465	113,107

There was only an insignificant impact of the change on profit & loss for the year 2011 and therefore it was not adjusted by the Company.

(e) Foreign Currency

Foreign Currency Transactions

Transactions denominated in foreign currencies are translated into euros 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 euros at the foreign exchange rates valid on the dates on which the fair value is determined.

(f) Segment Reporting

A business segment is a group of assets and operations engaged in providing products or services that are subject to risks and returns that are different from those of other business segments. A geographical segment is engaged in providing products or services within a particular economic environment that are subject to risks and returns that are different from those of segments operating in other economic environments.

The Company operates in the Slovak Republic, which is deemed to be one geographical segment. The Company predominantly operates in the mobile telecommunication segment. In September 2007, however, the Company launched a fixed telecommunications (fibre-optic cable) network. As at 31 December 2012, the fixed telecommunication segment was immaterial to show it as a separate segment.

(g) 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.

Leased Assets

Leases according to the terms of which the Company assumes substantially all the risks and rewards of ownership are classified as finance leases. Machinery, equipment, motor vehicles, furniture and fixtures acquired by way of finance lease are stated in an amount equal to the lower of its fair value and the present value of the minimum lease payments at the inception of the lease, less accumulated depreciation (see below) and impairment losses. Currently, no asset is classified as a leased asset.

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 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.

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:

	2012	2011
Radio Access Network	5 to 20 years	5 to 20 years
Transmission	5 to 30 years	5 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	3 to 5 years	3 to 5 years
Buildings	10 to 30 years	10 to 30 years
Other Non-Network Equipment	3 to 10 years	3 to 10 years
Local Loop	10 to 30 years	10 to 30 years

The useful lives of certain categories of property, plant and equipment are reassessed annually by France Telecom Group, 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.

(h) 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 licenses for operating the telecommunication network.

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:

	2012	2011
Software	3 to 10 years	3 to 10 years
Licenses	10 to 16 years	10 to 16 years

The useful lives of certain categories of intangible assets are reassessed annually by France Telecom Group, 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.

(i) 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.

For intangible assets that are not yet available for use, the recoverable amount is estimated at each balance sheet date.

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.

(j) 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.

(k) 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.

(l) Trade Receivables

Trade receivables are recognised initially at fair value (original invoice amount), less provisions for any impairment of the receivables. 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).

(m) Cash and Cash Equivalents

Cash and cash equivalents consist of cash in hand and balances with banks, and highly-liquid investments with insignificant risk of changes in value and original maturities of three months or less at the date of acquisition.

(n) 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 initial recognition. As at 31 December 2012, the Company does not hold any financial assets (2011: no financial assets).

(o) Deferred income – loyalty programme

The Company operates a customer loyalty programme which falls within the scope of IFRIC 13. In 2011, a new offer was released: the Company started to provide reduction on SIM-locked mobile phone prices based on a previous history of billed services during the period without a time-frame contract. Revenue allocated to the benefit granted based on the fair value is deferred when the customers complies with the 2 criteria – past transaction and right to future benefits. Revenue is recognised when the customers receive benefits from the programme.

(p) 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.

(q) 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.

(r) 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 13).

(s) Trade and Other Payables

Trade and other payables are stated at cost.

(t) Revenues

The Company provides mobile and fibre-optic 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 minutes of 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.

Discounts and incentives are accounted for as a reduction in revenues when granted.

The Company enters into multiple element arrangements, which include the sale of handsets, activation fees and service contracts to customers through Company-owned stores and 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 recognises revenue from the sale of handsets upon delivery to the customer. The corresponding cost of sales is charged to expenses when the sales are recognised, which results in a net loss on the sale of the handset. Activation fees charged to the customer are recognised as revenue when the activation is made and the related cost is expensed. Current service fees are recorded as revenue from service when performed.

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

Connection revenues are deferred and amortized over the average expected period of the customer relationship.

(u) Expenses

Operating Lease Payments

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

(v) Taxation

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

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.

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. 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.

(w) Share-Based Payment

Equity-settled share-based payments to employees and others providing similar services are measured at the fair value of the equity instruments at the grant date (see Note 21). The Company accounts for the rights to the parent company's (France Telecom's) equity instruments granted by the parent company to the employees of the Company, as equity-settled transactions in accordance with IFRS 2, and recognises a payroll-related expense and corresponding increase in equity as a contribution from the parent company. In accordance with IFRS 2 „Share-based Payment", the fair value of stock options, employee share issues (concerning the shares of France Telecom) is determined on the grant date. For cash-settled share-based payments, a liability equal to the portion of the goods or services received is recognised at the current fair value determined at each balance sheet date.

(x) 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.

4. PROPERTY, PLANT AND EQUIPMENT

In thousands of EUR	Land and Buildings	Plant and Equipment	Motor Vehicles	Fixtures and Fittings	ARO *)	Under Construction	Total
Cost							
At 1 January 2011	4,122	1,050,267	8,323	30,614	10,755	29,592	1,133,673
Additions	-	-	-	-	6,356	72,938	79,294
Disposals	-	(87,128)	(2,079)	(2,364)	-	-	(91,571)
Transfer	1,922	65,305	1,071	2,741	-	(71,039)	-
At 31 December 2011	6,044	1,028,444	7,315	30,991	17,111	31,491	1,121,396
At 1 January 2012	6,044	1,028,444	7,315	30,991	17,111	31,491	1,121,396
Additions	-	-	-	-	2,351	67,710	70,061
Disposals	(3,141)	(280,230)	(595)	(10,342)	-	-	(294,308)
Transfer	1,161	60,860	595	8,097	-	(70,713)	-
At 31 December 2012	4,064	809,074	7,315	28,746	19,462	28,488	897,149

In thousands of EUR	Land and Buildings	Plant and Equipment	Motor Vehicles	Fixtures and Fittings	ARO *)	Under Construction	Total
Accumulated depreciation							
At 1 January 2011	2,523	722,795	3,531	21,115	1,329	-	751,293
Charge for the year	606	84,002	1,419	4,130	989	-	91,146
Disposals	-	(87,048)	(1,901)	(2,364)		-	(91,313)
At 31 December 2011	3,129	719,749	3,049	22,881	2,318	-	751,126
At 1 January 2012	3,129	719,749	3,049	22,881	2,318	-	751,126
Charge for the year	396	80,669	1,314	4,048	1,143	-	87,570
Disposals	(3,141)	(279,578)	(501)	(10,341)		-	(293,561)
At 31 December 2012	384	520,840	3,862	16,588	3,461	-	545,135
Carrying amount							
At 1 January 2011	1,599	327,472	4,792	9,499	9,426	29,592	382,380
At 31 December 2011	2,915	308,695	4,266	8,110	14,793	31,491	370,270
At 1 January 2012	2,915	308,695	4,266	8,110	14,793	31,491	370,270
At 31 December 2012	3,680	288,234	3,453	12,158	16,001	28,488	352,014

*) Asset Retirement Obligation (ARO) described in note 13

At 31 December 2012, none of the properties were pledged to secure bank loans.

In 2012, transfers from assets under construction to property, plant and equipment mainly comprised investments to upgrade the existing network, particularly swap of 2G/3G Mobile RAN (Radio Access Network) equipment & releases, increase in IP routers equipment & releases, mobile RAN infrastructure, and IT infrastructure.

During 2012, the Company had a disposal in gross value of EUR 294 308 thousand (book value of EUR 747 thousand) relating mainly to old fully depreciated 2G hardware and disposal of furniture and construction works related to old business offices (in summer 2012 the Company moved to new business premises in Bratislava).

5. INTANGIBLE ASSETS

In thousands of EUR	Software	GSM Licenses	UMTS License	Other Intangible Assets	Under Construction	Total
Cost						
At 1 January 2011	109,237	22,764	49,834	1,806	21,259	204,900
Additions	-	-	-	-	58,800	58,800
Disposals	(40,339)	-	-	-	-	(40,339)
Transfer	32,310	40,686	1,837	-	(74,833)	-
At 31 December 2011	101,208	63,450	51,671	1,806	5,226	223,361
At 1 January 2012	101,208	63,450	51,671	1,806	5,226	223,361
Additions	-	1	-	1	19,269	19,271
Disposals	(1,731)	-	-	-	-	(1,731)
Transfer	17,551	-	-	-	(17,551)	-
At 31 December 2012	117,028	63,451	51,671	1,807	6,944	240,901

In thousands of EUR	Software	GSM Licenses	UMTS License	Other Intangible Assets	Under Construction	Total
Accumulated amortisation						
At 1 January 2011	90,418	21,646	14,492	246	-	126,802
Charge for the year	10,840	2,474	3,051	137	-	16,502
Disposals	(40,339)	-	-	-	-	(40,339)
At 31 December 2011	60,919	24,120	17,543	383	-	102,965
At 1 January 2012	60,919	24,120	17,543	383	-	102,965
Charge for the year	12,521	4,069	2,318	137	-	19,045
Disposals	(1,731)	-	-	-	-	(1,731)
At 31 December 2012	71,709	28,189	19,861	520	-	120,279
Carrying amount						
At 1 January 2011	18,819	1,118	35,342	1,560	21,259	78,098
At 31 December 2011	40,289	39,330	34,128	1,423	5,226	120,396
At 1 January 2012	40,289	39,330	34,128	1,423	5,226	120,396
At 31 December 2012	45,319	35,262	31,810	1,287	6,944	120,622

In 2012, the addition mainly comprises the purchase of a customer domain, messaging service platforms and service delivery domain.

6. INVESTMENT 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
At 31 December 2012	349	200	149	1,080	40
At 31 December 2011	777	179	598	1,080	82

In 2010 the Company recognised an investment in Nadácia Orange (hereinafter also 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 2012	31 December 2011
At beginning of period – net deferred tax liability	4,646	7,679
Income statement	32	(3,033)
Change in tax rate (from 19% to 23%) via income statement	985	-
At end of period – net deferred tax liability	5,663	4,646

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

In thousands of EUR	31 December 2012			31 December 2011		
	Assets	Liabilities	Net	Assets	Liabilities	Net
Property, plant and equipment	-	13,546	(13,546)	-	14,707	(14,707)
Inventories	229	-	229	508	-	508
Receivables	3,038	-	3,038	3,155	-	3,155
Other (primary provision for Universal Service, see Note 13)	4,616	-	4,616	6,398	-	6,398
Net deferred tax	7,883	13,546	(5,663)	10,061	14,707	(4,646)

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 2012	31 December 2011
Raw materials and consumables	991	940
Merchandise	15,635	16,195
Provision for slow moving merchandise	(995)	(2,673)
	15,631	14,462

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

At 31 December 2012, no inventories were pledged to secure bank loans.

9. TRADE AND OTHER RECEIVABLES

In thousands of EUR	31 December 2012	31 December 2011
Accounts receivable	110,160	112,701
Allowance for doubtful debts and receivables	(42,219)	(43,603)
	67,941	69,098

At 31 December 2012, 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 based on the past record of payment default by individuals and companies
– Individual method based on an examination of specific overdue items for the wholesale market (roaming, interconnect).

Aging of past due but not impaired trade and other receivables

In thousands of EUR	31 December 2012	31 December 2011
Total receivable	67,941	69,098
Of which: non due	62,706	64,984
past due not impaired	5,235	4,114
Less than 180 days	5,235	4,114
Between 180 days and 360 days	-	-
More than 360 days	-	-

Movements in the allowance for doubtful debts

In thousands of EUR	31 December 2012	31 December 2011
Balance at beginning of the year	43,603	42,352
Net charge against bad debt provision	(1,384)	1,251
Balance at the end of the year	42,219	43,603

Aging of impaired trade and other receivables

In thousands of EUR	31 December 2012	31 December 2011
Total impaired	42,219	43,603
Of which:		
Less than 180 days	2,174	2,912
Between 180 days and 360 days	2,497	3,681
More than 360 days	37,548	37,010

10. CURRENT FINANCIAL LIABILITIES

The balance of EUR 3 713 thousand (2011: EUR 38 918 thousand liability) represents the liability on the cash-pooling account within France Telecom Group. On 15 March 2006, the Company signed a Centralised Treasury Management Agreement with France Telecom S.A (FT). This agreement centralises and organises the cash management by FT of the Company's available funds. FT opened an account in euros with Bank Mendes Gans, which is part of the ING Group (BMG), dedicated to Orange Slovensko. In 2008, by FT's decision, the bank account was changed from BMG to BNP Paribas. The balance outstanding at any time on the bank account represents the cumulative cash-pool deposit or overdraft (balance as at 31 December 2012 and 2011) of the Company with FT.

Cash balances are not subject to any foreign exchange risk as they are denominated in the local currency. 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 1.013% as at 31 December 2012 (1.529% as at 31 December 2011).

11. CASH AND CASH EQUIVALENTS

In thousands of EUR	31 December 2012	31 December 2011
Cash on hand and cash equivalents	218	223
Bank balances and deposits	5,001	4,844
Cash and cash equivalents in the balance sheet	5,219	5,067

The Company's cash balance includes deposits held in interest bearing accounts with maturity less than three months, current accounts and cash on hand.

12. EQUITY

Share capital

At 31 December 2012 the authorised share capital comprised 1 181 755 ordinary shares (2011: 1 181 755), with a nominal value of EUR 33.19 each, 1 ordinary share (2011: 1) with a nominal value of EUR 13.78, and 1 ordinary share (2011: 1) with a nominal value of EUR 0.66.

Reserves

Reserves of EUR 15 260 thousand (2011: 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 2012 profit.

In April 2012, the shareholders approved a dividend payment of EUR 100 million related to 2011 profits at their annual general meeting. An amount of EUR 40 million was paid in June 2012 and EUR 60 million was paid in November 2012.

13. PROVISIONS

In thousands of EUR	Provision for Asset Retirement	Provision for Universal Services	Other	Total
Balance at 31 December 2011	17,949	17,556	2,796	38,301
Provisions made during the year	2,763	-	4,793	7,556
Provisions used during the year	-	-	(2,499)	(2,499)
Provisions reversed during the year	-	(17,556)	-	(17,556)
Balance at 31 December 2012	20,712	-	5,090	25,802

In thousands of EUR	31 December 2012	31 December 2011
Non-current	25,801	35,845
Current	1	2,456
	25,802	38,301

A provision for asset retirement obligation was recorded in the amount of EUR 20 712 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 2.29%, dismantling cost index of 3.00% and number of sites of 2 251 (2011: EUR 17 949 thousand, 15 years, 3.00%, 3.00%, and 2 163 sites, respectively). The increase of the provision was caused predominantly by a decrease in the discount rate from 3.00% to 2.29% in 2012. The Company shows the amount of EUR 19 462 thousand in the asset side of the balance sheet (Note 4).

During 2012 provision for the Universal Services of EUR was released in net amount EUR 17 556 thousand relating to years 2009 – 2012 (2011: release EUR 15 390 thousand relating to years 2006 - 2008). The Company was required to contribute towards the costs associated with the provision of so-called "Universal Service" mandated by the Act and provided by Slovak Telekom. (see more in Note 27). During 2011, the Telecom Office issued Decisions, by which they decided upon re-examination of the application of Slovak Telekom, on the payment of net cost for providing Universal Service for the years 2005 – 2008. Due to these facts, a provision in the amount of EUR 15 390 thousand was released in 2011. Based on the decision of Telecom Office from June 2012, the Slovak Telekom is not entitled for compensation of costs related to rendering of Universal Services in the period 2009 - 2010. Effective from March 1, 2012 Telecom Office explicitly defined conditions for constitution of unfair burden. As the claim of Slovak Telekom for compensation for costs was dismissed by Telecom Office for the period 2005 – 2010, as well as for the period from March 2012 the conditions of unfair burden as per new legislation were not met, the Company applied the same assumption for the period 1.1.2011 - 29.2.2012 and has released the full amount of accumulated provision in June 2012.

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

14. TRADE PAYABLES AND OTHER LIABILITIES

In thousands of EUR	31 December 2012	31 December 2011
Trade payables	49,370	53,416
Accrued liabilities	65,188	64,242
Tax liabilities (VAT)	5,686	5,956
Liabilities to employees	12,146	12,004
Other current liabilities	579	1,612
Total	**132,969**	**137,230**

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

Payables within and after maturity

31 December 2012

In thousands of EUR	within maturity period	within 360 days overdue	more than 360 days overdue	Total
Trade payables	41,039	8,331		49,370
Accrued liabilities	65,188			65,188
Tax liabilities (VAT)	5,686			5,686
Liabilities to employees	12,146			12,146
Other current liabilities	579			579
Total	**124,638**	**8,331**	**-**	**132,969**

The biggest part of category "within 360 days overdue" is one invoice in amount of EUR 7 017 thousand due to FT Group which will be paid at the beginning of 2013.

31 December 2011

In thousands of EUR	within maturity period	within 360 days overdue	more than 360 days overdue	Total
Trade payables	52,400	960	56	53,416
Accrued liabilities	64,242			64,242
Tax liabilities (VAT)	5,956			5,956
Liabilities to employees	12,004			12,004
Other current liabilities	1,612			1,612
Total	**136,214**	**960**	**56**	**137,230**

15. DEFERRED INCOME

In thousands of EUR	31 December 2012	31 December 2011 (restated)
Prepaid phone cards (Prima cards)	5 062	5,769
Post paid customers	23,737	25,182
Other	477	514
Total	**29 276**	**31,465**

16. REVENUES

Revenues are presented in the table below:

In thousands of EUR	2012	2011
Revenues from services	656,231	708,187
Sale of equipment	19,798	20,379
Total Revenues	**676,029**	**728,566**

17. EXTERNAL PURCHASES

External purchases are presented in the table below:

In thousands of EUR	2012	2011
Purchased goods and services	183,778	194,013
Service fees and interoperator costs	106,918	110,573
Costs associated with non-current assets	16,079	14,667
Other	28,512	23,083
Total external purchases	**335,287**	**342,336**

18. OTHER OPERATING (INCOME) / EXPENSES, NET

In thousands of EUR	2012	2011
Brand royalty and management fees	17,414	18,745
Bad debt provision	1,268	3,950
FX differences net	26	(34)
Other operating expenses	3,695	14,716
Other operating income	(29,313)	(23,696)
Total other operating (income) /expenses, net	**(6,910)**	**13,681**

Included in Other operating income in 2012 is release of a Universal Services provision in the amount of EUR 17 556 thousand, related to periods 2009 – 2012 and in Other operating expenses in 2011 is the creation of a provision for Universal Services in the amount of EUR 5 830 thousand (for more details see Notes 13 and 27).

19. WAGES AND CONTRIBUTIONS

In thousands of EUR	2012	2011
Wages and salaries	33,326	32,855
Bonuses and untaken holiday payroll provision	7,060	9,029
Social contribution	12,067	11,540
Other	3,566	3,135
Total wages and contributions	**56,019**	**56,559**

20. INCOME TAX

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

In thousands of EUR	2012	2011
Income tax payable		
from operating activities	39,473	44,169
Deferred income tax		
from operating activities	32	(3,034)
change in tax rate	985	-
Total income tax	40,490	41,135

The Slovak Corporate Tax rate changed from 19% to 23% effective from January 1, 2013.

In thousands of EUR	2012	2011
Profit before tax	185,000	208,342
Income tax at the rate of 19%	35,150	39,585
Income tax in respect of prior year	302	240
Special levy applied since September 2012	2,986	-
Impact of adjusting items:		
change in tax rate	985	-
permanent differences and other differences	1,067	1,310
Total income tax	40,490	41,135

21. SHARE-BASED COMPENSATION

Under share-based compensation, the Company reports:

Employee Share Offers

Following the sale of a portion of France Telecom's capital by the French state, shares were offered to the Group's current employees. FT sees employee shareholding as a way to motivate and reward employees for the Company's performance. The estimated fair value of shares subscribed by employees amounted to EUR 326 thousand as at 31 December 2012 (2011: EUR 326 thousand).

Free Share Plan

In July 2011, France Telecom Group adopted a Free Share Allocation plan with the underlying shares of France Telecom SA. This plan will allow every eligible Group employee to receive free France Telecom shares, or cash payment equivalents to the value of the France Telecom shares in certain countries. In a Cash Payment equivalent Plan, employees did not receive FT shares but a cash payment equivalent to the value of France Telecom shares. The plan will be subject to achieving a collective performance condition: the total operating cash flow, accumulated over three years from 2011 to 2013, has to reach certain amount. The value of the Cash Payment equivalent Plan amounted to EUR 788 thousand as at 31 December 2012 (2011: EUR 179 thousand). The program will end in July 2015.

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 program 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 10) and equity attributable to equity holders of the parent, comprising issued capital, reserves and retained earnings as disclosed in notes 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 at 31 December 2012 and 2011 were as follows:

In thousands of EUR	31 December 2012	31 December 2011
Cash and cash equivalents	(5,219)	(5,067)
Financial (assets)/liabilities	3,713	38,918
Net debt	(1,506)	33,851
Equity	379,307	334,797
Net debt to equity	0%	10%

Main Categories of Financial Instruments

In thousands of EUR	31 December 2012	31 December 2011
Financial assets		
Cash and cash equivalents	5,219	5,067
Current financial assets	-	-
Trade and other receivables	67,941	69,098
Financial liabilities		
Current financial liabilities	3,713	38,918
Trade payables and other liabilities	132,969	137,230

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 previous Company's exposure to changes in the EUR Exchange rate was ended with effect from 1 January 2009 when EUR became the official currency of the Slovak Republic. The Company ensures that its net exposure is maintained at an acceptable level by buying or selling US dollars and other foreign currencies at spot rates when it is necessary to address short-term imbalances.

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

In thousands of EUR	Liabilities		Assets	
	2012	2011	2012	2011
Currency USD	501	513	31	89

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.

Credit Risk

The concentration of credit risk with respect to trade receivables is limited due to the large number of customers served by the Company. 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 accrued liabilities 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.

2012

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-interest bearing	-	46,273	86,696	-		-
Financial guarantee contracts	-	-	-	-	-	-
Variable interest rate instruments	1.031%	3,713	-	-	-	-
Total		**49,986**	**86,696**	**-**	**-**	**-**

2011

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-interest bearing	-	56,679	79,559	992		-
Financial guarantee contracts	-	-	-	-	33	80
Variable interest rate instruments	1.529%	38,918	-	-	-	-
Total		**95,597**	**79,559**	**992**	**33**	**80**

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.

2012

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-interest bearing	-	67,130	810	-		-
Cash and cash equivalents	0.080%	5,219	-	-	-	-
Variable interest rate instruments		-	-	-	-	-
Total		**72,349**	**810**	**-**	**-**	**-**

2011

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-interest bearing	-	68,408	690	-	-	-
Cash and cash equivalents	0.367%	5,067	-	-	-	-
Variable interest rate instruments		-	-	-	-	-
Total		**73,475**	**690**	**-**	**-**	**-**

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 France Telecom 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 2012	31 December 2011
Trade accounts receivable - current		
France Telecom SA	2,265	2,244
France Telecom SA - cash pool account	-	-
Equant	1,925	1,729
PTK Centertel	60	75
Polish Telecom	295	284
Orange Romania	118	29
Other	246	66
	4,909	**4,427**

In thousands of EUR	31 December 2012	31 December 2011
Liabilities - current and unbilled supplies		
France Telecom SA	8,230	8,026
France Telecom SA - cash pool account	3,713	38,918
Orange Brand Services	2,360	5,449
Orange CorpSec	90	90
Orange France SA	233	70
Orange Communications, Switzerland	245	41
Other	347	205
	15,218	**52,799**

In thousands of EUR	2012	2011
Purchases		
France Telecom SA	10,639	11,266
Orange Brand Services	10,495	11,233
Orange CorpSec	1,073	1,074
Orange Romania	363	555
Orange France SA	633	217
Orange Communications, Switzerland	164	379
Polish Telecom	742	450
PTK Centertel	323	339
Other	804	632
	25,236	**26,145**

In thousands of EUR	2012	2011
Sales		
France Telecom SA	8,937	10,056
Equant	6,264	5,654
PTK Centertel	393	450
Orange France SA	128	167
Orange Romania	294	222
Polish Telecom	1,352	1,235
Orange CorpSec	121	138
Other	97	152
	17,586	**18,074**

The following related party transactions are applicable for the Company:

– Management fees, brand fees – transactions mainly with Orange Brand Services and France Telecom 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	31 December 2012	31 December 2011
Statutory body	48	48
Supervisory body	63	88
Total	**111**	**136**

25. OPERATING LEASING

Leases as 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 2012	31 December 2011
Less than one year	2,373	5,359
Between one and five years	11,061	7,636
After five years	6,622	6,340
	20,056	**19,335**

Total expenses for rent represent EUR 13 million (2011: EUR 13 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 13, 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 the total amount of EUR 13 463 thousand, of which EUR 2 881 thousand relate to an intangible investment and EUR 8 133 thousand relate to investments in 2G/3G network assets, and the remaining commitments relate to investments in other long-life assets. The Company also has commitments related to the purchase of handsets in the total amount of EUR 15 955 thousand (2011: EUR 9 512 thousand)

Legal Commitments

The Company gave guarantees to third parties in amount of EUR 80 thousand (2011: EUR 113 thousand).

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.

Estimated Asset Retirement Obligation

The Company recorded an asset retirement obligation for the retirement and decommissioning of base stations. Orange Slovensko, a.s. places base stations on land, rooftops and other premises under various types of rental contract. In estimating the fair value of the asset retirement obligation for the base stations, the Company made a range of assumptions, such as the cost of removing network equipment and remediating the sites and time of site usage.

Provision for Litigation

In March 2010, on basis of an interpretation of the amended civil code, a judgment by a Slovak court created a legal uncertainty around the contractual penalties charged by the Company, insofar as they were independent of the cost of the handset provided or the moment at which the customer breaches their contract. Consequently, Orange adjusted its commercial policy for the future, to take into account the value of the customer advantage in the penalties that are charged, but continued to execute court decisions based on the previously existing contracts. Following the new consumer protection law effective since November 2012, which foresees the possibility of class actions, a consumer association filed a litigation against

Orange claiming EUR 1 million on grounds that contractual penalties as executed represent an unacceptable contract condition. In this respect the Company has decided to record a provision in an amount covering 100% of claim.
In parallel, several isolated, individual claims have been initiated by some customers to re--open, via an extraordinary procedure, closed cases whereby judicial decisions condemned customers to pay Orange contractual penalties. Given this new legal & judicial context, the Company has decided to record a provision in an amount of 50% of maximum exposure. Since June 2012 the Company has changed contractual penalties calculation to be in line with law and court decisions. In order to prevent any future legal uncertainty, application of penalties in courts resulting from contracts signed before June 2012, have been replaced by a policy of damage compensations.

Provision for Universal Service Costs

Under the currently-valid Telecommunications Act, the Company is required to contribute towards the costs associated with the provision of so-called "Universal Service" mandated by the Act and currently provided by Slovak Telekom. Slovak Telekom (the incumbent operator) is claiming the total net Universal Service costs arising since January 2005 from all telecom operators. The Telecommunications Office of the Slovak Republic reserves the right to review the calculation methodology that the incumbent operator would deploy to identify the relevant net cost components as well as the telecommunication operators' market share. The timing and amount of the claim to contribute towards the net costs of the Universal Service that the incumbent operator is entitled to request from the Company are largely dependent upon the results of the Telecommunications Office's resolution. During 2011, the Telecom Office issued Decisions, which decided upon re-examination of the application of Slovak Telekom for payment of the net cost of providing Universal Service for the years 2005 – 2008. The Telecom Office decided that the provision of Universal Service between 2005 – 2008 did not constitute for Slovak Telekom a disproportionate burden, and that they should therefore not receive compensation for their losses. Based on the decision of TU from 25.6.2012, the Slovak Telekom is not entitled for compensation of costs related to rendering of Universal Services in the period 2009 - 2010. Effective from March 1, 2012 TU explicitly defined conditions for constitution of unfair burden. Based on the Company's preliminary assessment of such definition, neither of these conditions has been fulfilled for period 3-12/2012.

As the claim of Slovak Telekom for compensation for Universal Services costs was dismissed by the Telecommunications Office for the period 2005 – 2010 as well as for the period from March 2012 the conditions of unfair burden were not met, the Company's management applied the same assumption for the period 1.1.2011 – 29.2.2012 and has released the full amount of accumulated Universal Services provision in June 2012.

Loyalty program

In 2011, a new handset subsidy scheme was launched commercially, whereby the Company provides a reduction in prices of mobile phones for customers with or without a minimum committed contractual duration. The reduction is based on the history of a customer's bills during the period when they were using services of the Company without any committed contract duration (so-called "backward subsidies").

Based on the assessment according to historical data from the period starting April 2011, the Company estimates the potential amount of revenue to defer - fair value of benefit granted under the customer loyalty programme by applying statistical techniques. Inputs to the model include making assumptions about expected redemption rates, fair value of the discount that will be redeemed in the future.

Due to missing reliable historical statistical data for 2011, the Company did not assess the effect of income that should be deferred in connection with this loyalty program and did not account for any deferral as of 31 December 2011 but the whole deferral was recorded in 2012.

Connection fees

Activation fees are deferred over the expected customer retention period. This period is estimated on the basis of the anticipated term of the customer relationship under the arrangement which generated the activation fee.

Financial Crisis and Economic Recession

The Company's management is monitoring the impact of the financial crisis and the economic recession on the Company's business activities. Management believes that the financial crisis and recession has had no significant impact on the Company's business activities owing to the nature of the Company's activities, the large number of customers comprising its customer base, and the limited level of risk associated with using external sources of financing.

28. SUBSEQUENT EVENTS

Orange Slovensko has become a licensed payment institution pursuant to the Act on payment services on February 1, 2013, providing payment services which fall under the regulation of National Bank of Slovakia.

No other events with a material impact on the true and fair presentation of facts presented in these financial statements occurred after 31 December 2012 up to the preparation date of these financial statements.

29. APPROVAL OF FINANCIAL STATEMENTS

The financial statements were approved by the Board of Directors and authorised for issue on 10 April 2013.

Pavol Lančarič
Chief Executive Officer

Antoine Guilbaud
Chief Financial Officer

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