annual report

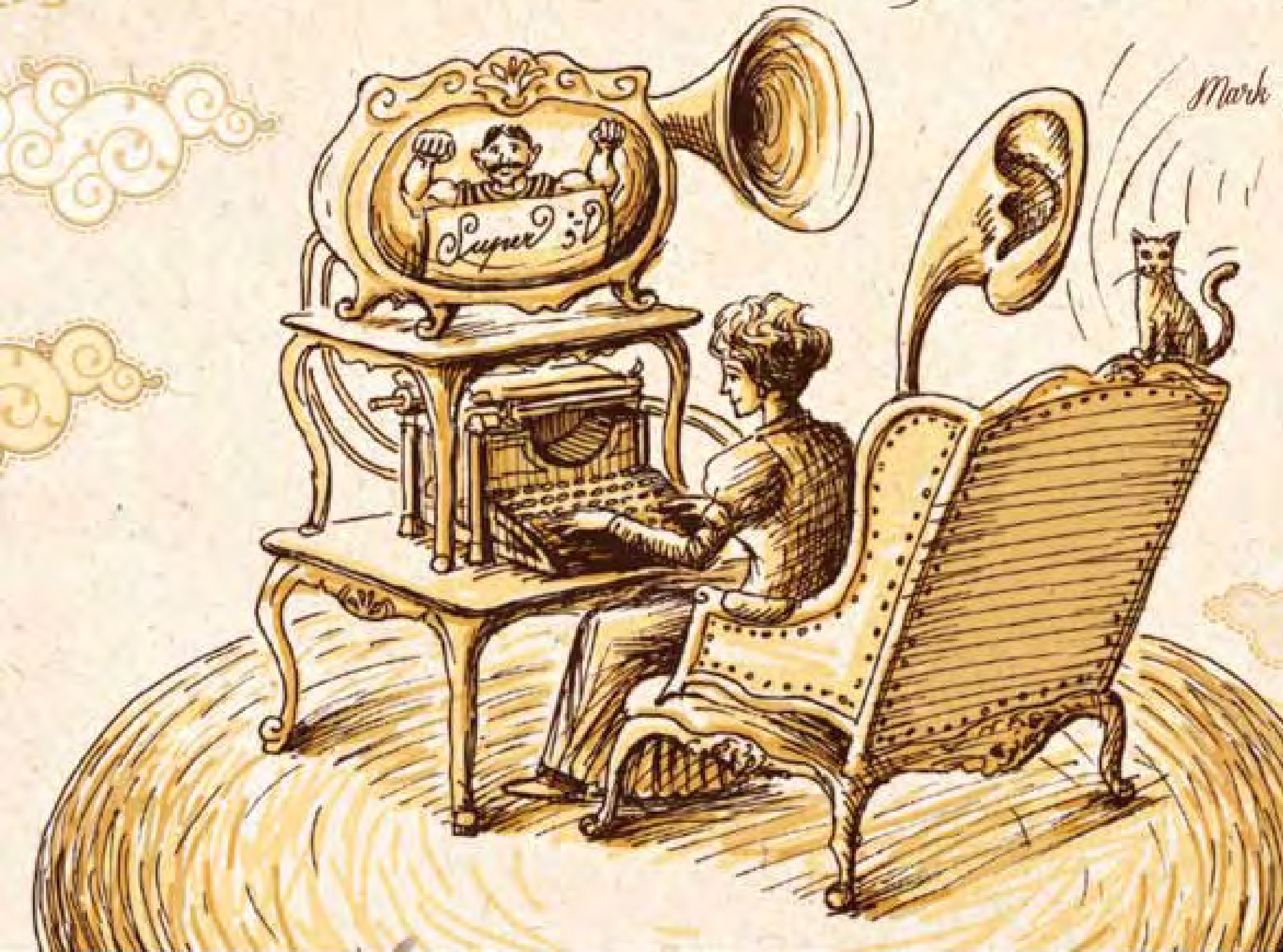
2013

orange™

content

An improved limitless remote telephone displays world events on a daily basis to an individual who can comment on the events with others, although there are great distances among them.

Mark Twain, 1865



chapter 1

Orange Slovensko, a.s.

a subsidiary of the global group Orange S.A.
the bodies of Orange Slovensko, a.s.

Orange Slovensko, a.s. – a subsidiary of the global group Orange S.A.

registered office

Metodova 8, 821 08 Bratislava, Slovak Republic

company No.

35697270

the date of registration in the Companies register of the Slovak republic:

3 september 1996

legal form

joint-stock company

wording of the registration in the Companies register

registered in the Companies Register of District Court Bratislava I,
Section: Sa, File No.: 1142/B

basic information about the company

Orange Slovensko, a.s. is the largest mobile operator and one of the leading providers of the fixed broadband Internet and digital television in Slovakia.
The company has been commercially on the market since 1997. As at 31 December 2013, Orange Slovensko, a.s. recorded 2.79 million active customers of the mobile network and more than 160,000 customers of the fixed network. By the end of 2013, Orange Slovensko, a.s. achieved revenues of EUR 622 million.

Orange Slovensko, a.s. belongs to the worldwide Orange Group, which is one of the largest mobile operators and providers of broadband Internet in Europe. As at 31 December 2013, the Orange Group achieved revenues of EUR 41 billion and its services were used by more than 236 million customers.

Orange is a leading provider of mobile broadband Internet in the largest 3G network i n Slovakia with unrivalled coverage for more than 4.3 million inhabitants in 138 cities and 928 adjacent municipalities. Orange high-speed mobile data network in HSPA+ standard, which is available throughout Slovakia covered by the UMTS signal, nowadays supports download speeds of up to 21.1 Mbit/s. It is available for more than 60% of the Slovak population at speeds up to 42.2 Mbit/s.
Orange Slovensko, a.s. is the first telecommunications operator in Slovakia which launched the most advanced fixed network of a new generation based on FTTH (Fiber To The Home – optics for apartment) technology, which currently covers more than 325,000 households in 17 cities in Slovakia. The quality of services provided by Orange Slovensko, a.s. meets the criteria of ISO 9001:2000; apart from that, the company is a holder of the certificate of Environmental Management System according to ISO 14001:2004. In Slovakia, it is a leader in corporate social responsibility and corporate philanthropy being covered by Nadácia Orange (in English: “Orange Foundation”).

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

company bodies

board of directors

chairman	Brigitte Marie Bourgoin
vice chairman	Ladislav Rehák
member and CEO	Pavol Lančarič
members	Ivan Golian
	Dominique Garnier
	Antoine Guilbaud
	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

CEO	Pavol Lančarič
director of information technology & network and deputy director general	Ivan Golian
chief financial officer	Antoine Guilbaud
director of strategy and regulatory affairs	Ivan Marták
commercial director	Zuzana Nemečková
director of communications and brand	Miloš Lalka
director of human resources	Andrea Danielová
director of customer service	Vladislav Kupka

Pavol Lančarič

CEO

Pavol Lančarič was born in 1963. He graduated from the Faculty of Commerce at the University of Economics in Bratislava, obtaining his PhD in 1991. Between 1990 and 1992, he was a member of the Advisory Board of the Prime Minister in the Government Office of the Slovak Republic. Since 1993, he has been holding managerial posts in various multinational companies. Since 1997, he has been working at Orange Slovensko, a.s., in which he assumed the post of Commercial Director. Since 1999, he has been CEO of Orange Slovensko, a.s., while also acting as a Board Member.

Ivan Golian

director of information technology & network, deputy director general

Ivan Golian was born in 1964. He graduated from the Slovak University of Technology in Bratislava. He defended his PhD at the Department of Applied Informatics and Automation of the Faculty of Materials Science and Technology of the Slovak University of Technology. Starting in 1993, he worked at the Department of Electronics and Automation KIHO in Gent, Belgium; two years later, he started working at Digital Equipment Corporation as a project manager for the banking and telecommunications sectors. In 1997, he joined Orange Slovensko, a.s., in which he was working for more than eight years as one of the top managers, Chief Information Officer, and Chief Operation Officer; in 2005, he became Deputy Director General. Since 2006, he has been as a VÚB bank Board Member, while also acting as the Chief Information Officer and Chief Operation Officer. Since January 2009, he has been the Director of Information Technology & Network at Orange Slovensko, a.s., while also acting as Deputy Director General and a Board Member.

Andrea Danielová

director of human resources

Andrea Danielová was born in 1967. She graduated from the University of Economics in Bratislava. She has been working in human resources management since 1991. Starting in 1996, she held the post of Deputy Director of Human Resources in Globtel GSM, later Globtel, a.s. and Orange Slovensko, a.s. Since 2003, she has been the Director of Human Resources at Orange Slovensko, a.s.

Antoine Guilbaud

chief financial officer

Antoine Guilbaud was born in 1972. He obtained his bachelor‘s degree at Mention Très Bien, and later he graduated from the Institute of Political Sciences in Paris, earning his master‘s degree. Between 1998 and 2000, he worked for France Telecom as the Head of Financial Department; later, he worked at Orange in Paris, in which he was responsible for controlling and costs modelling. Since 2006, he has worked as a Manager of Business Controlling for Mobistar in Brussels. Two years later, he was promoted to the Director of Controlling. Since 2012, he has been Chief Financial Officer in Orange Slovensko, a.s.

Vladislav Kupka

director of customer service

Vladislav Kupka was born in 1974. He graduated from the Faculty of Philosophy of the University of St. Cyril and Methodius in Trnava. In 1994, he began working in sales; since 1996, he has been working at Orange Slovensko, a.s. At first, as an employee of the customer service department; a year later, he held the post of a coach in the Back Office and after that he worked as a deputy manager for three years. Between 2001 and 2006, he worked as a Back Office Manager and later as a Manager of the B2C Department; since July 2008, he has been the Director of Customer Service of Orange Slovensko, a.s.

Miloš Lalka

director of communications and brand

Miloš Lalka was born in 1975. In 1998, he graduated from the Faculty of Management of Comenius University. He has been working at Orange Slovensko, a.s. since 2003, when assuming the post of Advertising Manager. In 2012, he became Deputy Director of Communications and Brand and, since 2013, he has been the Director of Communications and Brand at Orange.

Ivan Marták

director of strategy and regulatory affairs

Ivan Marták was born in 1964. He graduated in journalism from the Faculty of Philosophy of the Comenius University in Bratislava. He acquired technical knowledge in telecommunications at the Slovak University of Technology in Bratislava. He started working at the International Telecommunication Union in 1992 and at the Canadian Institute of Telecommunications Management in Montreal in 1995. From 1993, he held various managerial posts at Slovenské telekomunikácie, š.p. and from 2001 he has been the Director of Strategy and Regulatory Affairs at Orange Slovensko, a.s.

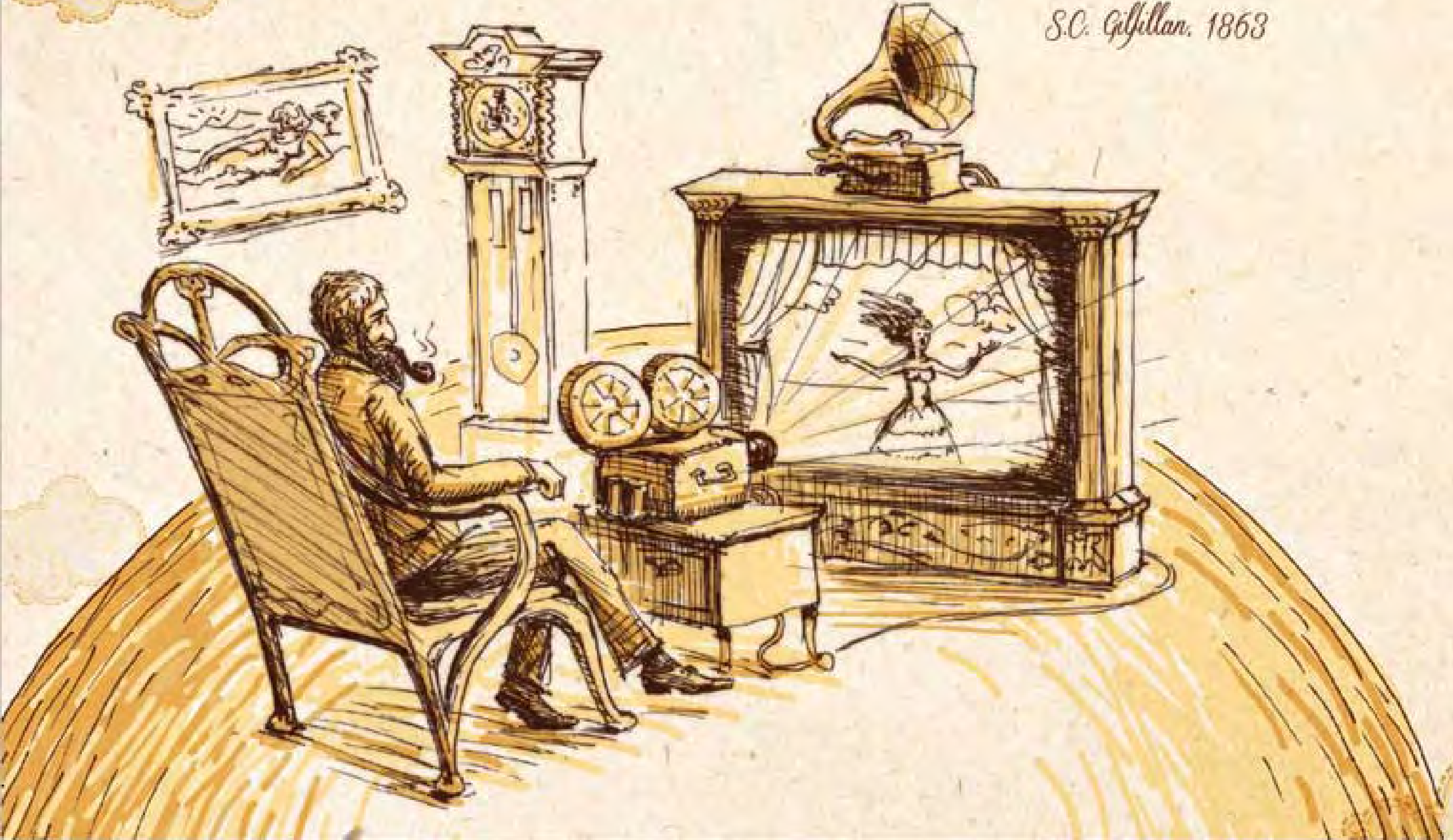
Zuzana Nemečková

commercial director

Zuzana Nemečková was born in 1970. She graduated from the Faculty of Commerce at the University of Economics in Bratislava. In 1993, she started working as an Assistant Director and later as a Marketing Manager at Tchibo Slovensko, s.r.o. In 1996, she became the Head of Sales, Marketing, and Communications at Rajo, a.s. Starting in 2001, she has been the Commercial Director at Orange Slovensko, a.s.

Moving pictures with sound and an electrical device for seeing with a telephone to enable millions of people to see and hear the same performance at the same time and live.

S.C. Gilfillan, 1863



chapter 2

CEO's speech

Ing. Pavol Lančarič, PhD.

CEO and board member Orange Slovensko, a.s.

Dear ladies and gentlemen,

We were pleased by last year, mainly thanks to the favour of our customers. We still want to be for them the best choice and the partner on whom they can rely at all times. And, therefore, we were not dissuaded by the difficult economic environment – for a long time affected by a decrease in customers' spending due to price competition and the stagnation of the telecommunications sector – from providing our customers with services and innovative solutions, by which we returned their confidence they have had in us. Our main aim is to offer them high-quality and bargain services that make their communication more comfortable and more favourable, and provide them with service with which they will be satisfied. We are honoured that our customers have been more and more manifesting their satisfaction with us. By

The financial results of the past year confirmed that Orange is a financially sound and efficient company.

choosing Orange services in 2013, more than 895,000 Slovaks again had confidence in us, whether we are talking about customers who left the competition and became Orange customers or who decided to renew their contract with Orange. By the end of the year, the total number of active customers of mobile services reached 2.79 million. Another nearly 161,000 customers used the services of the fixed Internet and digital television, which is 96% more than in the same period a year ago.

The financial results of the past year confirmed that Orange is a financially sound and efficient company. The total financial results of Orange Slovensko, a.s. were in line with expectations, reflecting the development of the economy, as well as the situation on the Slovak and European telecommunications markets and the sustained effort by Orange to provide its customers with valuable services. Despite the continued decrease in revenues by 8% to EUR 622 million, due to cost savings and other measures increasing the efficiency, we achieved the profit

We were pleased by last year, mainly thanks to the favour of our customers. We still want to be for them the best choice and the partner on whom they can rely at all times. And, therefore, we were not dissuaded by the difficult economic environment – for a long time affected by a decrease in customers' spending due to price competition and the stagnation of the telecommunications sector – from providing our customers with services and innovative solutions, by which we returned their confidence they have had in us. Our main aim is to offer them high-quality and bargain services that make their communication more comfortable and more favourable, and provide them with service with which they will be satisfied. We are honoured that our customers have been more and more manifesting their satisfaction with us. By choosing Orange services in 2013, more than 895,000 Slovaks again had confidence in us, whether we are talking about customers who left the competition and became Orange customers or who decided to renew their contract with Orange. By the end of the year, the total number of active customers of mobile services reached 2.79 million. Another nearly 161,000 customers used the services of the fixed Internet and digital television, which is 96% more than in the same period a year ago.

The financial results of the past year confirmed that Orange is a financially sound and efficient company. The total financial results of Orange Slovensko, a.s. were in line with expectations, reflecting the development of the economy, as well as the situation on the Slovak and European telecommunications markets and the sustained effort by Orange to provide its customers with valuable services. Despite the continued decrease in revenues by 8% to EUR 622 million, due to cost savings and other measures increasing the efficiency, we achieved the profit rate of 41.3% in case of the profit before tax, depreciation, and amortization in the amount of EUR 249 million.

When speaking about mobile service revenues, revenues from mobile non-voice services were the fastest growing item. They accounted for almost 28% of the total revenues from mobile services and reached the amount of EUR 145 million. Revenues from fixed services are becoming an increasingly more significant item, which accounts for almost 3% of total revenues and increased year-on-year by 27%.

The continued long-term focus of Orange not only on the price but also on the value of services provided to the customers was the most important factor influencing the results of mobile services. The key success factor was that our offer of mobile voice and data services reflected the different expectations and communication needs of particular customer segments. In the second quarter, Orange made its segment offers even more favourable and improved by introducing Ideal packages, which besides the all-inclusive services deliver much better value and complementary services at no additional costs. Apart from that, Ideal packages increased our customers' interest in superior packages, such as Panther and Panther Pro, which were chosen by one third of the customers.

Ing. Pavol Lančarič, PhD
CEO and board member
Orange Slovensko, a.s.

I will make the car available to masses of people. After doing so, everyone will be able to afford it and almost everyone will own it, too.

H. Ford, 1909

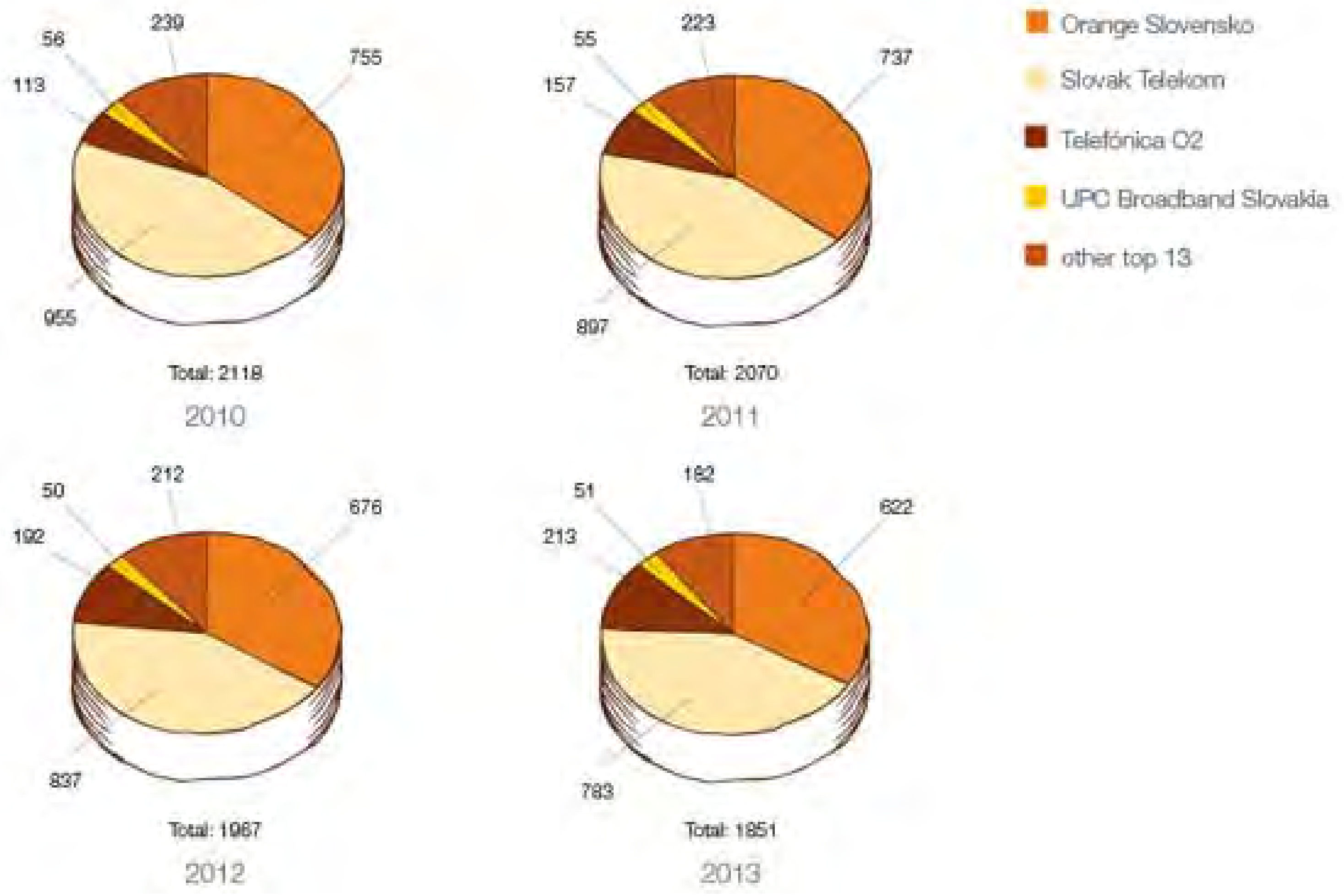
chapter 3
telecommunications market in Slovakia in 2013

changes on the market motivates us to come with a new model of service providing

The telecommunications market in Slovakia has been regularly declining since 2008. It has been facing the pressure of several underlying factors for a long time, particularly price competition, which has been reducing the revenues of the entire telecommunications sector.

The global economic situation has still been reflected in the careful consumption of the population and conservative investments of business clients in telecommunications services. On the other hand, it is regulatory pressure which requires some additional costs to secure the obligations of operators arising from market regulation. Even in 2013, the combination of all these factors resulted in a continuing decline in a telecommunications market value, the revenues of which compared to those in 2012 decreased year-on-year by almost 6% and reached the amount of EUR 1.851 billion.
The decline in the market value was recorded despite an increase in the number of customers of telecommunications operators in this market. This number increased year-on-year by 2,3% to 8,279 million of customers.

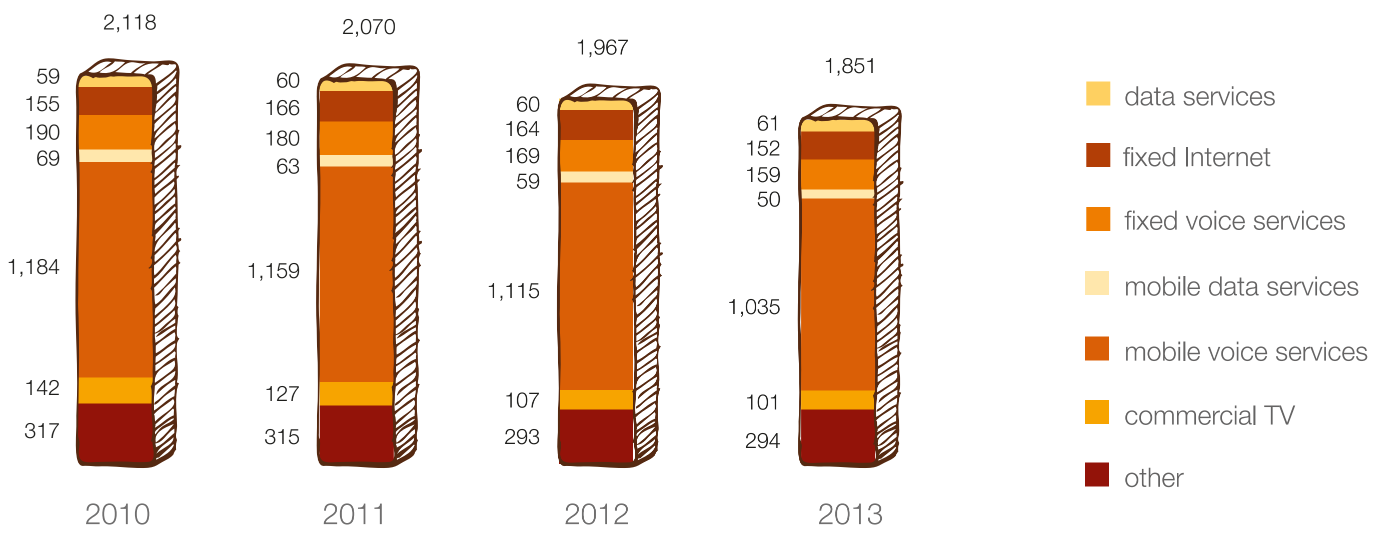
development of a telecommunications market value in Slovakia according to the operators in milions of euro



Comment on the above mentioned chart: The key factors, such as regulation, global economic crisis, and price competition have been reducing the revenues of the telecommunications sector.

Source: data published by operators.

development of a telecommunications market value in Slovakia according to services in milions of euro



The telecommunications market still predominantly includes mobile communication services, which accounted for almost two thirds of the total revenues of the telecommunications market.

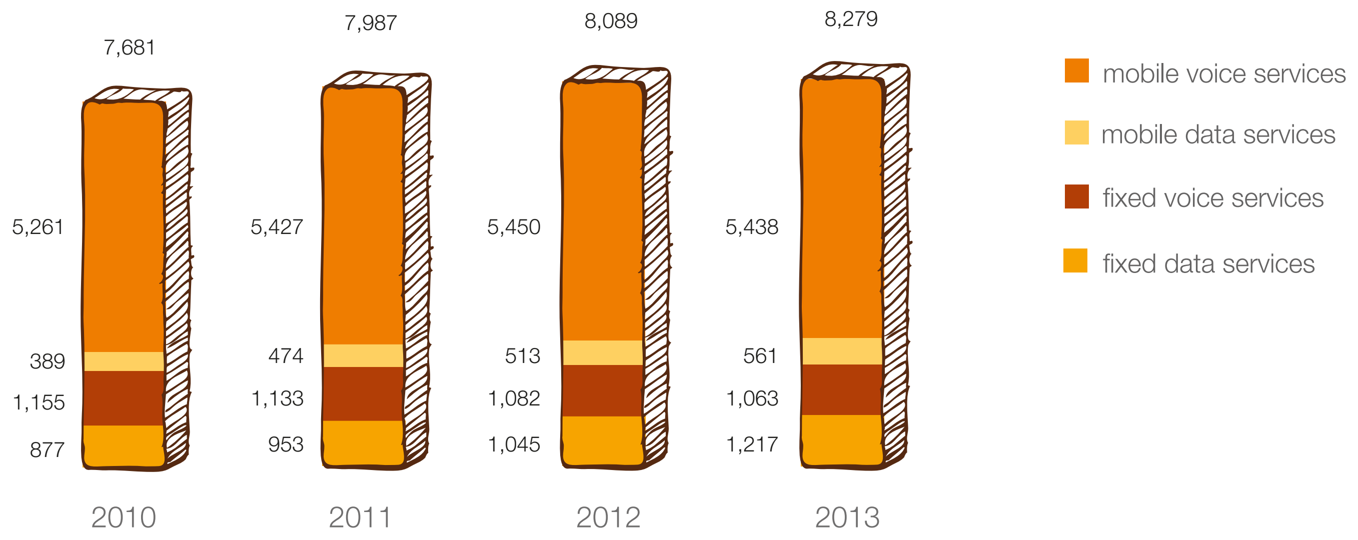
Source: data published by operators.

The majority (approx. 59%) of the revenues of the telecommunications market are generated by mobile communication services. In absolute terms, their value generated last year accounts for 1.085 billion euro. This dominant segment has also been showing for a long time a decrease in mobile voice and data. The last year's decrease reached more than 7%. The decrease was caused by a decrease in overall voice traffic and by a drop in the average price.

The number of customers of mobile services slightly increased year-on-year thanks to an increase in the number of customers of mobile data services. The total number of customers of mobile services accounted for 5.999 million users. Slovaks have traditionally preferred invoiced services for a long time. The share of customers with packages in the total number of customers reached 70%.

The fixed-line segment is the only segment in which we have found a decrease in the number of users. The main reason is the substitution of fixed lines for mobile voice services and voice over IP. On the other hand, the number of customers using a fixed Internet connection has been increasing. This number increased year-on-year by nearly 3%, which means that the highest number of customers came into this segment.

development of the number of customers on the telecommunications market in thousands of euro



The most dynamic increase in the number of customers is in the data services of mobile and fixed networks.

Source: data published by operators.

In the future, it will be possible for a businessman in New York to call from his desk anyone who owns a telephone.

Nikola Tesla, 1909

chapter 4

Orange Slovensko on the telecommunications market in 2013

we see the future in combining services

The year 2013 was another year of innovations for us that connect, entertain, facilitate work, and bring family closer together.

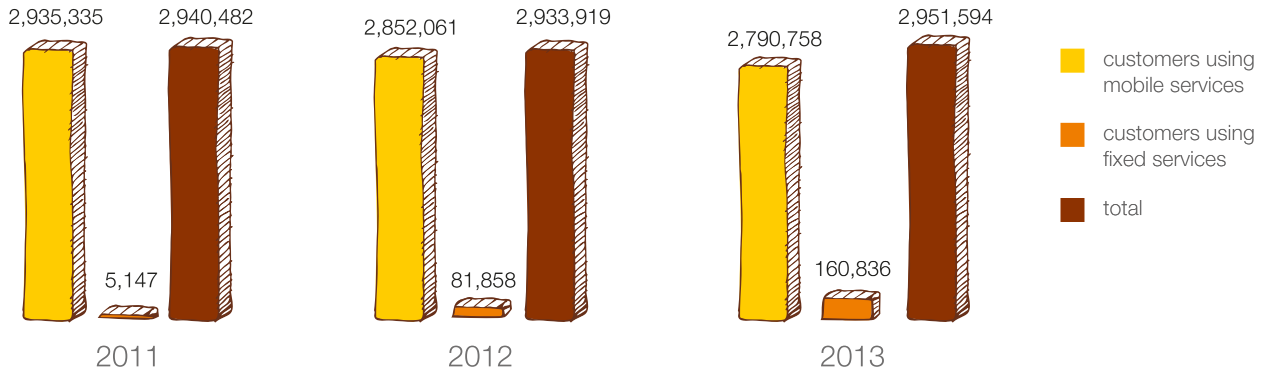
Orange is a stable partner for almost half of all Slovaks, which motivates us to continue in providing new and effective services. The most important phenomenon of last year on the Slovak market was the so-called convergent services that mean mobile and fixed services in a single package making customers' life easier and saving money for households. Orange, as the first operator ever, offered its customers the benefits of combining mobile and fixed services into one package for all household members and to achieve savings thanks to that. Moreover, it makes customers' life easier because they are in contact with just one hotline when using all Orange services and receive an invoice for services in one envelope.

In 2013, 895,000 customers in total trusted our company by signing or renewing their Internet or television service agreement to be charged at a monthly fee. By the end of the year, 2.79 million customers were using Orange mobile

Orange, as the first operator ever, offered its customers the benefits of combining mobile and fixed services into one package for all household members and to achieve savings thanks to that.

services, and the largest increase was found in the interest in the mobile Internet and the Internet on a mobile phone from Orange. Another more than 160,000 customers were using the fixed Internet and digital television provided by Orange and their number almost doubled year-on-year. We are very pleased that Orange is considered by our customers synonymously with quality, reliability, and care not only in providing mobile services, but also in providing fixed Internet and television.

development of the number of customers of Orange Slovensko, a.s.



Last year, Orange found the greatest interest in mobile data services, with regard to which the number of customers almost reached a million, as well as the greatest interest in the Internet and television that were used by nearly twice as many customers as a year ago.

Source: data publishing by operations.

operator for a family

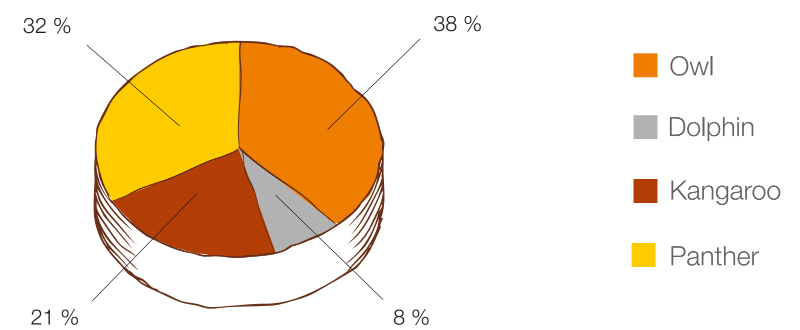
Orange, as the first and only operator, started offering its customers the benefits of combining fixed and mobile services into bargain packages last year. In addition to a voice package, only Orange customers can also be provided with the Internet and television for a household under favourable conditions. We have provided our customers with this convergent offer under the name "Orange for a family" (in Slovak: "Orange pre rodinu"). Within this offer, a customer can immediately get several benefits, all at once, namely a 20% discount on the monthly fee for the Internet and television for a household, 20% discount on a new package called "Ideal package" (in Slovak: "Ideálny paušál") for someone from family members for up to 24 months and the free Internet for a family that can be shared by all family members. Three months after launching this offer, it was used by nearly 30,000 customers and the number of the customers with packages who benefit from the convergent offer continues to grow; it was almost 9% by the end of the year. Moreover, 58% of all sold services for a household were sold within convergent offers.

Orange knows its customers

At the beginning of the summer 2013, it introduced a new offer of “Ideal packages” to the customers who want to have no limits in communication. We prepared the offer in close cooperation with our customers. We tried to take into account not only their ideas and suggestions for improvement being addressed to us, but also their lifestyle and the way in which communication services are used by them. The focus on a value being obtained by our customer thanks to the Ideal package is considered as an important aspect of the offer to us. In addition to voice and data communications, Ideal packages of Orange provide many extra benefits, by which Orange supports its customers anywhere and anytime. Mobile packages of Orange ensure its customers the freedom of communication thanks to endless calls and data. Overall, our customers spent 7% more minutes than the previous year.

Each “Ideal package” contains some form of infinity, thanks to which the customers need not be limited in what they like. During 7 months after the new offer of Ideal packages was introduced, more than 80% of the customers of Orange mobile services decided to use them and currently the Ideal packages are used by one fifth of all Orange customers. More than one third of Orange customers decided to use the Ideal package “Owl” (in Slovak: “Sova”) or “Panther” (in Slovak: “Panter”) and almost 22% of them chose the Ideal Package “Kangaroo” (in Slovak: “Kengura”). Apart from the fact that the proportion of the structure of customers choosing packages with a higher value was increased, up to 97% of the customers using Ideal Packages choose and prefer the package with a commitment when considering to be or not to be bound by a contract.

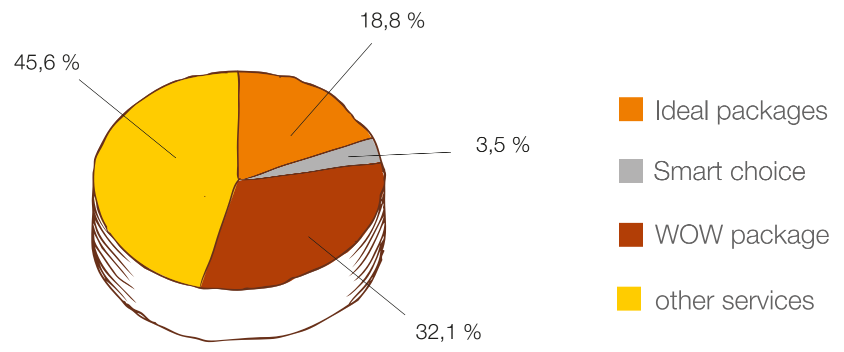
structure of Ideal packages customers



Most customers choose Owl and Panther Ideal packages from the Orange offer.

We have introduced a new package “Smart Choice” (in Slovak: “Šikovná voľba”) and its prepaid version “Smart Prima” (in Slovak: “Šikovná Prima”) in order to address those customers who want to thoroughly keep track of their telecommunications expenses and do not want to be bound by a contract, but wish to pay only for calls they really make. By using “Smart Choice”, the customer pays only for calls being really made; and besides, the more minutes he/she spends for calling, the less he/she pays for the calls made. It is a service without any commitment, other conditions, and even without any invoice, if a customer chooses its prepaid version.

structure of the customers of invoiced mobile voice services

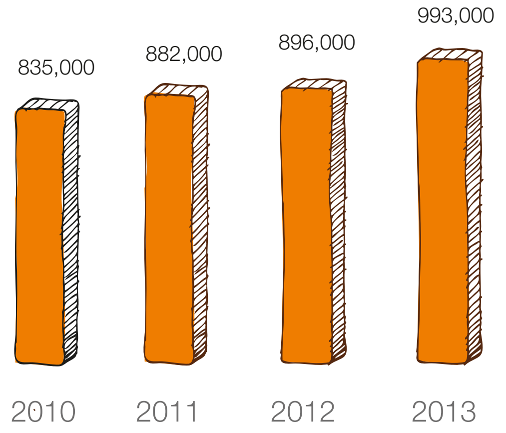


New Ideal tariffs built the base of 20 % customers in a half year.

mobile data services are growing

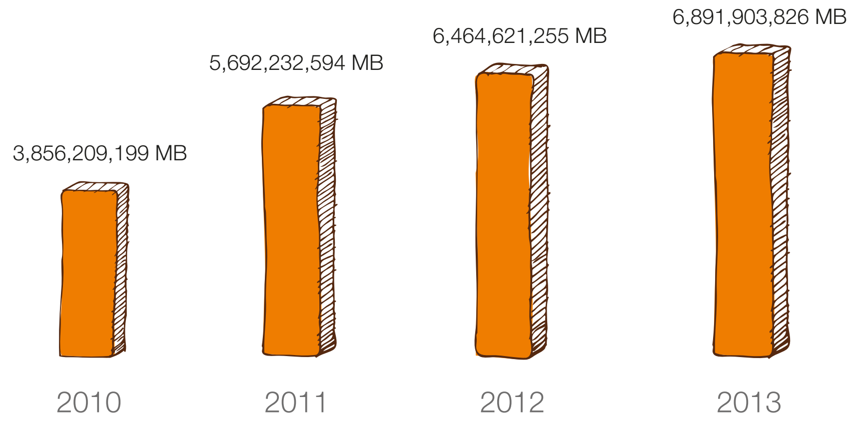
Even last year's data traffic statistics indicate Slovaks' voracious appetite for mobile data. Last year, the mobile data traffic of Orange customers showed a year-on-year increase by a further 7% and the revenues from mobile data services are generally for several years the fastest growing item in the structure of Orange revenues as their share of the total revenues reached 14.2%. The number of customers using mobile data services from Orange has been regularly increasing and at the end of the year, it reached nearly one million. In 2013, we found out an increase in all groups of mobile data services – the Internet on a mobile phone, as well as the mobile Internet for PCs, laptops, and tablets.

development of the number of customers of mobile data services



More and more customers are interested in using mobile data services in Orange, the largest and fastest mobile network.

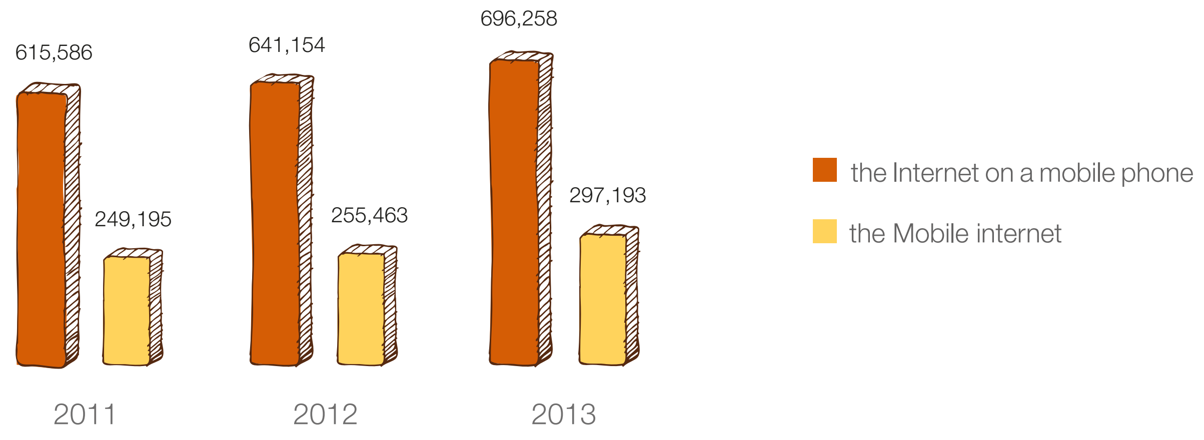
development of data traffic in the mobile network



In recent years, we have detected a mobile data explosion.

The boom in smartphones and tablets is also one of the reasons for the dramatic increase in mobile data traffic. Last year, smartphones accounted for a 75% share of all phones purchased by customers in Orange sales network. Tablets constitute a special group of mobile devices in the Orange mobile data network. We rightly call the year 2013 "The Year of Tablets". More than 50,000 customers bought tablets in Orange last year, which is the most from all operators. Prestigio MultiTab 2 became the most popular tablet of Orange customers, as it accounted for more than half of all tablets sold. Our aim is to enable all the customers to benefit from the fast mobile Internet. And, therefore, we offered to our customers several models of tablets, as well as twin tablets and smartphones for one euro. In order to make the use of data services on multiple devices easier for our customers, we started offering the service of data sharing, which allow them to use their data packages more efficiently and more fully.

development of the number of customers using the mobile Internet and the Internet on a mobile phone



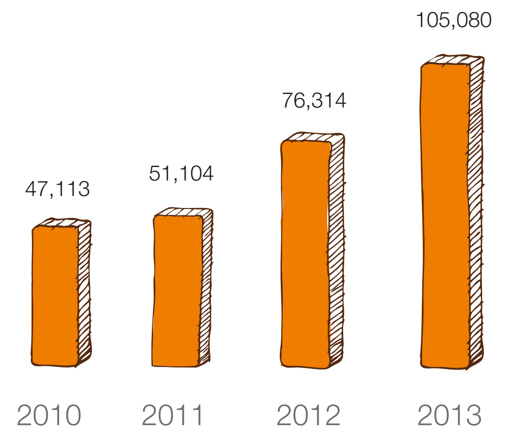
More and more Orange customers want to be connected to the Internet from a tablet or smartphone.

Orange cares about the quality of services and similarly about their availability. In 2013, Orange also continued investing and expanding the coverage of its 3G network. It put the transmitters supporting UMTS 900 technology into operation, which made 3G Internet available through the transmitters that served until recently only for GSM communication. The fast mobile Internet thus became available also in places where it had not been previously possible and more than 85% of the population of Slovakia can, therefore, benefit from the fastest 3G network and more than 55% of them can use the maximum theoretical downlink speeds of 42 Mbit/s.

fixed network services are still in demand

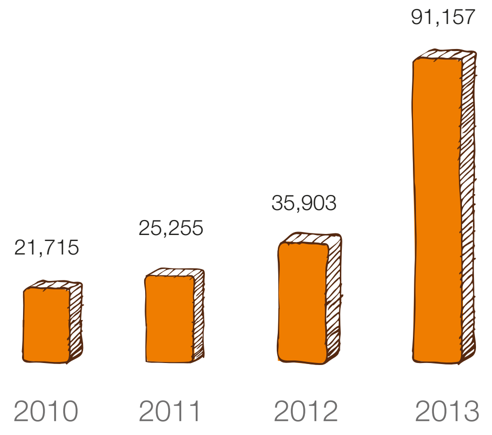
The fixed services form an increasingly important part of Orange revenues. They were year-on-year increased by 27% and their share of the total Orange revenues was increased to 3% last year. Orange provides its fixed services through the most advanced optical network based on the FTTH (Fiber To The Home) technology, which is available to 323,000 Slovak households in 17 towns in Slovakia, as well as through leased DSL lines throughout Slovakia. The total number of the customers using the fixed Internet and digital television was year-on-year increased by 96% and thus exceeded the number of 160,000. DSL Home Internet (in Slovak: “Internet na doma DSL”) and TV Extra (within TV Extra mainly Mobile TV, in Slovak: Mobilná TV) contributed to the greatest increase in the share of fixed services in the total Orange output.

development of the number of customers using fixed Internet



Most customers use DSL home Internet from Orange.

development of the number of customers using digital television



TV extra, with regard to which Orange recorded more than 55,000 customers, contributed to the greatest extent to an increase in the number of Orange digital television customers.

our customers know no boundaries

Orange is a multinational group of operators and, therefore, our customers need not be limited in mobile communications even beyond boundaries. Our goal is to provide our customers with simple and, at the same time, effective services within roaming. Orange, as the first operator on the Slovak market, started offering packages last year that enable communication within roaming as well as in Slovakia, all included in the monthly fee, either calls or mobile data services are concerned. My Europe (in Slovak: “Moja Európa”) and its extended version My World (in Slovak: “Môj Svet”) have been the most popular roaming packages for a long period. By using them, our customers can make calls in all EU countries and transmit data only for 12 cents per minute and in the world only for 50 cents per minute or megabyte. Except for making calls and transmitting data, our customers are given another added value, namely travel insurance abroad, which is a part of the service and means for travellers not only interesting financial savings, but also an increase in comfort and safety.

The appetite of our customers for mobile communications without boundaries has been growing thanks to innovative and bargain services. Last year, more than one million customers were actively using voice or data roaming from Orange, and the number of customers using data roaming was year-on-year increased by 50%. Roaming voice traffic of Orange customers was increased over the last two years by more than 50%; and last year the roaming data traffic generated by Orange customers was increased by more than 400%. This sharp increase in roaming data traffic is the result of innovative offers within roaming data services by use of which Orange customers can surf abroad from 9 cents/MB. Moreover, the monthly fee for roaming data services also includes travel insurance abroad, which is similar to roaming voice services.

Last year, Orange, as the first operator on the Slovak market, started offering packages that enable communication within roaming as in Slovakia that is included in the monthly fee.

Orange understands business

The pressure to optimise the costs of companies is a challenge for operators in the fight for customers, which can be more and more often found in the major international tenders. Orange understands these trends and in addition to bargain services, we put an emphasis on innovative solutions that take customer expectations into account. We appreciate that our business clients have remained loyal to Orange, which led to the stable position of our company in this market segment having by far the highest expectations of operators. This loyalty is an appreciation of our efforts to provide services with high added value.

We also offered our business clients a wide range of telecommunications services without limitations through new packages called “Panther Pro” (in Slovak: “Panter Pro”). These packages enabled them endless communication not only in Slovakia, but also in Europe or in the world, all included in the monthly fee, or roaming calls and data in Europe or in the world at the same prices as in Slovakia. For paying the monthly fee, entrepreneurs and companies are given even greater comfort and absolute freedom in communication. The number of activations of Orange business packages compared to their number in the previous year was increased by almost one third.

Orange can now meet the communication needs of companies to the fullest extent. Orange virtual exchange enabled small and large business clients to review their telecommunications solutions for fixed telephone lines. This service provided by Orange enables you to combine and interconnect fixed and mobile telephone lines of a company, ensure significant cost savings compared to a common physical exchange, and easy extensibility and adapting to actual customer needs virtually any time at no greater costs. This solution was finally reflected in favour of Orange in a 4% year-on-year increase in the share in using fixed lines.

The number of activations of Orange business packages compared to their number in the previous year was increased by almost one third.

We enriched our portfolio of services for the business segment with innovation last year – Orange vehicle tracking. It enables customers to favourably use the benefits and quality of our first-class mobile network with cutting-edge coverage, and thus provide a practical service with a wide range of possibilities and high-tech parameters. Thanks to this service, our business clients keep good track of their fleet virtually any time, concerning localisation, as well as costs.

Orange Slovensko, a.s. is the main provider of mobile services for 62% of all companies in Slovakia. We are pleased that business clients also trust in our services, and they do not only appreciate the quality of Orange data and voice networks, they are also satisfied with our offer of mobile phones and devices for conducting their business.

Instead of the press, there will be reports read each morning to subscribers who will learn about the news of the day from interviews with reporters, statesmen, and scientists.

Nikola Tesla, 1889

chapter 5
customer care

we are here for our customers

Orange is a tireless companion for its customers not only when they need to communicate reliably, but it is also a reliable partner when they need support.

Orange's sincere effort to simplify and improve communication is appreciated not only by customers but also by professionals. In 2013, Orange, as the only telecommunications operator, was awarded the "Hermes communicator of the Year" (in Slovak: "Hermes komunikátor roka") in this field. The expert jury awarded the prize to Orange on the basis of quantitative and qualitative research in cooperation with selected Slovak universities and in communication with selected Orange customers. The jury appreciated the wide range of communication possibilities that are available to Orange customers to manage their services and be supported.

Last year, nearly 1.4 million customers were provided with information and assistance via our Hotline 905, which is operated for them 24 hours a day, 7 days a week. The staff of our hotlines is ready to answer not only questions relating to billing and services, but also to advise them in case of technical issues and problems. In that event, we follow standards which are aimed at solving every problem in the shortest possible time. The second key objective of our customer service is the ability to solve more complex technical problems via a single phone call. Therefore, our customers have the service "Link Expert 14905" (in Slovak: "Expert linky 14905") available. In the last year, our qualified experts provided via this hotline assistance and technical advice on how to remove technical problems or set up devices for more than 88,000 Orange customers and other operators.

We also put our customer support on the favourite social network Facebook last year. The new section "Orange advisor" is available to our customers during workdays and weekends.

In order to enable our customers to always keep a good track of their expenses, and to easily and comfortably get into the customer area or check how many minutes they spent, they can use the user-friendly application "Orange Go" for the second year. More than 250,000 customers downloaded the application onto their mobile devices last year; by using Orange Go, they can keep a good track

The staff of our hotlines is ready to answer not only questions relating to billing and services, but also to advise them in case of technical issues and problems.

of their actual spending at any time, but they can also manage their services by themselves without having to call the hotline or visiting any of our stores.

a good relationship depends on details

We know that a good relationship does not depend on big things only, but the essence lies in details. That is why we try to accommodate our customers and facilitate the use of our services even by small improvements. We inform our customers of the fact that the fee they paid for telecommunications services was reliably credited to Orange's account. Our customer can thus re-verify what amount he/she remitted, and can be sure that we record his/her payment and that his/her liabilities are settled. We also inform them of any planned and unexpected restrictions in the availability of services. They can obtain the information reliably, quickly and first-hand via these major social networks, as well as by each calling the hotline.

Our customers are using increasingly more various services from voice packages, through data services, television, and access to music up to many others. At the same time, the amount of information contained in an invoice has been gradually increasing. As we want to make our invoices clear and easy, in the first half of 2013, we started issuing our customers with invoices containing new, clearer information, which they could easily understand.

there is always someone on whom our customers can rely

We offer our customers more than just the usual care. The system of Orange customers care includes the Office of the Telecommunications Ombudsman – an independent defender of consumer rights applied to Orange customers. It is available to all Orange customers, who can send a complaint to be settled by the Office if they are not satisfied with the outcome of a complaints procedure for any reason. In 2013, the Telecommunications Ombudsman received 870 complaints in total. Overall, the Ombudsman deemed 30 of them reasonable. However, the other 203 complaints were handled by Orange in favour of the customers, despite the fact that Orange made no mistake when providing services. In most cases, it took social, health, or other specific reasons into account.

we care about the future generation

The rapid development of mobile technologies and the Internet brings new risks that threaten the young generation in particular. The latest survey of Orange regarding primary and secondary schools pupils, parents, and teachers confirmed that children and young

Publicizing of the results of Orange surveys helped initiate a public debate, enhance understanding of this issue and increase the interest of parents and teachers in it.

people are threatened mainly by Internet dependence, access to inappropriate content, anonymity, and related risks or by cyberbullying. Orange has been systematically working for eight years to help those people who have the greatest influence – parents and educators – become familiar with the new world of modern technologies and at the same time to increase the awareness of new risks to the most vulnerable groups – primary school pupils. Publicizing of the results of Orange surveys helped initiate a public debate, enhance understanding of this issue and increase the interest of parents and teachers in it.

By supporting new educational materials for teachers and parents, in 2013 we also continued implementing the programme of vocational training for children and teachers. Professional trainers met with 130 teachers and more than 5,800 children throughout Slovakia last year.

We explained the issue to children under the age of 12, by entertaining them in Orange Camps in cooperation with a famous face – popular dancer Laci Strike. In February, we launched an interactive traveling exhibition "Internetove-deti" (in English: "The Internet Kids"), which was visited in total by more than 9,600 adults and children and by 72 grades in Bratislava, Košice, and Piešťany. The exhibition interactively clarified the risks of modern communication via mobile phones or the Internet in practice. We also launched a new thematic website www.e-deti.sk which seeks to clarify the risks of electronic communications to children in an appropriate, interesting, and understandable way.

It will soon be possible to wirelessly transmit messages all over the world so easily that everyone will be able to own and operate his/her own device.

N. Tesla, 1882

chapter 6

networks and information technologies

our services are based on cutting-edge networks and technologies

The Orange strategic aim is not only to ensure the continuous availability of all our services at the highest quality, but also to be a leader in the implementation of the latest technologies and enable our customers to benefit from technological progress.

The total network investments of almost EUR 50 million, which we made in 2013, were, therefore, put into technological renewal, as well as into transformation and development projects that extend the capabilities of electronic communications for our customers and they further improve users' comfort.

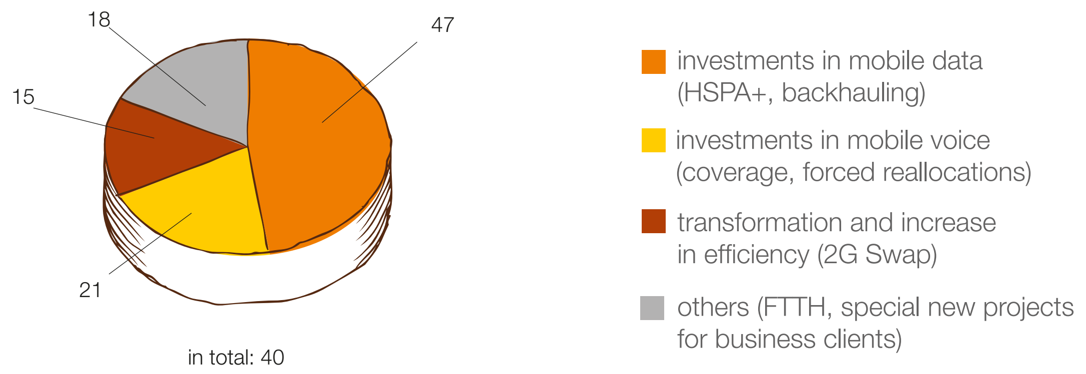
Orange has traditionally been a leader in the quality, supply, and availability of mobile data services. We operate the most extensive mobile broadband network, which is already available to more than 85% of the Slovak population. Last year, we managed to increase the maximum theoretical downlink speeds in 3G network up to 42.2 Mbit/s (data upload: 5.8 Mbit/s) for 60% of Slovaks, and the network is available in the whole territory covered by 3G signal with technical downlink speeds of up to 21.1 Mbit/s. Acceleration and increase in the network capacity at download speeds up to 42 Mbit/s have been implemented in 1,136 base stations in total from all 1,570 3G base stations operated by the end of 2013. We will also continue in this upward trend of accelerating and increasing the network capacity during the year 2014 in order to offer as many customers as possible maximum comfort when using our mobile services. Moreover, Orange put 90 transmitters supporting UMTS 900 technology into operation within its network in Slovakia, which also made 3G Internet available by means of the transmitters that served up to the present only for GSM communication. The fast mobile Internet is thus also available in places where it was not previously possible.

Our customers' satisfaction with voice and data services has been continuously increasing.

The quality of our network is reflected in the satisfaction of our customers. Their satisfaction index has been continuously increasing in voice and data services in the last three years. It is beyond any doubt that their satisfaction is also the result of the fact that in 2013, we historically recorded the lowest values of the network unavailability. We have been detecting a long-term positive trend in the development of calls drop in 2G, as well as in 3G network, as we have been achieving in this issue the best results within the whole France Telecom Group. We managed to reduce the total number of customer complaints to the level recorded in 2010 due to a continuous focus on improving the quality of our services.

During the year 2013, Orange significantly invested in improving its websites, for instance by implementing their responsive design, but also by several internal improvements of the e-shop and customer area on the Internet.

structure of investments in the network in 2013 in milions of euro



Almost half of network investments were made in improving and upgrading mobile data networks.

One day we will make it to the moon.

J. Verne, 1865

chapter 7

human capital management in Orange

we want to have satisfied employees

In 2013, 1,240 employees, on average, worked at Orange Slovensko, a.s. The employees in a ratio of approx. 70% men to 30% women work in the branches of the company in Bratislava (62%) and Banská Bystrica (31%), as well as in Košice and Ivánka pri Dunaji (3%), Nitra and Prievidza.

Last year, human resources management and activities for developing human capital were favourably influenced by several changes and enhancements but also by Orange activities awarded by prestigious prizes in these fields.

Our goal is to have satisfied employees who have space for realising their working visions and for their personal development

A massive expansion of e-learning, mediation of real work experience of first-line employees or new activities for further improvement of the work–life balance ranked among the hot issues of 2013 in Orange.

work–life balance

One of the priorities of the strategy of human resources management in our company is to ensure an appropriate balance between the work and personal lives of the people working at Orange. In order to support this strategic priority, Orange has been offering its employees for a long time many policies and benefits that allow them to spend more time with their loved ones, recharge their batteries and balance the time and energy spent in the workplace with hobbies in their spare time. The standard benefits at Orange include reconditioning stays, extended leave entitlement, compensation for lost earnings during sick leave, contribution to supplementary pension insurance, or extra health checks. In 2013, we added a new significant feature of the organisation of working time – **flexible working hours** to the range of our benefits in order to improve the work-life balance of our employees. By introducing flexible working hours, Orange allowed their employees to more effectively manage and allocate their working time and thus create more space and time for doing activities with their loved ones, for their rest and recovery. Orange's aim is to create better conditions for their employees to enable them to bring their job duties more in line with their personal needs. The appreciable benefits of flexible working hours also include easier traveling for work by avoiding the worst rush hours and facilitation to cope with rush jobs by distributing the working time.

Other selected benefits provided to Orange employees:

- contributions to summer camps for children;
- season tickets for massages;
- discounted tickets for cultural events;
- universal vouchers for sporting activities, culture, education;
- more favourable conditions and discounts for Orange employees in partner companies.

human capital development

Our goal is to have satisfied employees who have space for realising their working visions and for their personal development. We create new opportunities to enable our employees to constantly have the opportunity to develop their professional skills and thus fulfil their personal ambitions and professional skills in line with the strategic needs of Orange. In order to enable our employees to constantly have the opportunity to become better in carrying out their job duties and to move with the times, Orange organises various trainings and workshops for them that contribute to expanding and developing their knowledge and skills. In 2013, we increased again the investments in employee development amounting to EUR 1,009,000 and on average, each Orange employee spent almost 6 days at various staff trainings supported by Orange.

In addition to new areas of staff training, Orange wants to make its employees' access to these opportunities easier. In 2013, we, therefore, started implementing e-learning for professional skills or language learning in selected areas. Orange employees even completed trainings on health and safety at work by e-learning.

As demands on our first-line employees have been constantly rising, we prepared for them last year new standards of sales and customer communications that reflect the latest trends in communication skills, as well as experience and feedback from our customers. The standard trainings had a multimedia form, namely videos and quizzes were added to a text form. The most successful sellers are the participants of the trainings; based on their own long-term experience, they know the best way to explain and simulate situations and talks when being in contact with a customer in practice and thus pass their practical experience to other colleagues.

The telecommunications business is the sector of permanent changes. The development of skills in change management has, therefore, become a priority of training programmes aimed at developing managerial skills of our managers. Even 96% of Orange managers completed such training last year. The programme “Orange is closer” (in Slovak: “Orange bližšie”) is another initiative to develop managerial skills. By completing it all, managers and directors gained real personal experience with customer care and sales in the so-called frontline. After that, based on the positive feedback, we also decided to introduce this programme to other colleagues who have a possibility to spend a

In addition to new areas of staff training, Orange wants to make its employees‘ access to these opportunities easier.

working day throughout the year in a store or customer support departments and thus gain experience on the expectations and needs of our customers directly from the practice.

awards for efficiency and employee care

In 2013, Orange Slovensko, a.s. was awarded the title **Top Employer Europe**. This title is annually awarded by the CRF Institute based in the Netherlands, which focuses on international research in the fields of human resource management and working conditions. The independent award highlighted the level of working conditions and care provided by Orange to its employees. In 2013, in addition to Orange Slovensko, a.s., Orange was awarded this title in Belgium, France, Poland, Romania, Spain, and in the UK. The awarded companies have

to meet high standards in human resource management and respect, as well as support their employees in their personal and professional development.

Orange was also awarded for human capital management efficiency. In 2013, it was awarded the title **Company with The Most Effective Human Capital Management** in the sector of information and communication technologies. The award of the consulting company PwC in collaboration with Združenie pre riadenie a rozvoj ľudských zdrojov (in English: “Slovak Association for Human Resources Management and Development”) is intended for companies that manage their human capital in the most effective way and identify best practices in human resources on the market.

In the future, computers may weigh less than 1.5 tons.

Popular Mechanics, 1949

chapter 8
social responsibility

Nadácia Orange has already been helping for 15 years

2013 was not only a year of new challenges for us, but also a symbolic year – in particular thanks to our corporate foundation "Nadácia Orange". More specifically, it already started the 15th year of its operation in the second half of March 2013.

Its main idea has been to help and spread an optimistic view of the world since the beginning of its running. In 2013 we, therefore, declared 22 March – as the date of incorporation of **Nadácia Orange** (formerly named Konto Globtel/Konto Orange) – the Day of Optimism. Symbolically, the aim of the Day of Optimism is to motivate individuals to be active in their area. It is enough to lend a hand. We also launched a fully new grant program "Grantový program pre optimistov" (in English: "Grant Programme for Optimists"), which provides financial support to micro-projects and is of benefit to the entire community. It even broke records in the number of sent applications during the first year of its running. 476 applications met the programme criteria. Financial support for implementation was given to 87 useful optimistic ideas that were supported by us with the total amount of EUR 15,000.

In the last year, Nadácia Orange implemented 8 grant programmes in total and it continued supporting the work and activities of its long-term partners – the citizens associations Návrat and Autistické centrum Andreas; it supported many good ideas of active people, but it also helped people in need. In 2013, by carrying out its activities, Nadácia Orange reallocated with over 900,000 euro.

Reallocation of funds by Nadácia Orange in 2013	
2,128 received applications within the grant programmes	
690 supported projects within the grant programmes	EUR 438,500
support of the long-term partnerships (Autistické centrum Andreas, citizens association Návrat)	EUR 33,000
63 supported ideas within the programme "Špeciálne príležitosti" (in English: "Special Opportunities")	EUR 334,140
177 applications supported through "Fond pre sociálne slabých a chorých" (in English: "Fund for the Underprivileged and Sick")	EUR 51,111
Total reallocated funds	**EUR 902,266,75**

The grant programme "Darujte Vianoce" (in English: "Give Christmas") is from the Nadácia Orange programmes the most popular one. This programme enables anyone to make Christmas holidays more pleasant to people coping with a cruel hand of fate. This year, Nadácia Orange received the most applications so far – 495 applications for making Christmas holidays more pleasant to someone else. Nadácia Orange thus allocated EUR 65,000 in total.

Nadácia Orange Award for 2012

NGOs were awarded for an outstanding contribution by Nadácia Orange for the fourth time. The Nadácia Orange Award went to nine NGOs for education, community development, and social inclusion. Thus, Nadácia Orange awards entities in the areas to which it gives the priority in carrying out its activities. 79 organisations were competing for the Nadácia Orange Award for 2012; the independent selection committee chose three award-winning organisations in three categories. They expressed not only moral appreciation for their work, but were also awarded prize money. Within each category, the winning organisations were awarded EUR 10,000, organisations in the second place received EUR 5,000 and those in third place EUR 2,000.

Nadácia Orange Award for long-term contribution in education:

1st place: the non-profit organisation "P – MAT";
2nd place: the citizens' association PDCS (Partners for Democratic Change Slovakia);
3rd place: the association "Združenie Orava pre demokraciu vo vzdelávaní".

Nadácia Orange Award for long-term contribution in community development:

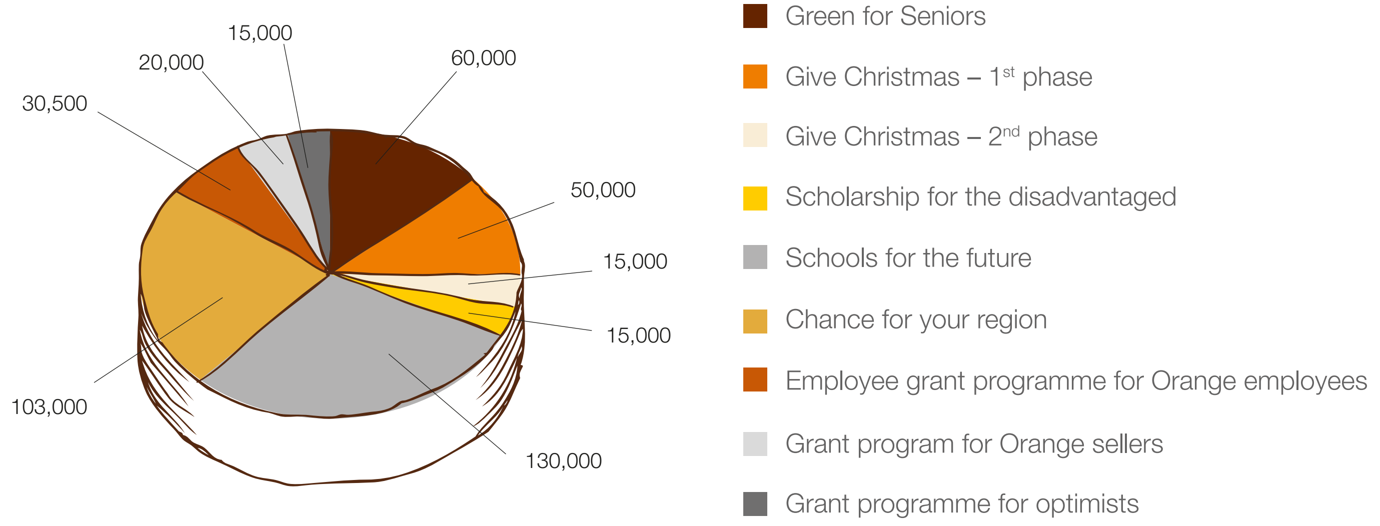
1st place: the association "Združenie Slatinka";
2nd place: the citizens' association "MISIA MLADÝCH";
3rd place: the non-profit organisation "Záhrada – Centrum nezávislej kultúry".

Nadácia Orange Award for long-term contribution in social inclusion:

1st place: the citizens' association "Odyseus";
2nd place: the non-profit organisation "DEPAUL SLOVENSKO";
3rd place: the foundation "SOCIA – Nadácia na podporu sociálnych zmien".

In 2013, Nadácia Orange created its Facebook profile (www.facebook.com/NadaciaOrange) for its fans and friends, as well as for optimists and those who have good ideas and would like to improve the world around them. We believe that it will become a place where good ideas and useful information will be combined or where active people will meet each other, thanks to which more good ideas will be created, making the world an even better place to live.

the amount of funds allocated in the grant programmes of Nadácia Orange



A tremendous interest was shown in the newly opened Grant programme for optimists even in the first year of its existence, wherein 476 applications for support were sent to the programme by applicants, which is the second highest number of applications among all the grant programmes of Nadácia Orange.

Source: data published by operations.

at Orange, we are responsible

Mobile money collections, through which we have been helping for 13 years, were an important area of our philanthropic activities in 2013. We collected EUR 342,370.84 in three long-term money collections, which we have been making with our long-term partners (Priatelia deti Unicef, Magna deti v núdzi and Dobrý Anjel). We collected another nearly EUR 10,000 through the donor DMS system, and this is how we make, on average, 40 collections a year. Non-recurring donations within other 18 collections made in 2013 account for more than EUR 235,000 in total. All these funds are given in full to help people in need, whether on a regular or a one-time basis in cases of crisis.

volunteers in Orange

The support and involvement of employees in carrying out voluntary activities were also included in the agenda of Orange in 2013 – we made collections of clothes, donated blood, and improved the world around us through grant programmes. In May and October, 87 employees in total donated their blood in cooperation with the centre "Národná transfúzna stanica" in Bratislava and Banská Bystrica, which is again a slightly higher number compared to the number in the previous year. Our employees devoted their time or provided funds to improve the community life in 86 projects, which is historically the largest number of projects within the Employee Grant Programme. They were beautifying surroundings, taking care of monuments, helping children, and carrying out many other activities. 729.6 kg of clothes in total were given by Orange employees through collections of clothes that we also made last year in Orange in Bratislava, Banská Bystrica and Košice. We managed to collect together the third largest amount of clothes among 20 companies being involved in these collections in 2013. We supported with the collected clothes seven non-profit organisations that take care of people in need.

For the eighth time, our employees were involved in carrying out environmental activities during the campaign "Európsky týždeň mobility" (in English: "European Mobility Week"). For example, they used during this week 2,201 times in total an alternative form of transport, which is more environmentally friendly. So they went on foot to work or they used public transport, a bike, skates, a scooter or a foot-to-floor ride-on.

we are eco-friendly

Although the provision of telecommunications services does not burden the environment considerably, our business still leaves its mark. That is why we take a green approach wherever we could leave any impact on the environment.

By the end of 2013, more than half (50.9%) of the customers of Orange who were invoiced for services received an electronic invoice, which, compared to a traditional, printed invoice, means many extra benefits. It reduces the environmental burden of administration and improves customers‘ comfort due to the immediate availability of such invoices anywhere and anytime, and due to the immediate availability of free benefits. Last year, we introduced the service of electronic invoices as a standard way of invoices‘ delivery when activating the Orange Internet services. By taking these measures, we managed to increase the number of customers using the electronic invoice year-on-year by almost 11% and by the end of 2013, it was used by 569,440 customers of invoiced services.

By the end of 2013, more than half of the customers of Orange who were invoiced for services received an electronic invoice.

More than a million mobile phones are annually sold in Slovakia, but only a negligible part is environmentally liquidated. Many users even store old, unused phones and the rest of them often ends up in the common household waste and later at the landfill, at which hazardous substances are gradually released into the soil and groundwater. We, therefore, try to motivate our customers to ensure that the most of their used mobile phones would be liquidated in an environmentally friendly way. Within the project "Staré mobily sú na dve veci" (in English: "Old Mobiles Make No Sense") we combined the

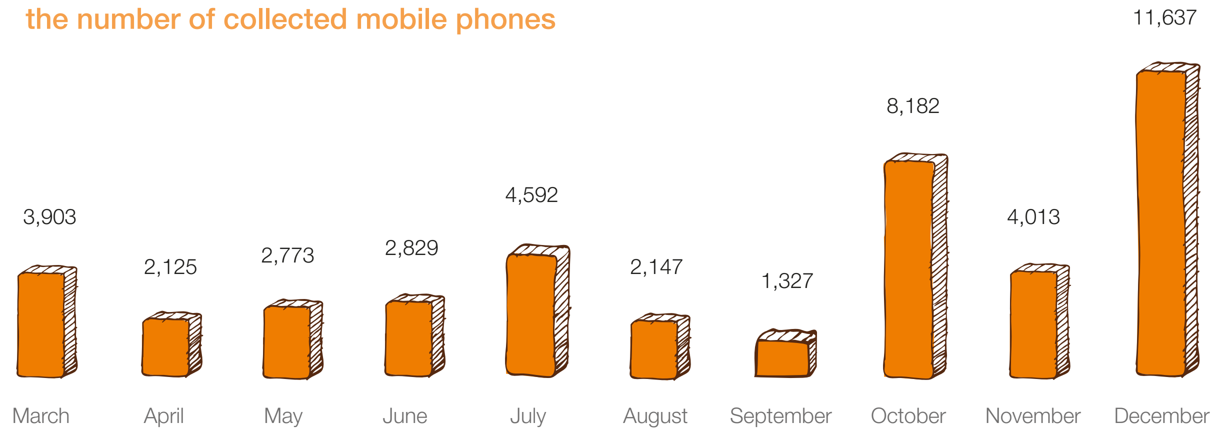
environmental, charitable, and entertaining features into one useful project. Customers who handed over their old mobile phones helped people and could take part in the competition for interesting smartphones. Selected charitable organisations were given 1 euro by Orange for every delivered mobile phone. For the purpose of ecological disposal, we collected 51,897 mobile phones in total thanks to our customers and thus supported with the same amount (EUR 51,897) the non-profit organisations "Návrat" and "Autistické centrum Andreas", as well as the collection "Lienka pomoci" being made by "Nadácia SOCIA".
In addition, we organised an old mobiles collection contest in selected primary schools in the Žilina region and supported the project on mobile phone life cycle in cooperation with the centre "Centrum environmentálnej a etickej výchovy Živica" within the educational activities of Nadácia Orange.

separate collection of paper and plastic bottles

Already in 2007, we also launched a widespread separate collection of paper and plastic bottles in our own stores, office buildings, and the archive. The waste is then cared for and recovered by a selected, authorised company. In 2013, by carrying out this ecological activity, we managed to collect at Orange over 54 tons of paper and more than half a ton of plastic bottles.

We managed to collect more than 54 tons of used paper and more than half a ton of plastic bottles within the internal collection.

the number of collected mobile phones



electric energy savings and reduction of CO_2

At Orange, electricity consumption indirectly contributes to the production of CO_2 to the greatest extent. Within the France Telecom Group, we want to reduce by 2020 the production of CO_2 by 20%. And, therefore, the reduction of electricity consumption is the most important commitment we made with regard to environmental protection. The energy consumption within the administration accounts for about 10% of the total consumption of our company. That is why we carry out saving activities in the workplace, such as the implementation of automatic computer shutdown after the scheduled time, and we also educate our employees how to simply and effectively reduce energy consumption. By optimising servers and computers we managed to slow down the trend of increasing consumption of electrical energy.

Last year, we successfully completed a test project of installing real-time electricity meters in base stations and devices. There are 150 installed meters at Orange. By implementing this project, Orange obtained a better overview and visibility of electricity consumption, the possibility of better electricity purchase planning, new energy action plans installation, resetting of already installed energy action plans (temperature, ventilation), remote maintenance of base stations, mainly battery backups, verification of electricity consumption compared to the consumption stated by a producer, as well as a quicker solution to the problem of base station power supply.

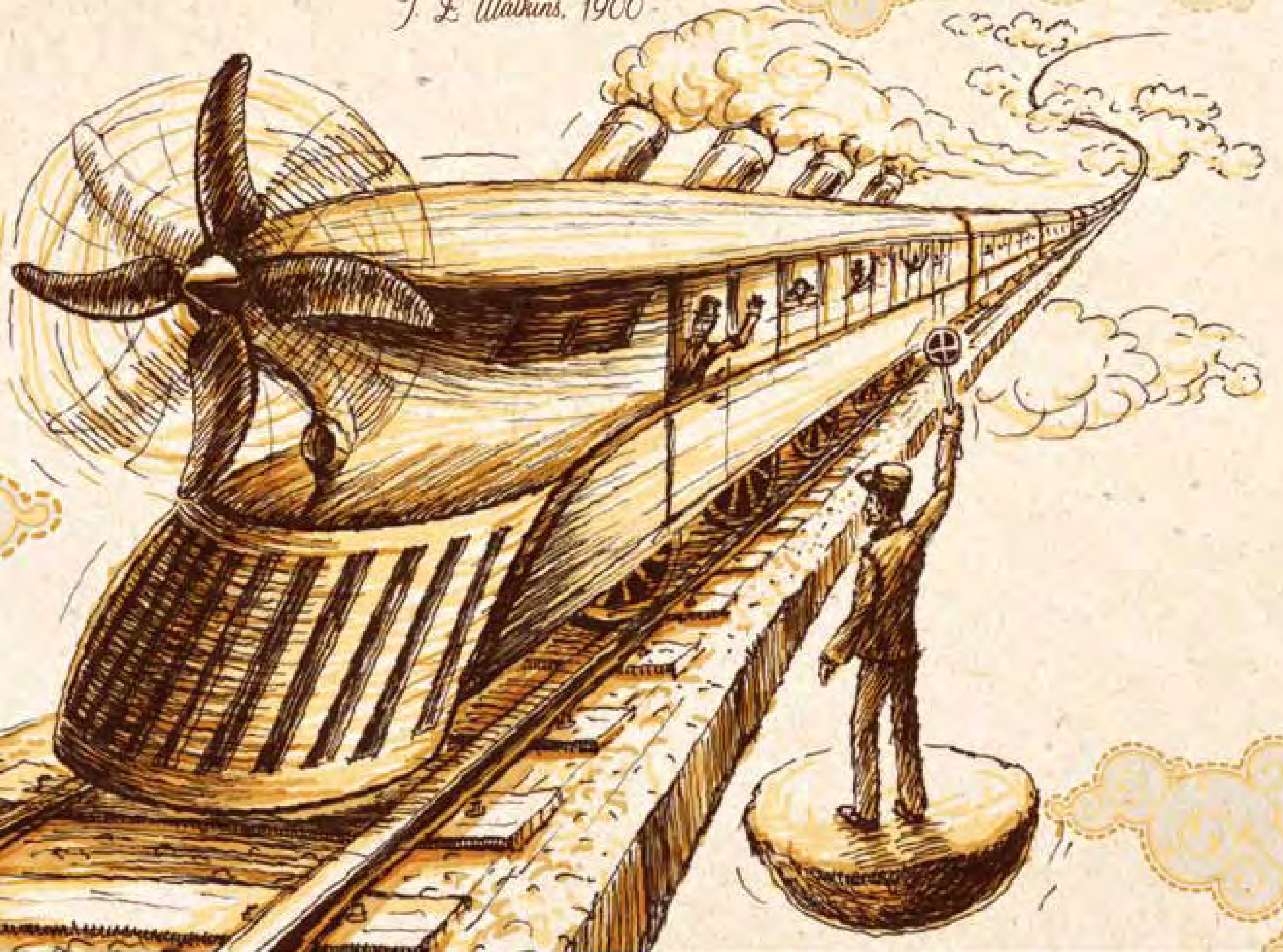
our commitments for 2014

Partner	Aspect	Commitments of Orange Slovensko
Employees	Employees' relation to the company and the brand	• to ensure work without injury and a safe working environment • to clarify Orange philanthropic activities in the context of the 15th anniversary of Nadácia Orange • to update the system of benefits for employees
	Employee volunteering	• to encourage employees' engagement in public benefit activities
Sales network employees	Employees' relation to the company and the brand	• to update sales network employees' assessment system
	Sales network employees volunteering	• to encourage sales network employees' engagement in public benefit activities
Customers	Transparency, clarity, and simplicity of products and services	• to enhance customer care • to improve customer experience
	Support of the responsible use of modern communications technologies	• to raise awareness of the risks of using communications technologies among children • to link information about the issue to products and services for customers

Partner	Aspect	Commitments of Orange Slovensko
Suppliers	Transparent selection, management of environmental impacts, and application of ethical principles	• to improve the evaluation process
Community	Support of public benefit projects and initiatives	• to increase the efficiency of supporting public benefit activities and their impact • to familiarise general public with the activities of Nadácia Orange in the context of its 15th anniversary
Environment	Environmental protection	• to collect 15% of the mobile phones which were put on the market • to reduce energy consumption • to increase the number of customers using the service of electronic invoice (55% of all customers of invoiced services)

Trains run two miles per minute, express trains will run 150 miles per hour.

J. E. Watkins, 1900



chapter 9
financial report for the year 2013

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 2013

Company identification number: 35 69 72 70
Tax identification number: SK2020310578

content

independent auditor's report

Deloitte.

Orange Slovensko, a.s.

INDEPENDENT AUDITOR'S REPORT

Statutory Body's Responsibility for the Financial Statements

Auditor's Responsibility

Opinion

separate statement of financial position as at 31 December 2013

In thousands of EUR	Note	31 December 2013	31 December 2012 (restated)
ASSETS			
Non-current assets			
Property, plant and equipment	4	334,798	352,014
Intangible assets	5	134,849	134,969
Investments in unconsolidated subsidiaries	6	106	106
Non-current receivables		550	1,662
Other non-current assets		286	923
		470,589	**489,674**
Current assets			
Inventories	8	15,916	15,361
Trade and other receivables	9	54,464	67,941
Other assets		4,254	4,822
Current income tax receivable		9,878	8,060
Current financial assets		6,102	-
Cash and cash equivalents	11	6,788	5,219
		97,402	**101,403**
Total assets		**567,991**	**591,077**

In thousands of EUR	Note	31 December 2013	31 December 2012 (restated)
EQUITY AND LIABILITIES			
Equity	12		
Share capital		39,222	39,222
Reserves		15,260	15,260
Retained earnings		225,613	180,315
Profit for the year		114,516	144,510
		394,611	**379,307**
Non-current liabilities			
Provisions	13	24,903	25,801
Deferred tax liabilities	7	7,380	5,663
Non-current payables	13	12,147	13,247
		44,430	**44,711**
Current liabilities			
Current financial liabilities	10	-	3,713
Trade payables and other liabilities	14	105,149	134,069
Provisions	13	1	1
Deferred income	15	23,800	29,276
		128,950	**167,059**
Total equity and liabilities		**567,991**	**591,077**

separate statement of comprehensive income for the year ended 31 December 2013

In thousands of EUR	Note	2013	2012
Revenues	16	622,039	676,029
External purchases	17	(311,121)	(335,287)
Other operating income/(expenses), net	18	(6,465)	6,910
Wages and contributions	19	(54,809)	(56,019)
Amortisation and depreciation expenses		(90,492)	(106,615)
Operating profit		**159,152**	**185,018**
Interest income and related revenue		27	37
Interest expenses		(9)	(114)
Other finance (expenses)/income		(542)	59
Profit before tax		**158,628**	**185,000**
Income tax	20	(44,112)	(40,490)
Profit for the year		**114,516**	**144,510**
Other comprehensive income		-	-
Total comprehensive income for the year		**114,516**	**144,510**
Total comprehensive income attributable to:			
Owners of the Company		114,516	144,510

separate statement of changes in equity for the year ended 31 December 2013

In thousands of EUR	Note	Share capital	Reserves	Retained earnings	Total
Balance as at 1 January 2012		39,222	15,260	280,315	334,797
Dividends paid		-	-	(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**
Dividends paid	12	-	-	(100,000)	(100,000)
Total comprehensive income for the year		-	-	114,516	114,516
Free Share plan	21	-	-	788	788
Balance as at 31 December 2013		**39,222**	**15,260**	**340,129**	**394,611**

separate statement of cash flow for the year ended 31 December 2013

In thousands of EUR	Note	2013	2012
Revenues		114,516	144,510
Taxes		44,112	40,490
Financial income		(27)	(526)
Interest expenses		9	114
Depreciation and amortisation of tangible and intangible assets		90,492	106,615
Other		(388)	(16,483)
Profit from operating activities before changes in working capital		248,714	274,720
(Increase) in trade and other receivables (including accruals/deferrals of assets)		17,056	2,099
Decrease/(Increase) in inventory		(555)	(899)
Increase/(Decrease) in trade liabilities (including accruals/deferrals of liabilities)		(21,098)	(4,413)
Cash generated from operations		244,117	271,507
Interest and devidends received		27	526
Interest paid		(9)	(114)
Taxes paid		(48,375)	(47,952)
Cash flows from operating activities		**195,760**	**223,967**

In thousands of EUR	Note	2013	2012
INVESTING ACTIVITY			
Purchase of property, plant and equipment		(84,612)	(89,627)
Proceeds from sale of non-current assets		236	1,072
Decrease/(Increase) in other non-current assets		(6,102)	(55)
Net cash outflow from investing activities		**(90,478)**	**(88,610)**
FINANCING ACTIVITY			
Changes in current financial assets/liabilities	10	(3,713)	(35,205)
Decrease in short-term bank loans		-	-
Dividends paid	12	(100,000)	(100,000)
Net cash outflow from investing activities		**(103,713)**	**(135,205)**
Net increase/(decrease) in cash and cash equivalents		**1,569**	**152**
Cash and cash equivalents at the beginning of the year		**5,219**	**5,067**
Cash and cash equivalents at the end of the year	**11**	**6,788**	**5,219**

notes to the separate financial statements for the year ended 31 December 2013

1. general information

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

Approval of the 2012 financial statements

On 6 May 2013, the General Meeting approved the Company's 2012 financial statements (Notary Deed No. N 85/2013, Nz 14965/2013, NCR1s 15268/2013).

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 and CFO/CEO deputy	Antoine Guilbaud
Supervisory Board	Chairman	Bertrand du Boucher
	Member (until 11 January 2013)	Jerome Berger
	Member	Vincent Brunet
	Member	Ján Kodaj
	Member (until 11 January 2013)	Ivan Marták
	Member (since 11 January 2013)	Zuzana Nemečková
	Member (since 11 January 2013)	Thuy Mai Pavret de La Rochefordiere
	Member	Martin Schwantzer
Executives	Chief Executive Officer	Pavol Lančarič
	Human Resources Director	Andrea Danielová
	ITN Director/CEO deputy	Ivan Golian
	Chief Financial Officer/CEO deputy	Antoine Guilbaud
	Customer Services Director	Vladislav Kupka
	Communication and Brand Director	Miloš Lalka
	Strategy and Regulatory Affairs Director	Ivan Marták
	Commercial Director	Zuzana Nemečková

Employees

	31 December 2013	31 December 2012
Number of employees	1,240	1,300
of which: managers	123	127

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 2013.

a) Standards and interpretations adopted by EU effective in 2013 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 2013 but are not relevant to the Company's operation:

- Amendments to IAS 1 "Presentation of financial statements" (effective on or after 1 July 2012) – The main change resulting from these amendments is a requirement for entities to group items presented in 'other comprehensive income' (OCI) on the basis of whether they are potentially reclassifiable to profit or loss subsequently (reclassification adjustment).
- IAS 19 "Employee Benefits" (effective on or after 1 January 2013) – The changes on the group's accounting policies have been as follows: to immediately recognise all past service costs; and to replace interest cost and expected return on plan assets with a net interest amount that is calculated by applying the discount rate to the net defined benefit liability (asset).
- Amendments to IFRS 1 "First-time Adoption of IFRS" Severe Hyperinflation and Removal of Fixed Dates for First-time Adopters (effective on or after 1 January 2013). The amendment provides guidance on how an entity should resume presenting financial statements in accordance with IFRSs after a period when the entity was unable to comply with IFRSs because its functional currency was subject to severe hyperinflation.
- Amendments to IFRS 1 "First-time Adoption of IFRS" Government Loans (effective on or after 1 January 2013). This amendment addresses how a first-time adopter would account for a government loan with a below-market rate of interest when transitioning to IFRSs.
- IFRS 7 "Financial Instruments: Disclosures" (effective on or after 1 January 2013). Offsetting Financial Assets and Financial Liabilities. The amendments require entities to disclose information about rights of offset and related arrangements for financial instruments under an enforceable master netting agreement or similar arrangement.
- IFRS 13 "Fair Value Measurement" (effective on or after 1 January 2013). IFRS 13 gives a new definition of fair value for financial reporting purposes. Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction in the principal market at the measurement date under current market conditions regardless of whether that price is directly observable or estimated using another valuation technique.
- Amendments to various standards "Improvements to IFRSs (cycle 2009-2011)" resulting from the annual improvement project of IFRS (IFRS 1, IAS 1, IAS 16, IAS 32, IAS 34) primarily with a view to removing inconsistencies and clarifying wording, adopted by the EU on 27 March 2013 (amendments are to be applied for annual periods beginning on or after 1 January 2013.
- IFRIC 20 "Stripping Costs in the Production Phase of a Surface Mine" (effective on or after 1 January 2013). Costs associated with a "stripping activity" should be accounted for as an addition to an existing asset, and that this component should be amortised over the expected useful life of the identified component of the ore body that becomes more accessible as a result of the stripping activity.

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

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

- IFRS 10 "Consolidated Financial Statements", adopted by the EU on 11 December 2012 (effective for annual periods beginning on or after 1 January 2014)
- IFRS 11 "Joint Arrangements", adopted by the EU on 11 December 2012 (effective for annual periods beginning on or after 1 January 2014)
- IFRS 12 "Disclosures of Interests in Other Entities", adopted by the EU on 11 December 2012 (effective for annual periods beginning on or after 1 January 2014)

- IAS 27 (revised in 2011) "Separate Financial Statements", adopted by the EU on 11 December 2012 (effective for annual periods beginning on or after 1 January 2014)
- IAS 28 (revised in 2011) "Investments in Associates and Joint Ventures", adopted by the EU on 11 December 2012 (effective for annual periods beginning on or after 1 January 2014)
- Amendments to IFRS 10 "Consolidated Financial Statements", IFRS 11 "Joint Arrangements" and IFRS 12 "Disclosures of Interests in Other Entities" – Transition Guidance, adopted by the EU on 4 April 2013 (effective for annual periods beginning on or after 1 January 2014)
- Amendments to IFRS 10 "Consolidated Financial Statements", IFRS 12 "Disclosures of Interests in Other Entities" and IAS 27 (revised in 2011) "Separate Financial Statements" – Investment Entities, adopted by the EU on 20 November 2013 (effective for annual periods beginning on or after 1 January 2014)
- Amendments to IAS 32 "Financial instruments: presentation" – Offsetting Financial Assets and Financial Liabilities, adopted by the EU on 13 December 2012 (effective for annual periods beginning on or after 1 January 2014)
- Amendments to IAS 36 "Impairment of assets" – Recoverable Amount Disclosures for Non-Financial Assets, adopted by the EU on 19 December 2013 (effective for annual periods beginning on or after 1 January 2014)
- Amendments to IAS 39 "Financial Instruments: Recognition and Measurement" - Novation of Derivatives and Continuation of Hedge Accounting, adopted by the EU on 19 December 2013 (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 9 "Financial Instruments" and subsequent amendments – (effective date has not yet been determined)
- IFRS 14 "Regulatory Deferral Accounts" (effective for annual periods beginning on or after 1 January 2016)
- Amendments to IAS 19 "Employee Benefits" - Defined Benefit Plans: Employee Contributions (effective for annual periods beginning on or after 1 July 2014)
- Amendments to various standards "Improvements to IFRSs (cycle 2010-2012)" resulting from the annual improvement project of IFRS (IFRS 2, IFRS 3, IFRS 8, IFRS 13, IAS 16, IAS 24 and IAS 38) primarily with a view to removing inconsistencies and clarifying wording (amendments are to be applied for annual periods beginning on or after 1 July 2014)
- Amendments to various standards "Improvements to IFRSs (cycle 2011-2013)" resulting from the annual improvement project of IFRS (IFRS 1, IFRS 3, IFRS 13 and IAS 40) primarily with a view to removing inconsistencies and clarifying wording (amendments are to be applied for annual periods beginning on or after 1 July 2014)
- IFRIC 21 "Levies" (effective for annual periods beginning on or after 1 January 2014).

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 2013 to 31 December 2013 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 the Act on Accounting No. 431/2002 Coll. on Accounting, as amended. These financial statements are intended for general use and information; they are not intended for the purpose of any specific user or for the consideration of any specific transaction. Accordingly, users should not rely exclusively on these financial statements when making decisions.

Orange SA (France), the Company's ultimate parent company, 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 euro and are, rounded to the nearest thousand. They are prepared on the historical cost basis and on the going concern assumption. The principal accounting policies are included in the paragraphs below.

d) Change in the accounting policy

During 2013, the Company has decided to change its accounting policy related to the presentation of spectrum fees in the past as presented in External purchases, currently presented in Intangible assets. Such a change in accounting policy resulted from careful consideration of licence conditions for the Company, taking into consideration views presented in a discussion paper of IASB relating to IAS 16 and IAS 38 according to which such fixed fee payments are unavoidable by the Company and as such should be capitalised.

In prior periods, all such fees were presented as OPEX, and in the current period the Company started to capitalise the value of fixed spectrum fees to be paid untill the end of licence period and presents a fixed spectrum fee asset within intangibles and related spectrum fees payable within the current and non-current liability. Variable spectrum fees are still recognised as OPEX in the appropriate period.

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

In thousands of EUR	Intangible assets	Trade payables	Non-current payables
Balance as at 31 December 2012 – as previously reported	120,622	132,969	–
Impact of change in accounting policy	14,347	1,100	13,247
Restated balance as at 31 December 2012	**134,969**	**134,069**	**13,247**

e) Foreign currency

Foreign currency transactions

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

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 2013, 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 an item when that cost is incurred if it is probable that the future economic benefits embodied with the item will flow to the Company and the cost of the item can be measured reliably. All other costs are recognised as an expense when incurred.

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:

	2013	2012
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 licences 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:

	2013	2012
Software	3 to 10 years	3 to 10 years
Licences	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 the initial recognition. As at 31 December 2013, the Company holds only financial assets categorised as 'loans and receivables'. (2012: no financial assets).

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market.

o) Deferred income – loyalty programme

The Company operated a customer loyalty programme falling within the scope of IFRIC 13 from 2011. The programme was based on providing a reduction on the SIM-locked mobile phone prices depending on a previous history of billed services during the period without a time frame contract. The programme was stopped in 2013.

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.

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 revenues are deferred and amortised over the average expected period of the customer relationship. 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 the contract terms.

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

u) Expenses

Operating lease rayments

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 Equip-ment	Motor Vehicles	Fixtures and Fit-tings	ARO *)	Under Construc--tion	Total
Cost							
As 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)	-
As at 31 December 2012	4,064	809,074	7,315	28,746	19,462	28,488	897,149
As at 1 January 2013	4,064	809,074	7,315	28,746	19,462	28,488	897,149
Additions	-	-	-	-	525	49,825	50,350
Disposals	(65)	(99,398)	(261)	(2,414)	(1,231)	-	(103,369)
Transfer	225	42,944	1,100	5,594	-	(49,863)	-
As at 31 December 2013	4,224	752,620	8,154	31,926	18,756	28,450	844,130
Accumulated depreciation							
As 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)
As at 31 December 2012	384	520,840	3,862	16,588	3,461	-	545,135
As at 1 January 2013	384	520,840	3,862	16,588	3,461	-	545,135
Charge for the year	312	60,881	1,285	3,921	993	-	67,392
Disposals	(63)	(100,501)	(217)	(2,414)		-	(103,195)
As at 31 December 2013	633	481,220	4,930	18,095	4,454	-	509,332

In thousands of EUR	Land and Buildings	Plant and Equip-ment	Motor Vehicles	Fixtures and Fit-tings	ARO *)	Under Construc--tion	Total
Carrying amount							
As at 1 January 2012	2,915	308,695	4,266	8,110	14,793	31,491	370,270
As at 31 December 2012	3,680	288,234	3,453	12,158	16,001	28,488	352,014
As at 1 January 2013	3,680	288,234	3,453	12,158	16,001	28,488	352,014
As at 31 December 2013	3,591	271,400	3,224	13,831	14,302	28,450	334,798

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

As at 31 December 2013, none of the properties were pledged to secure bank loans.

In 2013, 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 packet core network and Microwave transmission.

During 2013, the Company had a disposal in gross value of EUR 103,369,000 (book value of EUR 174 000) relating mainly to old fully depreciated 2G/3G hardware and disposal of IT – Servers & Infrastructure equipment.

Property and equipment, excluding motor vehicles, is insured to a limit of EUR 730,277,000 (2012: EUR 946,212,000). Each motor vehicle is insured to a limit of EUR 5,000,000 (2012: EUR 5,000 000) for damage on health and expenses related to death and EUR 2,000,000 (2012: EUR 2,000,000) for damage caused by destroyed, seized, or lost items.

5. intangible assets

In thousands of EUR	Software	GSM	Other	Other Intangible Assets	Under Construction	Total
Cost						
As 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)	-
As at 31 December 2012	117,028	63,451	51,671	1,807	6,944	240,901
Restatement (Note 3. d) 31 December 2012 (restated)	-	-	-	14,347	-	14,347
As at 31 December 2012 (restated)	117,028	63,451	51,671	16,154	6,944	255,248
As at 1 January 2013	117,028	63,451	51,671	16,154	6,944	255,248
Additions	-	2,225	635	1,990	18,160	23,010
Disposals	(112)	-	-	(1,328)	-	(1,440)
Transfer	18,524	-	-	-	(18,524)	-
As at 31 December 2013	135,440	65,676	52,306	16,816	6,580	276,818

In thousands of EUR	Software	GSM	Other	Other Intangible Assets	Under Construction	Total
Accumulated amortisation						
As 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)
As at 31 December 2012	71 709	28 189	19 861	520	-	120 279
As at 1 January 2013	71,709	28,189	19,861	520	-	120,279
Charge for the year	15,720	2,771	2,329	2,280	-	23,100
Disposals	(82)	-	-	(1,328)	-	(1,410)
As at 31 December 2013	87,347	30,960	22,190	1,472	-	141,969
Carrying amount						
As at 1 January 2012	40,289	39,330	34,128	1,423	5,226	120,396
As at 31 December 2012 (restated)	45,319	35,262	31,810	15,634	6,944	134,969
As at 1 January 2013	45,319	35,262	31,810	15,634	6,944	134,969
As at 31 December 2013	48,093	34,716	30,116	15,344	6,580	134,849

In 2013, the addition in Other intangible assets mainly relates to capitalisation of fixed spectrum fees. The Company has adjusted its accounting policy for presentation of fixed spectrum fees according to the FT Group directions. In prior periods all such fees were presented as OPEX, in current period the entity started to capitalise the value of fixed spectrum fees to be paid until the end of the licence period and presents a fixed spectrum fee asset within intangibles and related spectrum fees payable within current and non--current provisions (Note 3(d)).

The addition in software mainly comprises the purchase of a customer domain and service delivery domain.

6. investments in subsidiaries

Investments in subsidiaries at a cost of EUR 100,000 represent an investment in the wholly--owned subsidiary Orange CorpSec, spol. s r.o. The subsidiary was registered in the Commercial Register on 1 February 2005. The table below summarises the subsidiary's financial information:

In thousands of EUR	Assets	Liabilities	Equity	Revenues	Profit/loss for the Period
As at 31 December 2013	457	204	253	1,080	98
As at 31 December 2012	349	200	149	1,080	40

In 2010, the Company recognised an investment in Nadácia Orange (hereinafter also referred to as the "Foundation") at a cost of EUR 6,000, 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 2013	31 December 2012
At beginning of period – net deferred tax liability	5,663	4,646
Income statement	2,052	32
Change in tax rate (from 23% to 22%) via income statement	(335)	985
At end of period – net deferred tax liability	7,380	5,663

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

In thousands of EUR	31 December 2013			31 December 2012		
	Assets	Liabilities	Net	Assets	Liabilities	Net
Property, plant, and equipment	-	13,123	(13,123)	-	13,546	(13,546)
Inventories	384	-	384	229	-	229
Receivables	2,280	-	2,280	3,038	-	3,038
Other	3,079	-	3,079	4,616	-	4,616
Net deferred tax	5,743	13,123	(7,380)	7,883	13,546	(5,663)

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 2013	31 December 2012
Raw materials and consumables	1,122	991
Merchandise	16,540	15,365
Provision for slow moving merchandise	(1,746)	(995)
	15,916	15,361

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

As at 31 December 2013, no inventories were pledged to secure bank loans.

9. trade and other receivables

In thousands of EUR	31 December 2013	31 December 2012
Accounts receivable	94,696	110,160
Allowance for doubtful debts and receivables	(40,232)	(42,219)
	54,464	67,941

As at 31 December 2013, 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).

Ageing of past due but not impaired trade and other receivables:

In thousands of EUR	31 December 2013	31 December 2012
Total receivable	54,464	67,941
Of which: non due	49,811	62,706
past due not impaired	**4,653**	**5,235**
Less than 180 days	4,653	5,235
Between 180 days and 360 days	-	-
More than 360 days	-	-

Movements in the allowance for doubtful debts:

In thousands of EUR	31 December 2013	31 December 2012
Balance at beginning of the year	42,219	43,603
Net charge against bad debt provision	(1,987)	(1,384)
Balance at the end of the year	40,232	42,219

Movements in the allowance for doubtful debts:

In thousands of EUR	31 December 2013	31 December 2012
Total impaired	**40,232**	**42,219**
Of which:		
Less than 180 days	1,802	2,174
Between 180 days and 360 days	2,325	2,497
More than 360 days	36,105	37,548

10. current financial assets/liabilities

The balance of EUR 6,102,000 (2012: EUR 3,713,000 liability) represents the receivable 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 euro 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 (balance as at 31 December 2013) or overdraft (balance as at 31 December 2012) of the Company with France Telecom.

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 0.446% as at 31 December 2013 (1.013% as at 31 December 2012).

11. cash and cash equivalents

In thousands of EUR	31 December 2013	31 December 2012
Cash on hand and cash equivalents	131	218
Bank balances and deposits	6,657	5,001
Cash and cash equivalents in the balance sheet	6,788	5,219

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

As at 31 December 2013, the authorised share capital comprised 1,181,755 ordinary shares (2012: 1,181,755), with a nominal value of EUR 33.19 each, 1 ordinary share (2012: 1) with a nominal value of EUR 13.78, and 1 ordinary share (2012: 1) with a nominal value of EUR 0.66.

Reserves

Reserves of EUR 15,260,000 (2012: EUR 15,260,000) relate to the Legal Reserve Fund, which is not available for distribution and sho-uld 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 2013 profit.

In April 2013, the shareholders approved a dividend payment of EUR 100 million related to 2012 profits at their annual general meeting. An amount of EUR 50 million was paid in June 2013 and EUR 50 million was paid in December 2013.

13. provisions and non-current payables

In thousands of EUR	Provision for Asset Retirement	Other	Total
Balance as at 31 December 2012	20,712	5,090	25,802
Provisions made during the year	522	705	1,227
Provisions used during the year	(17)	-	(17)
Provisions reversed during the year	(689)	(1,419)	(2,108)
Balance as at 31 December 2013	**20,528**	**4,376**	**24,904**

In thousands of EUR	31 December 2013	31 December 2012
Non-current	24,903	25,801
Current	1	1
	24,904	**25,802**

A provision for asset retirement obligation was recorded in the amount of EUR 20,528,000, using the following assumptions based on an expert's study: average costs of site demolition of EUR 8,000, an average site usage of 15 years, discount rate of 2.52%, dismantling cost index of 3.00% and number of sites of 2,308 (2012: EUR 20,712,000, 15 years, 2.29%, 3.00%, and 2,251 sites, respectively). The Company shows the amount of EUR 18,756,000 in the asset side of the balance sheet (Note 4).

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

Non-current payables

Non-current payables represents long-term liability from the capitalisation of fixed spectrum fees (present value of discounted future payments).

14. trade payables and other liabilities

In thousands of EUR	31 December 2013	31 December 2012 (restated)
Trade payables	44,060	50,470
Unbilled receivables	46,071	65,188
Tax liabilities (VAT)	3,278	5,686
Liabilities to employees	11,745	12,146
Other current liabilities	(5)	579
Total	**105,149**	**134,069**

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 2013				
In thousands of EUR	within maturity period	within 360 days overdue	more than 360 days overdue	Total
Trade payables	43,316	674	70	44,060
Unbilled receivables	46,071			46,071
Tax liabilities (VAT)	3,278			3,278
Liabilities to employees	11,745			11,745
Other current liabilities	(5)			(5)
Total	**104,405**	**674**	**70**	**105,149**

31 December 2012				
In thousands of EUR	within maturity period	within 360 days overdue	more than 360 days overdue	Total
Trade payables	42,139	8,331		50,470
Unbilled receivables	65,188			65,188
Tax liabilities (VAT)	5,686			5,686
Liabilities to employees	12,146			12,146
Other current liabilities	579			579
Total	**125,738**	**8,331**	**-**	**134,069**

The biggest part of category "within 360 days overdue" is one invoice in amount of EUR 7,017,000 due to FT Group which was paid at the beginning of 2013.

Amounts due to employees include social fund liabilities:

In thousands of EUR	2013	2012
As at 1 January	140	109
Additions	466	500
Utilisation	475	469
As at 31 December	**131**	**140**

15. deferred income

In thousands of EUR	31 December 2013	31 December 2012
Prepaid phone cards (Prima cards)	5,461	5,062
Post paid customers	17,939	23,737
Other	400	477
Total	**23,800**	**29,276**

16. revenues

Revenues are presented in the table below:

In thousands of EUR	2013	2012
Mobile voice services	378,058	442,427
Mobile non-voice services	144,911	144,688
Sale of equipment	28,296	20,377
Other revenues	70,774	68,537
Total Revenues	**622,039**	**676,029**

17. external purchases

External purchases are presented in the table below:

In thousands of EUR	2013	2012
Purchased goods and services	175,125	183,778
Service fees and interoperator costs	98,230	106,918
Costs associated with non-current assets	13,097	16,079
Other	24,669	28,512
Total external purchases	**311 121**	**335 287**

18. other operating expenses/(income), net

In thousands of EUR	2013	2012
Brand royalty and management fees	15,801	17,414
Bad debt provision	(19)	1,268
FX differences net	78	26
Other operating expenses	1,943	3,695
Other operating income	(11,338)	(29,313)
Total other operating expenses/(income) , net	**6,465**	**(6,910)**

Included in Other operating income in 2012 is release of a Universal Services provision in the amount of EUR 17,556,000, related to periods 2009 – 2012.

19. wages and contributions

In thousands of EUR	2013	2012
Wages and salaries	31,724	33,326
Bonuses and untaken holiday payroll provision	6,788	7,060
Social contribution	13,205	12,067
Other	3,092	3,566
Total wages and contributions	**54,809**	**56,019**

20. income tax

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

In thousands of EUR	2013	2012
Income tax payable		
from operating activities	42,395	39,473
Deferred income tax		
from operating activities	2,052	32
change in tax rate	(335)	985
Total income tax	**44,112**	**40,490**

The Slovak Corporate Tax rate changed from 19% to 23% effective from 1 January, 2013 and from 23% to 22% effective from 1 January, 2014.

In thousands of EUR	2013	2012
Profit before tax	158,628	185,000
Income tax at the rate of 23% (2012: 19%)	36,484	35,150
Income tax in respect of prior year	(38)	302
Special levy applied since September 2012	6,559	2,986
Impact of adjusting items:		
change in tax rate	(335)	985
permanent differences and other differences	1,442	1,067
Total income tax	**44,112**	**40,490**

21. share-based compensation

Under share-based compensation, the Company reports:

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 do not receive FT shares but rather 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 a certain amount. As the vesting conditions will be very probably not met, the Company has stopped recording the share based payments liability and reversed all of the entries done in 2011 – 2012 (EUR 788,000) through equity.

22. financial instruments

Risk management policies

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

Capital risk management

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

The capital structure of the Company consists of cash and cash equivalents, cash pooling (Note 10) and equity attributable to equity holders of the parent, comprising issued capital, reserves and retained earnings as disclosed in Note 12.

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

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

The gearing ratios as at 31 December 2013 and 2012 were as follows:

In thousands of EUR	31 December 2013	31 December 2012
Cash and cash equivalents	(6,788)	(5,219)
Financial (assets)/liabilities	(6,102)	3,713
Net debt	**(12,890)**	**(1,506)**
Equity	**394,611**	**379,307**
Net debt to equity	0%	0%

Main categories of financial instruments:

In thousands of EUR	31 December 2013	31 December 2012
Cash and cash equivalents		
Cash and cash equivalents	6,788	5,219
Current financial assets	6,102	-
Trade and other receivables	54,464	67,941
Financial liabilities		
Current financial liabilities	-	3,713
Trade payables and other liabilities	105,149	132,969

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 assess-ments 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 Compa-ny'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 accep-table 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 foreign currency denominated assets and liabilities at the reporting date are as follows:

	Liabilities		Assets	
In thousands of EUR	2013	2012	2013	2012
Currency USD	876	501	63	31

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 centrali-sation under the best financial conditions for most of the affiliated companies (see Note 10).

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

2013

In thousands of EUR	Year end effective interest rate	Less than 1 month	1 – 3 months	3 months to 1 year	1 – 5 years	5+ years
Non-current payables	-	92	275	733	5,500	5,547
Non-interest bearing	-	35,471	69,678	-		-
Financial guarantee contracts	-	-	-	-	-	-
Variable interest rate instruments	-	-	-	-	-	-
Total		35,563	69,953	733	5,500	5,547

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	-	47,373	86,696	-		-
Financial guarantee contracts	-	-	-	-	-	-
Variable interest rate instruments	1.031%	3,713	-	-	-	-
Total		51,086	86,696	-	-	-

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.

2013

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	-	53,054	1,410	-		-
Cash and cash equivalents	0.15%	6,788	-	-	-	-
Variable interest rate instruments	0.446%	6,102	-	-	-	-
Total		65,944	1,410	-	-	-

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	0.08%	5,219	-	-	-	-
Variable interest rate instruments		-	-	-	-	-
Total		72,349	810	-	-	-

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 2013	31 December 2012
Trade accounts receivable - current		
France Telecom SA	2,923	2,265
France Telecom SA - cash pool account	6,102	-
Equant	3,386	1,925
PTK Centertel	72	60
Polish Telecom	58	295
Orange Romania	66	118
Other	147	246
	12,754	4,909

In thousands of EUR	31 December 2013	31 December 2012
Liabilities - current and unbilled supplies		
France Telecom SA	1,181	8,230
France Telecom SA - cash pool account	-	3,713
Orange Brand Services	2,193	2,360
Mobistar	582	78
Orange CorpSec	90	90
Polish Telecom	11	245
Orange France SA	-	233
Other	237	269
	4,294	15,218

In thousands of EUR	2013	2012
Purchases		
France Telecom SA	12,804	10,639
Orange Brand Services	9,483	10,495
Orange CorpSec	1,073	1,073
Orange Romania	326	363
Mobistar	655	212
Polish Telecom	259	742
Orange France SA	–	633
PTK Centertel	307	323
Other	540	756
	25,447	25,236

In thousands of EUR	2013	2012
Sales		
France Telecom SA	8,321	8,937
Equant	6,996	6,264
PTK Centertel	339	393
Orange Romania	232	294
Polish Telecom	584	1,352
Orange CorpSec	126	121
Other	286	225
	16,884	17,586

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	2013	2012
Statutory body	48	48
Supervisory body	87	63
Total	**135**	**111**

25. operating leasing

Leases as the lessee

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

In thousands of EUR	31 December 2013	31 December 2012
Less than one year	4,646	2,373
Between one and five years	9,336	11,061
After five years	3,095	6,622
	17,077	**20,056**

Total expenses for rent represent EUR 11 million (2012: 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 a amount of EUR 67,355,000, of which EUR 56,400,000 relate to investment in 4G licence and EUR 7,130,000 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 31,600,000 (2012: EUR 15,955,000).

Legal commitments

The Company gave guarantees to third parties in amount of EUR 0,000 (2012: EUR 80,000).

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 efinition, 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

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 the 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 the claim. Subsequently, the Court ruled in company's favor in March 2013, therefore the full provision was released in April 2013.

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 in December 2012. In 2013, the Company performed further assessment of the provision for potential re-opened cases and the amount has been updated, but the policy for the creation of provision remained unchanged.

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 26 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 1 March 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 January 2011 - 29 February 2012 and has released the full amount of accumulated Universal Services provision in June 2012.

In December 2013 Slovak Telekom filed another claim covering the period January 2011 – July 2012 (by doing so virtually admitting that due to the most recent legislative update effective from August 2012 they no longer consider themselves as bearer of such unfair burden).

Even though the cases covering the previous years (2005 – 2010) are still ongoing (as the cases have been returned by courts to Telecommunications Office for correction of procedural deficiencies), the entity's legal department is confident that the final verdict of TU will be in their favour, hence no provision is recorded at December 31, 2013

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 the 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 programme and did not account for any deferral as at 31 December 2011 but the whole deferral was recorded in 2012. As the programme has been stopped in June 2013, the whole provision was released.

Activation 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

In January 2014, the Company has successfully obtained a 4G licence in spectrums 800 MHz, 1800 MHz and 2600 MHz. The permit is final, as none of the eligible parties (participants on the auction) has filed an official allegation. The licence was reported under off balance sheet commitments at the end of 2013.

No other events with a material impact on the true and fair presentation of facts as presented in these financial statements occurred after 31 December 2013 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 13 May 2014.

Pavol Lančarič
chief executive officer

Antoine Guilbaud
chief financial officer

Orange Slovensko, a.s.
Metodova 8
821 08 Bratislava
Slovak Republic

www.orange.sk