



Modern postal services

Strategic partner to the State

Synergistic commercial services

Banking and financial services

Česká pošta, s. p.

Annual report

2 0 1 5

Česká pošta has gone through an amazing period of revolutionary development in information and telecommunication technologies. At this time, we are confronted with new challenges, new possibilities and the necessity to constantly revise the services being provided. Accepting these challenges is our duty and commitment.



We change our thinking

We bring new products

We act responsibly

We think about the future

C O N T E N T S

002 INTRODUCTION BY THE DIRECTOR
GENERAL

003 REPORT OF THE SUPERVISORY
BOARD

004 PROFILE

007 SUBSEQUENT EVENTS

008 ACTIVITY REPORT

024 HUMAN RESOURCES

026 SECURITY

030 INTERNAL AUDIT

031 RISK MANAGEMENT

032 COMPLIANCE

034 CSR

037 PHILATELY

039 POSTAL MUSEUM

042 POSTAL OMBUDSMAN

043 BRANCH ICT SERVICES

046 FINANCIAL PART

106 ABBREVIATIONS USED

107 CONTACTS

INTRODUCTION BY THE DIRECTOR GENERAL

I want to prepare the Company for the future. This is the aim that I presented to the employees of Česká pošta at the beginning of the year 2016. Despite some accomplishments which we achieved in the year 2015, we have to focus on the longer term future, not just a few years. To succeed, we have to come up with new ideas and look at things in a different way.

In 2015, we focused on stabilising the state-owned enterprise in a cooperation with our founder - the Ministry of Interior of the Czech Republic. Thanks to the amendment to the Postal Services Act, Česká pošta obtained a guarantee to recover the costs of providing universal services directly from the State budget from 2015 to 2017. Due to this fact, we were able to invest in our employees and property development to an extent that has been unprecedented in recent years. After seven years, we increased wages, invested in branches, logistic centres, handling and computer technology. Thanks to the financial support, we can also plan necessary investments in subsequent years.

Česka pošta earned a net profit before taxation of CZK 302 million for the year 2015. The profit was affected by recognising the already mentioned compensation from the State for the provision of universal services which were ordered from Česká pošta. According to the amendment of the Postal Services Act, the maximum available compensation for 2015 is CZK 700 million. As the amount must be first verified by the Czech Telecommunication Office, in line with the valid legislation Česká pošta recognised an estimated receivable for the compensation in the 2015 accounting period.

Among the successes of the year 2015 is undoubtedly the introduction of the possibility of using Visa and MasterCard credit cards at Česká pošta branches. We introduced innovation in our fleet of more than 1,300 cars, where every fifth car now runs on CNG. Based on that fact, we have preserved nature and saved costs. We successfully continued the Pošta Partner project and, at the end of the year 2015, we obtained the first hundred-performing franchises. We came with innovations in the area of traditional and electronic services. I would like to mention the very successful products - Online Postcard or Parcel Pick-up.

I often mention the role of our employees as well. How they approach and perform their responsibilities is the most important factor. They are the ones who create the significant image of Česka pošta as is seen by the public. I am therefore pleased that we increased wages rates by almost 4% in 2015 and, at the end of the year 2015 we further managed to increase employee income by another 5.6% effective from April 2016, on average.

I believe that all employees who are interested in Česká pošta's future will try with me to contribute to the Company's value by working towards creating a stable company that holds to the traditions it has inherited.



Martin Elkán

Director General of Česká pošta, s. p.

REPORT OF THE SUPERVISORY BOARD

During 2015, the Supervisory Board of Česká pošta, s. p. took note of many important issues at its regular meetings and the regular meetings of the Committees. In all its activities, it fulfilled its mission as required by Act no. 77/1997 Coll., on state-owned enterprise, as amended, the Articles of Association and the Statute of the state-owned enterprise Česká pošta.

In 2015, as in previous years, the work of the Supervisory Board dealt with a broad spectrum of activities. Besides performing the systematic control of Česká pošta, s. p. activities, it evaluated the performance of financial results and the achievement of the strategy of Česká pošta, s. p. Each topic was discussed in detail by the relevant Committees of the Supervisory Board.

The Supervisory Board actively took part in discussions about the results of particular analyses related to the activities of Česká pošta, s. p. in the field of financial services after the current contract with ČSOB terminates

in 2018. The Supervisory Board in cooperation with Česká pošta, s. p. management and its founder will look for solutions which will make it possible with the current infrastructure and branch network to strengthen the share on profits in the retail segment of the banking services in the long term.

The Supervisory Board acknowledged the financial statements as at 31 December 2015 which have been prepared in accordance with the valid legislation and the auditor's report of PricewaterhouseCoopers Audit, s.r.o., which was „unqualified“.



Jan Mareš

Chairman of the Supervisory Board of Česká pošta, s. p.

PROFILE

Mission and strategic goals

The mission of Česká pošta, s. p. (or the "Company", "Česká pošta", "CP") is to be a trusted provider of quality services in the area of mediating information, payments and goods via both traditional and electronic means.

Česká pošta ensures the provision of universal postal services and seeks to make them as effective as possible. Its current activities are determined by the four key trends affecting the market and competitive environment, i.e. new technologies, changes in ways of communication due to booming internet services, changing customer needs and the liberalisation of postal services. The Company intends to cooperate closely with the state administration via both its dense network of post offices and new channels. The Company considers the improvement of its image in the eyes of the public to be essential. Being aware of its social role and social responsibilities, it also wants to be seen as an attractive employer.

Legal status of the Company

The Company is a legal entity in the meaning of Act no. 89/2012 Coll., the Civil Code, as amended. Its legal and ownership status is regulated by Act no. 77/1997 Coll., on state-owned enterprise, as amended ("the State-owned Enterprise Act"). Česká pošta, s. p., was founded on 1 March 1993 by the Ministry of Economy of the Czech Republic in accordance with the State-owned Enterprise Act and incorporated by registration in the Commercial Register maintained by the district court for Prague 1, section A, file 7565. Presently the Company is registered in the Commercial Register maintained by the municipal court in Prague, section A, file 7565. The Ministry of Transport and Communications issued a deed of foundation of the state-owned enterprise Česká pošta, effective from 16 June 1997, which was later amended.

As at 31 December 2015, the Ministry of Interior of the Czech Republic acted as the founder of Česká pošta on behalf of the government.



Online Postcard

Online Postcard is a mobile application of Česká pošta, which combines modern technology with the classic form of sending postcards. It allows the classic form of picture postcards to be created and sent directly from a customer's mobile phone or tablet. The application is free for download to Android phones and iOS phones, and therefore from Google Play and App Store.

Management and supervision of the Company

DIRECTOR GENERAL

The Director General, as a statutory body of Česká pošta, s. p., manages the Company's activities and acts on its behalf. The Director General makes decisions on all matters that do not fall, by operation of the law, under the competences of the founder in accordance with section 12 of Act no. 77/1997 Coll., on state-owned enterprise, as amended.

SUPERVISORY BOARD

The Supervisory Board supervises the performance of the activities of the Director General and the carrying out of the Company's business plan. In accordance with Act no. 77/1997 Coll., on state-owned enterprise, as amended, ten members of the Supervisory Board are appointed and recalled by the founder and five member are elected and recalled by the Company's employees. As at 31 December 2015, the Supervisory Board had fifteen members out of which thirteen positions in the Supervisory Board were held.

COMMITTEES OF THE SUPERVISORY BOARD

The Supervisory Board establishes committees of the Supervisory Board as its working advisory and initiative bodies. Members of individual committees meet mainly for preliminary and detailed examinations of documentation that is to be subsequently submitted to the Supervisory Board. Members of the individual committees are elected and recalled by the Supervisory Board.

AT PRESENT, THE COMMITTEES OF THE SUPERVISORY BOARD ARE AS FOLLOWS:

- Strategy and Finance Committee
- Audit Committee
- Committee for the Human Resources Development

STATUTORY BODY AND THE MANAGEMENT BOARD OF THE COMPANY

The bodies of Česká pošta in the meaning of section 11 of Act no 77/1997 Coll. on the state-owned enterprise, are its Director General and the Supervisory Board.

The composition of the Statutory body and organisational structure of the Company as at 31 December 2015 are part of the chapter Financial part.

Regulatory framework of postal services

NATIONAL LEGISLATION AND POSTAL LICENCE

The liberalisation of the European Union postal market was finalised by the so-called 3rd Postal Directive 2008/6/EC dated 20 February 2008, which aimed to gradually open the postal service market to all competition. Also, Directives no. 97/67/ES and 2002/39/ES are connected to the legislative framework for European liberalisation of postal services, and the so-called 3rd Postal Directive adjoins to these Directives.

Since April 2005, the area of post services has been regulated by the Czech Telecommunications Office (hereinafter „the CTO“). This national regulator for postal services has the rights to perform the regulatory activities and is obliged to act as the executive body in this area in line with the respective provisions of the Postal Services Act.

Effective from 1 January 2013 is the Česká pošta market fully liberalised on the basis of amendments to the Act 29/2000 Coll., on postal services (hereinafter “the Postal Services Act”). A set of decrees issued by the CTO, in which this authority sets the obligations of operators offering or providing postal services, the framework for reporting of costs and revenues and financing of basic services and

conditions to ensure universal access to basic services, completes the liberalisation framework.

Česká pošta holds a postal licence for the period 2013 - 2017, granted by the CTO, decision number 562/2013-610 dated 22 February 2013, based on the fulfilment of requirements and processes given by the Postal Services Act, as amended. This licence endorses the duty to fulfil obligations to perform basic services, with an amended range, availability and quality, which amongst others include the obligation to provide basic services to the blind free of charge. Under this licence, Česká pošta remains obliged to carry out all duties tied to the Czech Republic being a member of the Universal Postal Union.

Net costs of providing basic services in the year 2014 were set by the resolution of Chairman of the CTO Board at the level of CZK 851,458,537 or CZK 657,223,705 after deducting a fair burden. Česká pošta appealed against the CTO's decision to the Board of CTO. As at the date of issuing this Annual report, the administrative proceedings were not finished. The administrative proceeding to determine the market shares for the year 2014 has not yet started.

The amendment to the Postal Services Act effective from 1 January 2016 brought a fundamental change to the financing of basic services. The amendment's aim is to ensure a sufficient compensation of net costs of providing the basic services to the postal license holder. The reimbursement of net costs from the State budget replaces the current funding system via a compensation fund to which mainly the providers of postal services themselves are required to contribute. Through the CTO, the State will compensate the postal license holder for net costs that represent an unfair financial burden. The postal license holder will be able to request a payment of preliminary net costs. The payment from the State budget is limited to a maximum amount, which is CZK 700 million for the year 2015.

The government of the Czech Republic through its Order of 1 July 2015 set the minimum number of facilities for providing basic services to 3,200 facilities, effective from 1 January 2016.

SELECTED RESPONSIBILITIES OF A POSTAL LICENCE HOLDER:

- Fulfil the postal obligation in a manner complying with the needs of the public and basic requirements of quality, including the permanent provision of information on basic services and the manner of their utilisation.
- Provide postal services that are subject to the postal obligation, according to postal terms for affordable prices which allow the use of basic services to the extent reflected by common needs.
- Ensure that there is no unjust treatment of persons interested in basic postal services guaranteed by the postal licence.
- Ensure at least one collection and one delivery to any individual or legal entity's address on each working day (exemptions are set by the implementing decree).
- Allow other operators to access the postal infrastructure and services connected with operating the postal infrastructure in a transparent and fair manner based on a written agreement.

SUBSEQUENT EVENTS

On 4 January 2016, František Lukl was appointed a member of the Supervisory Board of the Company.

The Company will calculate net costs of providing basic services for the 2015 accounting period and will request from CTO a payment of the costs that represent an unfair financial burden to the Company as a postal license holder. The deadline for filing the request is 31 August 2016.

At the same time, in accordance with § 34 par. 1 of the Postal Services Act, the Company will file the request for a payment of preliminary net costs for the year 2016. The deadline for submitting the request is set to 1 July 2016 to 31 December 2016.

No other material events occurred between the balance sheet date and the date of preparation of the financial statements which would affect the financial statements for the 2015 accounting period.



Parcel to Hand

Parcel to Hand presents the most comfortable delivery approach from Česká pošta. We deliver the parcel by the following working day after collection and we inform the addressee about the progress of the delivery via SMS or email.

ACTIVITY REPORT

In 2015 Česká pošta managed to maintain positive results of its operations in a similar amount to previous years. Consolidated profit before taxation was CZK 291 million (year-on-year CZK +78 million, +37%). Česká pošta earned a standalone profit before taxation in the amount of CZK +302 million.

Revenues from operations year-on-year increased by CZK 1,007 million. Other operating income increased the most (by CZK + 701 million) caused by the recognition of the estimated receivable for a compensation of net costs for universal service for 2015 in the amount of CZK 700 million. There was a large revenue increase generated by the ICT services branch ("ICT branch") from completing several significant projects for the Ministry of Interior. The year-on-year increase in revenues from these projects was CZK 357 million from the sale of goods and CZK 171 million from the sale of services.

Revenues from postal operations decreased by CZK 102 million. The amount of domestic correspondence (Ordinary Letters, Registered and Insured Letters) decreased year-on-year by 9.4% due to the negative impact of the higher usage of electronic forms of communication (email, social networks, data messages, etc.). The customers' interest in print media (newspapers and magazines, -5.4%) and postal payments (-10.6%) also decreased. Strong competitive pressure also led to a reduction in revenues from the delivery of promotional materials and business letters. The decrease in the number of letter deliveries was partly compensated by increased prices of selected services. On the other hand, we managed to increase revenues thanks to the increasing number of parcel deliveries. The interest in Czech POINT services, mainly authentication (signature verification) and criminal record certificate, increased as well.

Income from intermediary activities decreased year-on-year by CZK 47 million. Transition to cashless payments of pensions, bank operations of Poštovní spořitelna and SIPO services had the negative impact. Sales of duty stamps significantly decreased. However, we managed to increase

revenue from sales of lottery tickets and other goods mainly because of expansion of PostShop kiosks.

Total revenues and operational expenses together increased year-on-year by CZK 903 million. Supplies for the ICT branch projects caused a CZK 357 million increase in costs of goods sold and a CZK 83 million increase in expenses of subcontractor services. Provisions in the amount of CZK 64 million for a two years of support and contractual penalties were created for these projects.

Changes in operating reserves and provisions also had a significant impact on the year-on-year comparison of expenses. The reserves and provisions decreased by CZK 206 million in 2014. This was caused mainly by a release of 2013 reserves for the general director's extraordinary reward for salaried employees of CZK 141 million and a release of an impairment provision for sorting machines in the amount of CZK 76 million. In 2015 reserves and provisions increased by CZK 315 million. It was caused by creating a provision for 2015 general director's extraordinary reward for salaried employees, or the already mentioned provisions for the ICT branch projects and other provisions covering known risks and losses.

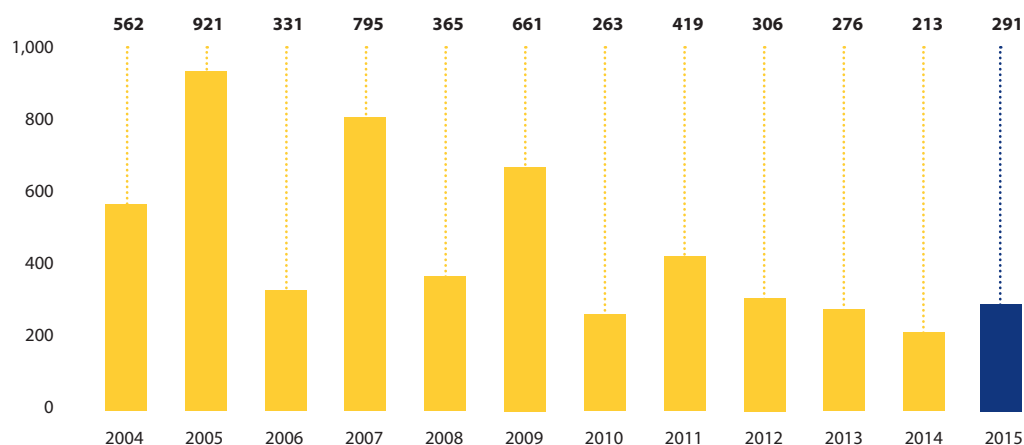
Decreasing fuel prices had a positive effect of CZK 63 million. Other savings were realised in the area of energy expenses, expenses for telecommunication infrastructure and expenses for parcel pre-processing. These savings made possible the acquisition of a higher volume of operational material (mainly containers, pallets, bags, uniforms) and thus a restoration of a significant part of already worn out operating equipment.

The rent increased year-on-year by CZK 66 million, thanks to the structural changes in the fleet and a increased number of cars under operating lease. This increase was compensated by lower depreciation of own cars and lower expenses for their repair and maintenance.

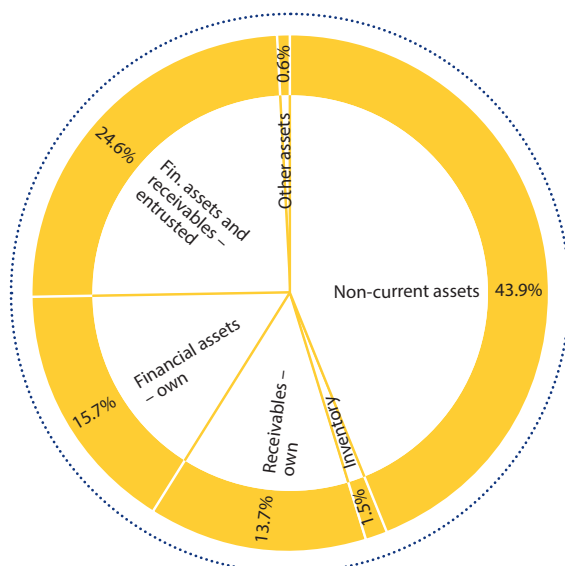
TRENDS IN BASIC FINANCIAL RATIOS – CONSOLIDATED

	2015	2014	2013	2012	2011
Assets (CZK mil.)	22,494	26,106	26,719	26,766	21,775
Share capital (CZK mil.)	10,429	10,349	10,341	10,281	10,159
Operating income (CZK mil.)	20,285	19,278	19,797	20,183	20,778
of which revenues from the sale of own products and services (CZK mil.)	18,488	18,553	19,235	19,646	20,076
Operational expenses (CZK mil.)	20,015	19,112	19,549	19,932	20,412
of which staff costs (CZK mil.)	11,938	11,906	12,300	12,425	12,741
Profit before tax (CZK mil.)	291	213	276	306	419
Net profit (CZK mil.)	231	179	220	261	338

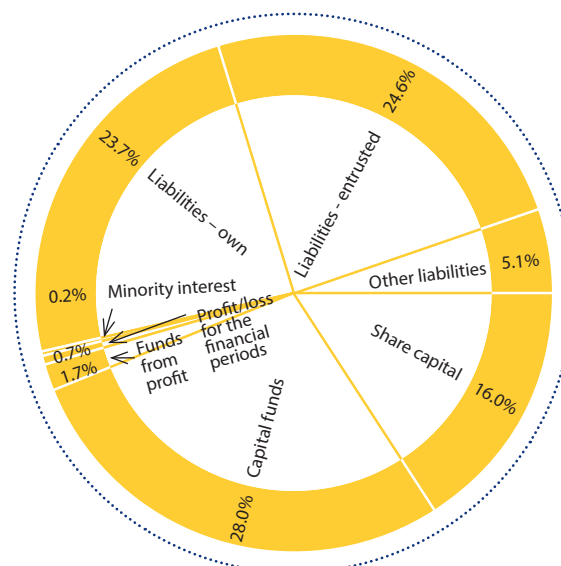
Profit before tax (CZK mil.)



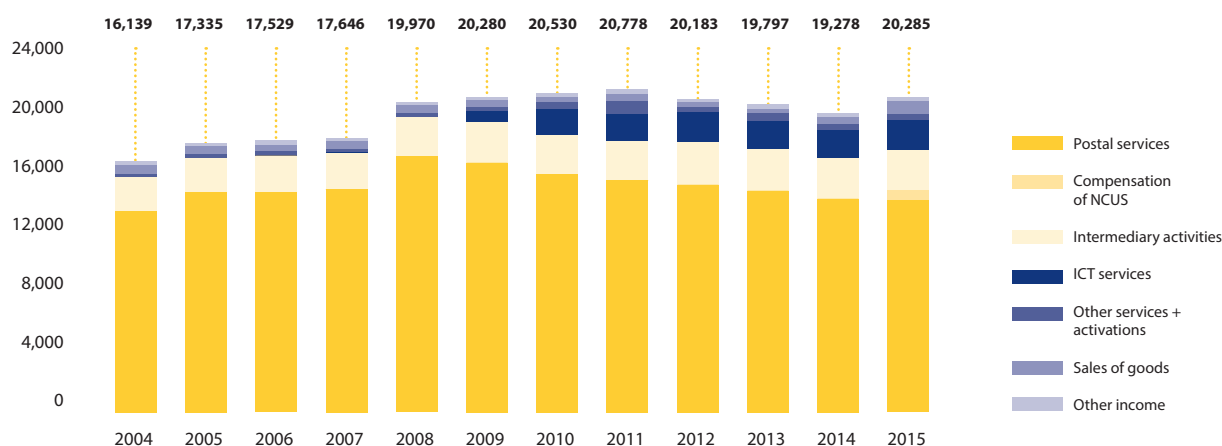
STRUCTURE OF ASSETS 2015 (IN %)



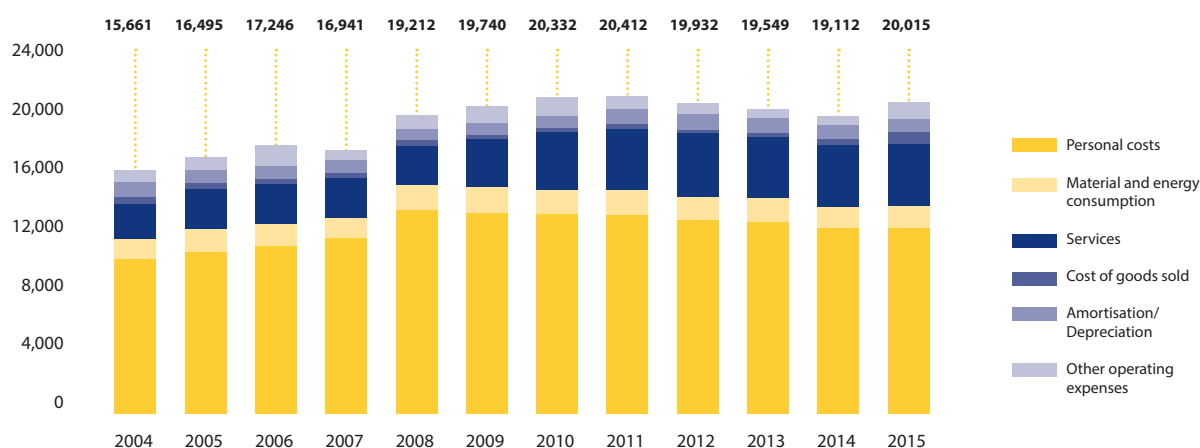
STRUCTURE OF LIABILITIES AND EQUITY 2015 (IN %)



Development of operational income (CZK mil.)



Development of the operating costs (CZK mil.)



Investments and technical development

LOGISTIC NETWORK

The construction of new SPU and Depot property in České Budějovice started at the end of the year 2015.

The reconstruction of the former Brno 100 delivery office in the SPU Brno premises began in the 4th quarter. After the reconstruction, Postservis Brno will move to these premises.

New Klatovy 70 Depo were put in use in 2015. It involved reconstruction and building of annexes at the present property owned by Česká pošta, s. p.

To achieve the targeted 71 depots, 7 depots need to be put in service, out of which 2 are connected to the reconstruction of new SPU properties (České Budějovice and Pardubice) of which the depots will become part.

Irreplaceable functions of the depots include ensuring sufficient space to process shipments, centralisation of delivery service, collecting of bulk (contract) customers and at last but not least improving work conditions for our employees.

The improvement in quality of deliveries and the smooth management of services during Christmas time were managed thanks to investments in logistical properties (SPU, depots), their machinery and the implementation of operational measures. The measures mentioned above have to be continuous. Their realisation is neither easy nor cheap, but it is necessary to be competitive and to maintain Česká pošta's position in a liberalised and fully competitive environment. Cooperation within the Company is ensured by the fulfilment of strategic activities and the gradual implementation of sub-projects according to the organisation's priorities.

BRANCH NETWORK

Like every year, reconstruction and modification of the branch network took place in 2015 to improve the

working environment of Česká pošta's employees, increase clients' comfort or as part of the necessary care of real estate assets.

The reconstruction and necessary modification of the new post office in Broumov, the reconstruction of the counters and the interior of the post offices in Jihlava 1, Znojmo 2 or Kroměříž 1 represented significant reconstruction activities. The construction of Postshop sales kiosks took place in selected post offices. This year the Company continued making modifications with the aim of making additional branches available for physically disabled citizens. In the interest of security and protection of employees, clients and assets of Česká pošta, several improvements to security were implemented in the branches. Besides the construction investments, the property in Pelhřimov was bought due to the unfavourable financial and technical conditions at the rented property and the post office will move here after the necessary refurbishment in 2016.

CAR FLEET

In 2015, the Company continued to renew its car fleet. A total number of 146 passenger cars, 1,123 commercial vehicles and 58 lorries were put into use. The significant part (1,268 pieces) of the total 1,327 renewed vehicles were acquired under operating lease. Thanks to the major fleet renewal, there was a decrease in the average age of vehicles to roughly five years.

Currently, Česká pošta uses vehicles with CNG as well. Presently, these cars represent almost 20% of the car fleet and the number is gradually increasing. At the beginning of the year 2015, 303 trucks with CNG and 32 passenger cars were acquired.

INFORMATION AND COMMUNICATION TECHNOLOGIES

Information technology and communication infrastructure are essential parts to ensuring the business services of

Česká pošta. In 2015, the data centres were consolidated and communication lines for 1,006 properties of Česká pošta were gradually tendered and implemented. Increasing the capacity of lines is a necessary condition for ensuring postal services and some strategic activities.

Česká pošta invested in central hardware and software systems, licenses and necessary supplier support. The renewal of the licenses of the SYBASE database and application system including support, a new e-learning system, disc array Netapp or technical audit SAP belong to the most important investments.

New information systems were implemented in the realised projects during the whole year. The ČP Portal project is the most important of them – its overall stabilisation and the implementation of applications named "Registration" and "Log in" in the productive environment; followed by the realisation of the project Acquiring – enabling payments by cards of association partners; realisation of the project Barcodes on notifications; modification and redesign of the internal portal; interconnecting the authorisation of Czech POINT users by JIP/Kaas with the central registries and with the lottery company SAZKA.

In the area of information and communication security, Česká pošta, as part of the critical cyber infrastructure, began with the implementation of necessary measures in accordance with the Act on Cyber Security. At the same time, activities in the area of ensuring the Company's business continuity were launched.

In 2015, investments in the renewal of computers and information technology for end users increased significantly. Printers, computers, notebooks, back-up power supplies, scales, barcode scanners and customer displays were renewed. There was also a massive restoration of the active elements of the data network at the end locations.



Parcel Delivery To Post Office

Thanks to the densest branch network, we are always close to customers. Within the service Parcel Delivery To Post Office Česká pošta allows for parcels to be collected at any of more than 2,750 post offices throughout the Czech Republic. Customers do not have to adapt to the time of delivery and can collect the Parcel Delivery to Post Office when it suits them.

Sales activities

During 2015, the pressure of competitors on a fully liberalised market continued to increase both in the area of the letter segment, as well as the parcel market. Česká pošta managed to withstand the pressure and to continue providing collections for the key customers. The key factor of the success was maintaining the high level of quality of mail delivery which was essential for keeping the leader position on the letters market.

The parcel market continued at a similar trend as in the previous year. The increased number of deliveries was generated mainly in the area of e-commerce and the increasing trend of the most significant customers to expand and improve the delivery outlets continued. Henceforth, the market can be described as the most affected by competition

both in terms of number of competitors, as well as in terms of pressure on the service quality. Nevertheless, Česká pošta managed to keep its market share in this area. At the same time, some projects which should ensure not only keeping but also strengthening the market share of Česká pošta were launched.

The corporate customer segment was still affected by the significant decrease in letter mail which was affected by efforts to establish different ways of communication with the customers and increasing direct competition. Mainly, electronic communication had a negative effect on the volume of letter collections. Česká pošta tried to compensate this negative trend by keeping the collections of the key customers, as well as acquisition activities in the area which can bring new revenues.

Postal services

OBLIGATORY SERVICES

Domestic		International	
Mail	Postal Money orders	Mail	Postal Money orders
Ordinary – Letters – Mail for the blind – Parcel up to 10kg	Cash – account – Money order A	Ordinary – Mail – Printed matter bag – Mail for the blind – Standard package	Cash – account – Money order Z/A
Registered – Letters – Mail for the blind – Parcel	Account – Cash – Money order B	Registered – Mail – Printed matter bag – Mail for the blind	Cash – Cash – Money order Z/C
Insured – Letters – Parcel up to 10kg	Cash – Cash – Money order C – Money order D	Insured – Letters – Parcel	

OPTIONAL SERVICES

Postal		Other	Intermediary services
Domestic	International	Geomarketing	Retirement services
Letter – Company Letters – Registered Company Letters – Postfax	– POSTFAX – EMS – Corporate Parcel – Corporate Letter	Philately	Duty stamps
Direct mail – Business letters – RIPM – Press mail – Press Distribution		PostServis and PostKomplet	Vignettes
Parcel – Ordinary parcel over 10kg – Insured parcel over 10kg – Parcel To Hand – Parcel Delivery To Post Office – EMS – Express parcel – Oversize parcel		E-services – Czech POINT – Certifying authority – Data mailboxes	SIPO
		Other	Lottery and betting services
			Commissioner sales
			Banking and insurance services
			Radio and TV fees
			Telecommunications Services
			Other

PARCEL SERVICES

The number of parcel collections continued with the increasing trend, which was 1.3% in 2015.

Delivery on the following working day after the mail was collected, including the SMS or e-mail notification sent on the collection day, is becoming the standard on the market, which is shown by the year-on-year increase of 9.5% in the volumes of Parcel To Hand and Parcel Delivery To Post Office offset by the decrease of the unguaranteed mail segment (Ordinary Parcel, Issued Parcel and Registered Parcel) of 32.2%. Internet shopping drives the trends in the area of parcel transportation.

During the recent years, Česká pošta has continued focusing on improving the quality of the electronic services linked to the most frequently used parcel mail, which includes the development of electronic applications on portal www.postaonline.cz and in the mobile application Post Online. In February 2015, we managed a nationwide coverage by the Parcel Pick-up service, which represents a comfortable way of collecting the parcel as Parcel To Hand or Parcel Delivery To Post Office directly from home or the office via web application.

Česká pošta continued to reward clients who are Česká pošta Customer Loyalty Card holders and provided them, for example, with discounts of the basic price for collection of selected parcel deliveries or for using the Parcel Pick-up service.

In November 2015, a new form of parcel pick-up notifications was successfully tested which brings a greater data clarity to the customers. The notifications newly include a bar code with the parcel tracking number which can be uploaded in the mobile application and used for monitoring of the parcel or changing delivery details online. The reading of the bar code will speed up serving the customers through the new generation of call systems at selected post offices.

Česká pošta also significantly strengthened the area of oversized mail transport. The year-on-year increase in handling the number of Oversize Packets was 12.7%.

At the turn of the year 2015/2016, a new supplementary services such as Confirmation of documentation, Data verification and Transmission of information on the delivery of Oversize Parcels and Parcel Pick-up were introduced.

In 2015 the most important action in the area of marketing communication of the parcel portfolio was the promotion of parcel services of Česká pošta by the annual Christmas Parcel competition during the pre-Christmas period. The competition was run on the webpage www.vyhrajsbalikem.cz and recorded a record interest. Compared to the previous year, 62% more customers competed in 2015, or 22,236 competitors compared to 13,693 competitors in 2014. Customers participated with 46,387 competitive parcels which was 87% more than in 2014. A smaller

communication campaign to promote the Parcel Pick-up service took place in the period March-May 2015.

LETTERS

In letter mail, there was an overall annual decline in the number of posted mail, which is reflected in the year-to-year decline in revenues. The modification of the pricing policy for selected letter services that was done in the first and fourth quarters of 2015 had only a minimal impact on alleviating this trend. The total decrease was mostly caused by unregistered letters, specifically Ordinary and Company letters with 10.6% annual decrease in the number of posted letters. Likewise, there was a decrease in registered mail (Registered Letters and Registered Company Letters) by 4.8%. On the other hand, there was a 2.6% increase in the volume of collected letters as part of another product called Insured Letter from the registered mail category.

CUSTOMER LOYALTY CARD AND POSTBOX

The year 2015 was very important for the Česká pošta Customer loyalty card. The portfolio of discounts provided to its holders expanded with the addition of a discount on parcel services Parcel To Hand and Parcel Delivery To Post Office, Parcel Pick-up or sending Postcard Online. The expansion of the discounts portfolio was introduced to the public through campaigns at the turn of the year 2014/2015 in print media, on the Internet and at post offices. Thanks to that, the number of valid issued Customer Loyalty Cards increased by about 74% in 2015. The service PostBox allowing clients to comfortably send ordinary and registered letters directly from an office is gaining more and more popularity among corporate clients. The postman collects the letters directly from the clients' premises at regular intervals and ensures their delivery.

PARTNER CUSTOMER LOYALTY CARD

The Partner Customer Loyalty Card project, which offers its partners with a complex administration of their members' club, was expanded by other three partner companies. Česká pošta provides receiving and processing of applications, issuing and sending of cards, and maintenance of the membership database, including effective options for addressing the members or collecting the membership fees to these partner companies.

DIRECT MAIL

There was a 4.8% decrease in the volume of Business Letters submitted, which was also the case with non-addressed mail distribution using the service RIPM. With the RIPM service, the 17.8% decrease in the volume of leaflets relates to the trend from the previous two years and reflects the increasing customer demand for determining the area of distribution through targeted leaflet campaigns while reducing costs. Neither did the Press mail follow the growth trend from 2013. Already for the second year it showed a decrease in the volume of collected mail (in 2015 by 4.3%), mainly due to a decrease in the number of magazine subscribers.

INTERNATIONAL MAIL

There was overall volume growth in the field of international shipments both for the International Trade packages and EMS in total by 84.1% which was caused mainly by an increase in the collected parcels by German e-shops specialised in goods for children delivered to China, as well as a 2% increase in basic parcel services of International Standard and Insured Parcel. On the other hand, there was a 6% decrease in the volume of Registered and Insured Letters.

Money services

SIPO

Volumes of SIPO transactions followed a steady downward trend. The total number of SIPO statements issued by the Company was 1.6% lower in 2015 than in the previous year. The total revenues for SIPO service increased mainly due to a 12% change in the price list in 2015 in comparison with 2014. In December 2015, 34,000 clients utilised the discount for the SIPO service when paying using the Česká pošta Customer loyalty card.

POSTAL MONEY SERVICES

Postal money orders are a traditional and integral part of postal financial services. The long-term decline tendency regarding the volume of transactions within the cash-account regime continued in 2015 when the decline reached 13.4% compared to 2014. For the account-cash regime, there was a 4.9% decrease in the volume of transactions.

Electronic services

In 2015, Česká pošta introduced a new type of electronic service to the market which combines modern online technology with a traditional form of paper postcards. The service is provided via mobile application Postcard Online (www.pohledniceonline.cz) in which the customers can create personalised postcards from their own photos and through the application, they can easily send them from their mobile phones or tablets to the addressee's mail box. The mobile application has drawn a lot of attention and during 2015 more than 42,000 users, who send more than 93,500 postcards, installed it on their mobile phones or tablets.

The direct e-mail campaign in which Česká pošta introduced a new service to Česká pošta Customer Loyalty Card holders received an award from the professional public at the end of the year 2015. The campaign "Postcard Online – from mobile phone to post box" was awarded as the 3rd best e-mail campaign for the year 2015 in the prestigious Web Top 100 competition.

Another important turning point in electronic services was the deployment of the platform for creating a customer

account on the Česká pošta web through the virtual branch Post Online (www.postaonline.cz). Thanks to the new registration system and log in, Customer loyalty card holders can manage their cards and obtain individual access to selected online services.

Services on behalf of alliance partners

In 2015, Česká pošta recorded a year-on-year dynamic growth in the area of sales of banking and insurance products, these for example included current accounts or car insurance. In the area of credit products, Česká pošta copied the trend of the Czech financial market, i.e. it grew on average by 10%. Good results were noted in the supply of investment products as the clients started to look for other opportunities to appreciate their available funds and this commodity increased by 800% in comparison with the year 2014.

In order to increase the competitiveness of products offered at the post offices, in the last quarter, Česká pošta integrated an online application into its ICT system for the negotiations of a new loans, consolidations and credit cards when the clients leave the post office with a signed loan agreement and need to wait for 2-3 days to draw the credit limit.

Among the Company's products that have experienced a decrease are mainly deposits due to the drop in interest rates when the Czech National Bank kept interest rates at a historical minimum level in the year 2015. Clients still distrust pension companies' products because of the unclear situation around the cancellation of the 2nd pillar and setting up new standards of the pension system.

In 2015, Česká pošta concluded a partnership agreement with Sazka, a.s. which brought higher income to the Company and widened the availability of Sazka, a.s. lottery games at post offices without the lottery terminals, using the Lottery inside application to connect to the Česká pošta system.

Sales of goods

Within the concept of the sale of goods, Česká pošta specialises in goods that primarily relate to postal services – therefore, sales of cardboard packaging for sending parcels, sales of different types and sizes of envelopes for sending letters, which include specialised envelopes for sending valuables – envelopes for Insured Letters. The assortment includes envelopes with colour stripes for communication mainly with the State administration. The typical paper assortment, newspapers and magazines, recharge cards and prepaid mobile cards are sold in post offices.

As part of the business strategy, a broader assortment of goods is offered at 83 post offices. At the particular post offices, there is a specialised desk and modern kiosk – PostShop which is adjusted for sales of goods, mainly by clearly presenting the goods in combination with partial self-service sales. This approach to sales is positively appreciated not only by the clients, but also by the employees of the post offices.

Government services and ICT

INFORMATION SECURITY IN ČESKÁ POŠTA

Act no. 181/2014 Coll. on Cyber Security came into effect on 1 January 2015 and the National Security Authority determined the element of critical information infrastructure in Česká pošta. Česká pošta determined the limits of the system, reported statutory contact information. Within the task force, Česká pošta established a Committee for Cyber security and started the first phase of implementation of the requirements of the Act in the form of risk analysis.

In the area of cyber security, some attempts to misuse Česká pošta's identity through phishing attacks were noticed which did not have a significant impact for Česká pošta. To solve these problems, Česká pošta cooperates with the National Security Authority and the CERT National team. The security department ICT gradually intensified cooperation with the Česká pošta Security Division department in support of security activities mainly in the area of the physical and regime security in the last period.

The information security was dealt with in key projects such as Acquiring (acceptance of credit cards) and Portal of Česká pošta. The Security policy of acceptance of credit cards in Česká pošta was issued to ensure data protection of the credit cards holders and it includes the general provisions of PCI DSS (Payment Card Industry Data Security Standard). The ICT security department works on projects on measures to ensure personal data protection and to prepare materials for the Office for Personal Data Protection within controls on ensuring personal data protection in accordance with Act no. 101/2000 Coll. on personal data protection.

In the area of technical safety and monitoring, technology for protecting, ensuring and managing access to the Cisco ISE data network and substituting the network's IPS system called Trusport Threat Intelligence which allow advanced security features were won in tenders and acquired. The system for collecting and assessing operational and security records at the level of supervision and monitoring security events (SIEM) was connected with other technologies of Česká pošta. The ICT security has been creating an early warning system which identifies crucial vulnerabilities in the SW ICT system of Česká pošta.

Licence management of the software used is ongoing, and records are kept in the AW Caesar filing system. External licence audit of SAP products took place and was closed. A licence audit of IBM products is taking place but has not been finished yet.

In the future, the focus will be mainly on realising the requirements related to the strategic activities of Česká pošta, fulfilling the requirements of the law on cybersecurity, meeting the requirements of the act on personal data protection, complying with licensing agreements in the environment of Česká pošta and implementing business continuity management in Česká pošta.

CUSTOMER SERVICES

Operation of computer technology for end users is provided by the customer service section with its 173 field staff who take care of more than 23,560 computers spread across 3,374 locations. Out of the total number of computers, 23,033 are located and operated outside the data centre, while at post offices and technical operation sites directly supporting postal business there are 5,039 servers and 11,791 workstations, to which 18,910 printers, 14,402 bar mail code scanners and 1,453 payment terminals for paying by association credit card in 150 post offices.

CZECH POINT

Czech POINT services were provided by 976 branches of the Company that represents 14% of the total number of all Czech POINT contact places. The Company's share on total volume of realised transactions exceeds 50%, which was the same in 2015.

Services provided within Czech POINT

Customers of Česká pošta can obtain certified information from a range of public administration information systems at Czech POINT service points. The largest demand was for extracts from the criminal, real estate and commercial registers. Furthermore, services like statements on drivers' penalty points, list of qualified suppliers, commercial and insolvency registers as well as authorised conversion of documents or statements from basics registers are used. Through the Czech POINT system, applications and notifications regarding the information system of data boxes, for example, a request for the establishment of a data mailbox, a request for invalidation of the access data to the data box and the issue of a new one, etc., can be submitted.

Authentication of documents and Legalisation of signatures

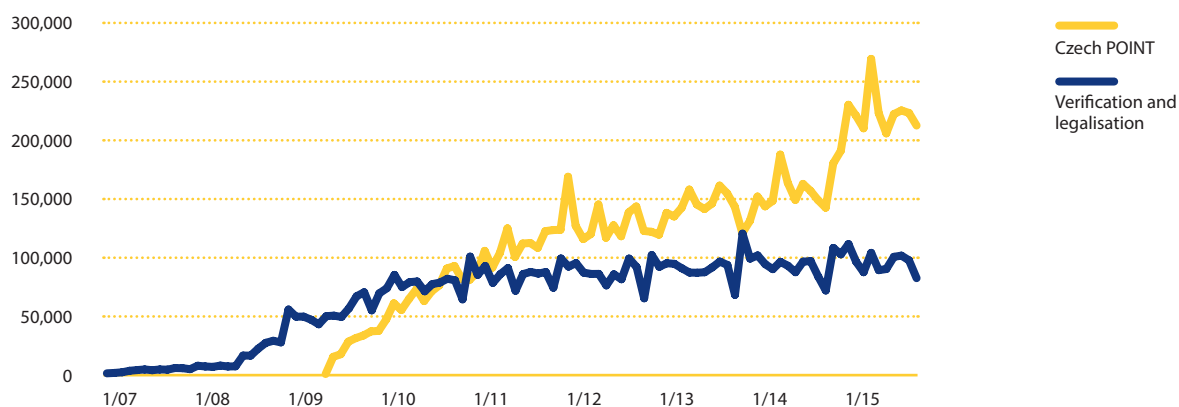
In addition to traditional services available at many other Czech POINTs, the Company also offers official verification of document authentication (verification) and the authenticity of signatures (legalisation). These services are extremely popular at Česká pošta, and the number of customers continues to grow.

Number of Czech POINT transactions

3.75 million transactions were realised in Czech POINTs in the year 2015 of which 31% were Czech POINT's services and 69% official verification of document authentication and the authenticity of signatures (verification and legalisation). The share has been continuously changing in favour of verification and legalisation.

There was a significant annual growth of 29% in the number of transaction. The increase related mainly to the official verification of document authentication and the authenticity of signatures. This service was used by 45% more customers than in the previous year. The number of transactions within Czech POINT's classic services increased slightly by 4%.

NUMBER OF CZECH POINT TRANSACTIONS AND DOCUMENTS AND SIGNATURES VERIFIED AT ČESKÁ POŠTA BRANCHES



DATA MAILBOX INFORMATION SYSTEM

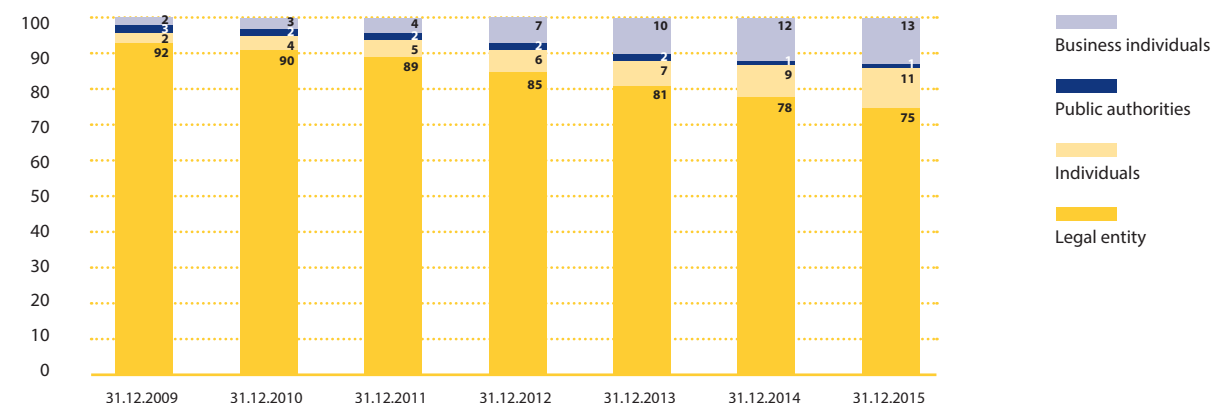
The main trend in the use of the Information System data boxes ("ISDS") in recent years was a continuous increase in the number of individuals and entrepreneurs that use data boxes. The share of data boxes used by individuals increased by 31% in 2015 from 55,574 to 72,779, the share of data boxes used by entrepreneurs increased from 73,766 to 91,429 (a growth of 24%).

During 2015, approximately 65,369 new data boxes were added. Since the launch of the Information system of data

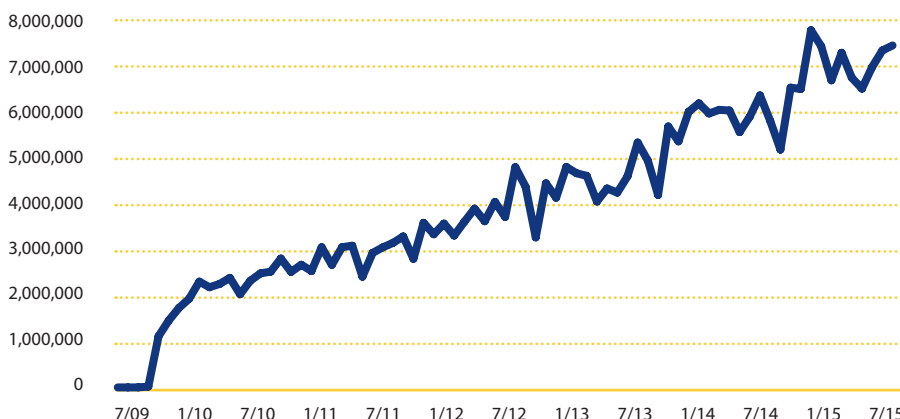
boxes in 2009 until the end of the year 2015, a total of approx. 690 thousand data boxes were installed, out of which about 621 thousand were active as at 31 December 2015.

User activity is also increasing in terms of data boxes use. In 2015, the number of data messages sent increased by 19% to approximately 84.6 million per year. Out of the total volume of data sent, public authorities accounted for 74%, while their share in the total number of data boxes is only about 1%.

VOLUMES OF DATA MESSAGES BY SENDERS (%)



NUMBER OF DATA MESSAGES SENT



The Data Box Information System is continuously being improved by the Czech Ministry of Interior as its administrator and Česká pošta as its operator. A total of 95 ISDS modifications were realised in 2015. One of the major upgrades of the information system of data boxes is the increase in capacity of attachments of data messages from 10 to 20MB. This upgrade that was required by users will allow sending of such documentation which previously had to be sent in a paper format due to their size.

Credit System ISDS

The Company offers a range of supplementary services to ISDS which provide the users with improved security and comfort when working with data messages. An important innovative development in ISDS was the introduction of the credit system for data boxes. The credit system represents a new online payment method that is used for the supplementary services to data boxes. Currently, these services are Postal Data Message and Data Safe. Besides the credit system there is also the existing option to pay for Postal Data Messages and Data Safe based on the concluded contracts (invoice payment).

Postal Data Message

Postal data message („PDZ“) is an ISDS service which can be used by individuals, entrepreneurs and legal entities to communicate with each other. PDZs suit any situation where the communicating parties need guaranteed and conclusive proof of document delivery. PDZs are a modern alternative to traditional postal services, with delivery having legal effects comparable to those of delivered registered mail with return receipt. Users can exchange all types of data messages with other users, without limitation on the content of messages.

In 2015, the number of PDZs grew annually by 78% to approx. 84,000. But the fact that the majority of data-box users have not enabled the receipt of PDZs yet, remains a barrier to even a greater expansion of private communication. Without this, which can be easily done directly in the data box Settings tab, it is not possible to send a PDZ to the data box. The number of data boxes with enabled PDZ has dramatically grown. At the end of 2015, almost 263,000 data boxes utilised this way of communication, which represents about 42% of all active data boxes.

Data Safe

Data Safe is a secure and guaranteed data storage for archiving incoming and outgoing messages more than 90 days old. The messages are automatically moved from the data mailbox to the Data Safe without the user needing to do anything.

Data box users can choose up to 9 types of Data Safe by capacity (the number of stored messages) ranging from 50 to 5,000 messages. For customers who have more messages in their data box, we offer Data Safe with higher capacities according to individual user needs. All new users of data boxes have the opportunity to try out the Data Safe service for three months without any additional costs or obligations.

Customer interest in Data Safe is constantly growing. At the end of 2015, the service was already used by 6,864 customers, which is by a one third more than a year ago.

SMS notification and authentication

SMS notifications are intended for users who do not check their mailboxes regularly. These notifications about incoming data messages are used primarily by individuals, independent traders and small legal entities who receive relatively fewer messages in their mailboxes and do not use the data mailboxes on a daily basis. In order to use this service, it is necessary to have a Czech mobile phone number with the activated Premium SMS service.

SMS authentication enables the users to log in to their mailbox through further solutions enhancing the security of access to data mailboxes via a web interface.

The number of SMS notifications sent in 2015 reached approximately 631,000 (a growth of 4% compared to the previous year).

Business ICT

It ensures operation and support for more than 400 central systems and applications:

APOST	automated mail
PPS	payments
nDS	new pension service
MPS	international payments
TnT	track and tracking
ESB	enterprise service bus
CADR	central address
AIM	access and identity management
SAP	business information and economic data processing system
SIPO	associated collection of citizen's payments
PkB	money order „B“
POL	collection online
PNC	postNetControl
ZK	customer loyalty card
Portál ČP	Česká pošta portal
IDM	identity management

The applications are usually realised in three data centres:

Primary data centre – centre DSČP, central data storage, data rooms for most applications.

Backup data centre – backup operational data storage and backup environment for data layer and application layer. It is specialised in ensuring disaster resilience of ICT Česká pošta. Testing and Development environment.

Self-governing data centre for data storage operation in the Teradata platform, operational support centre, data network and applications monitoring centre.

In autumn 2015, a new Česká pošta website with higher security access for clients was put in service.

Data centre consists of the major part of the information systems. Data centres environment is also used for other organisation (Ministry of Interior – registers).

In 2015, the project WAN CORE ended. The project was a part of the program for general recovery of Česká pošta communication infrastructure and it will contribute to the services stabilisation and increasing their accessibility. Under this program, the data centres are being consolidated at the level of network services. The project is expected to end in 2016.

As part of the project of migration of the existing online connections, 1,006 post offices were connected and their connection speed increased significantly. At the same time connections still using dial-up services of euro ISDN went online.

CERTIFICATION AUTHORITY – POSTSIGNUM

The Certification authority – PostSignum provides mainly certificates. Commercial certificates are mostly used for logging of users to applications, or alternatively for communication encryption. Qualified certificates are solely used for electronic signatures and can be used for electronic communication with public authorities.

Another key product is a provision of qualified time stamps, which represent a valuable supplement to the electronic certificates as they connect the data with a point of time in a reliable way and guarantee that the data existed in the electronic form at a certain point of time.

Additional services and products can be purchased through the electronic ordering system on the website in addition to basic certification services. These include products for the secure storage of private keys or software products for electronic signatures of documents and their archiving.

The certification authority noted some important actions in 2015:

- On 3 March 2015, the millionth qualified certificate was issued.
- On 1 September 2015, it was 10 years since the provision of qualified certificates was opened.
- On 3 September 2015, more than 1 billion qualified time stamps were issued.

In 2015, the list of the certification authority services was expanded with a new service – Private Key safekeeping. Under this service, the certification authority acts as a trusted third party for the safekeeping of private key which are used for the encryption of biometric data. It is intended for customers who decided to replace the paper

communication with electronic communication using a biometric signature. Safekeeping of private keys by a third party protects them in case of litigations. Typical users are banking and insurance segments.

A total of 66,000 commercial certificates and 176,000 qualified certificates were issued in 2015. There was an annual decrease of 3% in commercial certificates and an annual increase of 2.4% in qualified certificates. The certification authority issued over 28 million time stamps per month, on average. The overall number of time stamps issued in 2015 was 342 million items, which means a year-on-year increase of 31.6%.

From the revenues point of view, the year 2015 was the most successful in the history of providing certificate services. Česká pošta still maintains its position as a market leader.

International operations and relations

THE COMPANY IN THE WORLDWIDE POSTAL NETWORK

The basic framework of the Company's international relationships results from the Czech Republic's membership in the Universal Postal Union („UPU“). Česká pošta is entrusted by the Czech Republic to meet operational obligations ensuing from this membership. As a public postal operator, the Company must maintain and develop postal traffic interconnecting all 191 UPU member states.

The Company representatives actively participated in a series of working meetings with the Association of European Public Postal Operators (PostEurop) on terminal charges, e-commerce, customs services and air transport security.

The Company is connected to the international postal network via its exchange post offices in Prague, Břeclav and Cheb. The International postal operations are fully liberalised in the Czech Republic, which means that other operators may enter the segment and create a competitive environment. The most important foreign business partners of Česká pošta are the public postal operators in Slovakia, Germany, Great Britain, the USA and China.

QUALITY IN INTERNATIONAL OPERATIONS

The European Union membership of the Czech Republic has led to additional duties for the Company. The Company's duty is to ensure the general availability of high-quality basic services as stipulated by the amended Directive 97/67/EC of the European Parliament and of the Council. For cross-border priority letter mail within the

Community, the directive sets the quality of service targets particularly in terms of delivery performance.

The international quality is evaluated by UNEX, an independent measurement system provided by the International Post Corporation for public postal operators in EU member states.

Quality of service targets in terms of delivery performance (cross-border priority letter mail within the EU):

Time limit*	Target	Actual 2015 - inbound	Actual 2015 - outbound
D+3	85% of mail	84.0%	85.5%
D+5	97% of mail	95.9%	95.9%

* D means the collection day, D+3 means delivery within three working days after collection and D+5 means delivery within five working days after collection.

Other services

GOVERNMENT SAVING BONDS AT POST OFFICES

In 2015, a successful cooperation with the alliance partner ČSOB on involving Česká pošta in the distribution of government saving bonds continued. At more than 980 contact points, services related to securities accounts of government saving bond holders were performed, which increases the overall availability and quality of the service. Česká pošta is looking for opportunities to further develop cooperation with the Ministry of Finance in this area, related mainly to technical services within its postal network. Revenues associated with the implementation of this service were around CZK 3 million.

AGENDA OF THE STATE SOCIAL SUPPORT IN POSTSERVIS

In 2015, we successfully launched cooperation with ČSSZ (Czech social security administration) and the Labour Office of the Czech Republic under a project which integrates the requirements for the mass processing letter mail agenda for social and health insurance. The revenues from the cooperation with ČSSZ for printing and enveloping were CZK 1.98 million for 2015. The revenues from the cooperation with the Labour Office were CZK 2.75 million for 2015.

OUTSOURCING OF MAIL ROOMS - SERVICE FOR KEY SENDERS

The project of outsourcing of mail rooms, the aim of which was the provision of comprehensive postal services for key clients of Česká pošta, continued in 2015. Currently, the service is used, for example, by T-mobile, Komerční banka, and KB Pension Company, and will be newly joined by ČSOB. Total revenues amounted to more than CZK 16.3 million for 2015.

COMPLEX SERVICES FOR THE CHAMBER OF EXECUTORS OF THE CZECH REPUBLIC

In 2015, the project which allowed executors' offices to use the comprehensive solutions of the Hybrid Post service and the Certification authority of Česká pošta successfully continued. The services allow for the consolidated filing of letter mail and data processing by executors. They brought significant volume growth in the collected mail and new revenues in the amount of CZK tens of millions.

DINO

In 2015, the clients from the area of energy suppliers, telecommunication operators or public media used the service DINO (Debt collection from citizens). Česká televize, Pražská plynárenská or Národní pokladnice belong to the most significant clients. The negotiations on the finalisation of the order contract with ČEZ was completed and the Company is expecting to launch the project in the first half of 2016. Česká pošta is also anticipating pilot operations at selected subjects from the bank segment. In the last quarter of 2015, a new service – miniDINO was introduced.

Call centre

The call centre constantly provides the operation of the 840 111 244 paid customer number. Through this line, it provides services to the customers of Česká pošta, s.p. and also support to the post office's employees. The 800 104 410 information number provides external customers with information about basic postal services. In addition, the Call centre provides technical and methodology support on the APOST application to all post offices. The support is provided by voice services on a special toll free number. The number is shared with the department Call centrum ICT, which is responsible for the technical part of the support.

The call centre operators also provide customer and information services to existing and potential subscribers of the Borgis, a.s. publishing house on the toll free number 800 800 880. The number 800 300 302 has a similar function for Czech News Centre, a.s. publishing house and for other publishing houses for which Česká pošta manages the subscribers data.

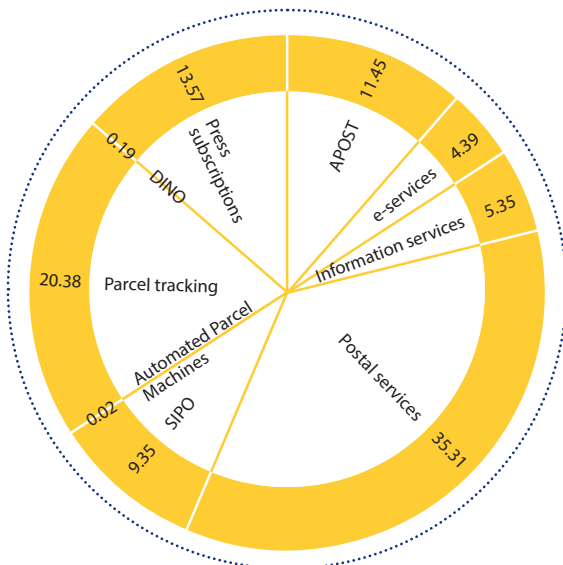
There were 497,183 incoming calls on all numbers serviced by the call centre during the year 2015. Although, most customers were interested in the information on postal services – 175,565 incoming calls – and in mail tracking – 101,315 incoming calls – there was also an increase in interest for information on the SIPO service. Throughout the year, attention was focused on strengthening the quality of the information provided, decreasing the number of justified complaints and on continuous operation. A long-term decreasing trend was noted at customers' using the numbers belonging to the publishing houses. This is caused mainly by the fact that there is a general decrease in interest in newspapers and periodicals and generally in print media.

The new services, which were launched by the Call centre, provide support to the post offices with DINO. During the first half of the year, the Call centre took over the customer and post offices support for the promising new service Balíkomat, on solving the irregular deliveries to the addressees.

119,248 mails addressed to the electronic post box info@cpost.cz were processed. It is 3,955 more than in the year 2014. There is a continuous increase in the number and volume of processed requests by addressees, such as Request for delivery of stored mail, Request for change about in which post office the mail is being stored, Request for re-delivery of mail and so on. Call centre operators managed 74,820 requests submitted using internet portal Post office Online which presents annual growth of 31%.

Call centre services continue to expand through the active addressing of selected existing and potential customers of Česká pošta, s. p. for marketing department purposes and other field inquiries for specialised departments and management.

SHARES OF INCOMING CALLS OF PARTICULAR SERVICES (%)



Source: Cisco CUCM

Quality of services provided

In 2015, Česká pošta, s. p., was obliged to provide its services at least at a level of quality stipulated by the regulator's requirements set by the Czech Telecommunication Office. When measuring the delivery time, a delivery of at least 92% of all mail on the working day following the day on which mail was collected must be achieved for the calendar year. Quality and customer satisfaction of Česká pošta, s. p., are regularly monitored through quality surveys on mail transport performed by the internal control system of Česká pošta, s. p., and also by an independent entity.

2015 results of independent measurements of the mail transport time for mail weighing up to 50 g are listed in the following table:

Delivery time for standard letter mail in 2015 (as measured by an independent agency)

Monitored sample volume (in pcs)	Number of items (in %) delivered	
	1 st day after collection	2 nd day after collection
Within the region	11,811	94.56
Outside the region	17,998	93.26
Total	29,809	93.78

Claims

CLAIMS REGARDING MAIL DELIVERY

For 1 million posted mail items and postal vouchers within basic postal services in 2015, there were 231 delivery claims filed, including those concerning the failure to deliver delivery confirmation. Of the 1 million claims received, only 148 were found to be justified.

CLAIMS REGARDING THE DAMAGE OR PARTIAL LOSS OF MAIL

Out of 1 million submitted mail deliveries for which the Company is responsible for the damage or partial loss of content, the Company recorded 31 claims of damage or loss. 21 claims out of 1 million posted items were justified.

Claims regarding the delivery of mail or money orders	(pcs)
Total number of claims	231
Justified complaints	148

Claims regarding the damage or partial loss of mail	(pcs)
Total number of claims	31
Justified claims	21

Postal network

At the end of 2015, one service point served 3,171 citizens. The number of people served by one mail box was 486*.

Overview of the distribution of endpoints of the postal network in 2015

	3,893 (incl. specialised service point Partners, vending, postal agencies)
Total service points	
of which: Post offices	3,124
Specialised service points	579
Postal point	14
Partners	90
Vending points	86
Remote counters	12
Self-service machines	15
Mobile post offices	0
Mail boxes	21,698
P.O. Boxes (rented)	26,525
Total delivery areas (letter mail)	7,781
of which: delivery areas with car service	3,609

Compared to 2014, 36 post Partner offices were established. 38 post offices were closed down.

Logistics

PARCEL PROCESSING TECHNOLOGY WITHIN THE LOGISTICS HUBS (SPU)

As at 1 May 2015, the handling of suitable letter mail deliveries was transferred from the SPU Ústí nad Labem 02 and České Budějovice 02 catchment areas to SPU Praha 022, thereby, by which another technology phase of the letter sorting machine project was achieved. The technology of machine processing of letter mail covers the whole Czech Republic up to the level of delivery areas, except for East Bohemia where construction of SPU Pardubice 02 is underway.

PLANT EQUIPPING WITH SMALL AUTOMATION AND HANDLING EQUIPMENT

As every year, the necessary process of renewal and development of small machinery and handling equipment for all types of Česká pošta premises continued also in 2015.

This process always begins with a technical specification phase based on operational needs or the nature of the products being processed; continues with tendering and finally ends with acquisition based on operational needs and requirements of the post office in the form of enhancement or expansion.

The process covers acquisition of equipment with quantitatively higher technical parameters based on the requirements and needs of the operations of the individual post offices according to current technical developments, and equipment standardisation within



Parcel Pick-up

The Parcel Pick-up service is a comfortable way to send parcels using Parcel Delivery To The Post Office or Parcel To Hand services from the comfort of home or the office. The Company will pick up the parcel at your address and reliably deliver it anywhere in the Czech Republic. The pick-up service can be ordered by everyone on the website www.ceskaposta.cz/odvozy.

Česká pošta. It brings a higher work quality and efficiency, eliminates the human factor mistakes and, last but not least, decreases the physical demands to manipulate and process postal products.

It is necessary to mention the important step of acquiring the 59 payment machines for postal operations which replaced the current hand-operated mechanical ones. Digital fingerprint technology was implemented per shipment postage along with a new machine.

During the whole year packaging and operating equipment (crates, containers, mailing bags and pallets) and handling equipment (pallet carts) were bought.

Properties

Česká pošta has the right to manage its extensive number of real estate properties throughout the Czech Republic. This includes 3,742 premises which includes 4,040 buildings (1,500 own and 2,540 owned by third parties) and moreover, 2,778 plots of land (2,706 own and 72 owned by third parties). The vast majority of the property is used to ensure the performance of the business activities of Česká pošta. The properties comprise post offices, depots and SPUs. Česká pošta continuously acquires property that it needs for its activities, whether by acquisition or construction if it is unable to meet the specific need from its existing portfolio. Some of the properties which are not actively used by Česká pošta are analysed and rented or sold to third parties. In 2015, the process to sell redundant property was launched. This will also continue in 2016.

Marketing Communication

Česká pošta realised several smaller campaigns, not only to support fundamental products but also to support other services and products (for example: vignettes, gift collection of Christmas stamps and postcards, occasional postage stamps, eGovernment services or events at the Postal museum).

To introduce these products, mostly Česká pošta's own communication channels were used, such as, advertising space in post offices, Česká pošta websites and websites of individual services rather than purchased media. The internal advertising space is continually being standardised, moreover they were expanded so that they could be used not just for Česká pošta's communication but also for sale.

The campaigns to connect communication channels outside Česká pošta were prepared for the eGovernment service. Specifically, this refers to the campaign for Data safe and the campaign related to the new mandatory VAT reporting. Internet was the most frequently used media for these campaigns due to the electronic character of these services. In 2015, the increasing trend of Online advertising continued from previous year. Česká pošta is the partner to the State and local administration and thanks to that, being the provider of eGovernment, it actively participated at the two key professional conferences – ISSS 2015 (Internet at the State and local administration) in Hradec Králové and eGovernment 20:10 in Mikulov. With the aim to transfer the operation of selected post offices to third parties Česká pošta successfully introduced the project Pošta Partner to the representatives of participant cities and towns at the Assembly of the Union of Municipalities and the XVIII National Financial Conference held by the Union of Municipalities of the Czech republic.

Corporate communication

In 2015, Česká pošta published the periodical Postal newspapers, addressed to all employees and former employees. This semi-monthly magazine is published at the edition size of approx. 50,000 copies. It informs people about the latest news, important changes and future plans, and it is distributed directly to the mailboxes of the postal workers. It is also available on the Česká pošta website.

Various social media have been receiving great popularity in recent years. For its promotions and communications, Česká pošta used mainly Facebook, Twitter and Instagram in the past year.

HUMAN RESOURCES

Employment development and employee structure

In 2015, the development of employment in Česká pošta was greatly affected by the labour market recovery in the whole Czech Republic. Due to this situation, there was a higher employee mobility and problems with recruitment for vacant positions - mainly messengers, counter staff and drivers.

The total average number of employees for the year 2015 amounted to 30,194 full time equivalent.

Compared to 2014, the average number of employees decreased by 224, due to ongoing organisational changes.

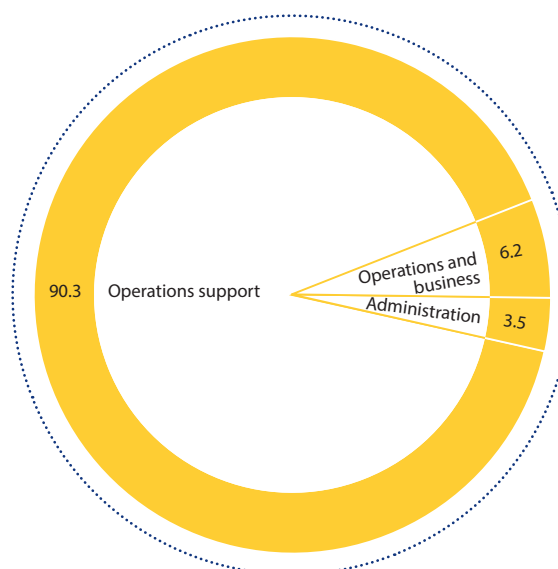
Organisational changes affected the numbers of employees in all professional groups throughout Česká pošta, but the professional structure had not changed significantly.

The largest share of the total number of employees, 90.28%, is represented by operations and sales (employees at post offices, depots, logistic hubs, payment services, PostServices, PostKomplets, etc.). Operations support (IT, transport, Call centre, supplies, warehouses, etc.) amounted to about 6.24% of employees. Administration (accountants, property management, controlling, monitoring of postal operations, HR professionals, marketing, etc.) amounted to only 3.48% of the total number of employees.

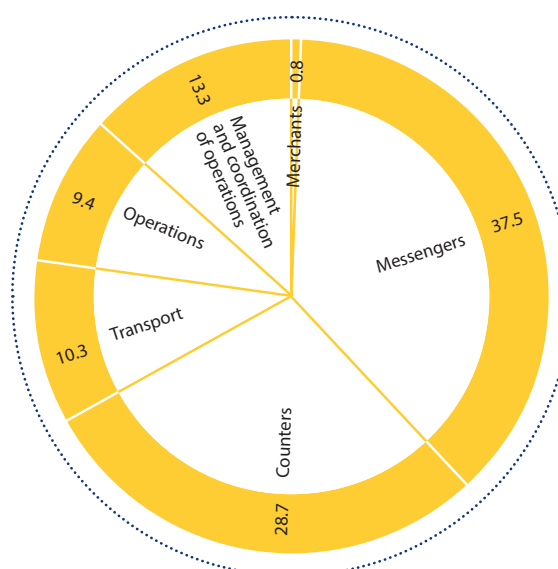
The most numerous group within operations and sales are postmen. They represent 37.5% of all operational staff. Another larger group is counter staff, who make up about 29% of all operational staff. About 10% represent the transport staff, while the back office operations represent about 9%.

The professional structure of employees significantly affects the level of average wages, employee benefits, staff training, recruitment, new-joiner process, etc.

PROPORTION OF THE TOTAL NUMBER OF EMPLOYEES (%)



PROPORTION OF EMPLOYEES IN THE OPERATING SECTOR (%)



Salary and Employee benefits

In 2015, the average wage increased by 1.5%, i.e. to CZK 21,841 compared to 2014.

Following the negotiation with the union partners, the following changes were introduced in the area of remuneration:

- a) A salary increase of CZK 750 on average (tariff and performance wage) effective from 1 April 2015
- b) An increase of the additional pay for work at night by CZK 4 (from CZK 20 per work hour to CZK 24) and an increase of the additional pay for work in a health harmful environment (from CZK 13 per hour to CZK 15),
- c) A payment of compensation for the first quarter 2015 due to the salary growth effective from 1 April 2015, paid together with December 2015 wages (CZK 750 per each month),
- d) A Christmas bonus payment to salaried employees in the amount of CZK 40 million (on average CZK 1,081 was paid).

Based on the facts mentioned above, the wages of salaried employees increased by 3.3% in 2015.

Besides the wages for performed work, Česká pošta provides its employees with employee benefits, such as:

- from the statutory fund for cultural and social needs ("FKSP") generated in the amount of 2% of wages as stipulated by the law (gifts for important work and life anniversaries and holiday and rehabilitation contributions, summer camps, culture and sport)
- from costs (financial contributions to meal vouchers, to pension and life insurance).

In 2015, the value of meal vouchers increased from CZK 60 to CZK 70, which increased the employees' income by an additional 1%.

Systematic employee performance management

One of the basic management tools for managing the performance of employees is the continuous evaluation of their work performance. Throughout the year management regularly evaluates individual performance indicators for employees. These indicators are set up before the evaluation period in line with the objectives and strategy of Česká pošta. The so-called „performance bonus“, is paid to employees on top of the basic salary based on the results of the evaluation of individual indicators.

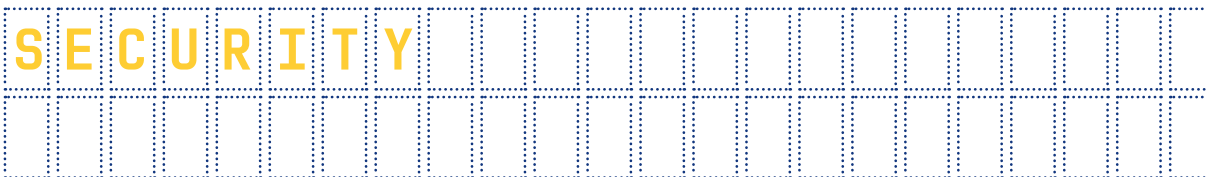
In addition to the continuous assessment, which is used to evaluate short-term work performance, Česká pošta also implemented an annual employee performance assessment of the work results and professional behaviour. This assessment took place during February and March 2015. Five criteria which are based on the Company's values were evaluated using the four-grade scale: customer orientation, performance, responsibility, flexibility and cooperation. Employees' wages were adjusted based on the results of the annual assessment. The annual employee assessment allows the assessors and the evaluated employees to meet and discuss the achieved results, the future objectives and development needs.

Social dialogue

A dialogue with social partners is an integral part of Česká pošta communication, it covers questions on economic, social, salary, labour and safety conditions of employees. The communication process with union partners is realised on the basis of regular meetings and providing information in an agreed scope and operational meetings on specific topics. An integral part of the cooperation between all parties to the social dialogue is the mutual decision making on planning and using the FKSP, the total balance of which reached CZK 170.049 million in 2015.

In December 2014, the Collective Agreement of Česká pošta for 2015 – 2018 was concluded. The year 2015 was the first year of it being in effect and the commitments related to it were followed. Effective from 1 March 2015, meal vouchers with higher nominal amount of CZK 70 were provided to employees. Effective from 1 April 2015, the pre-agreed tariff wage increase of CZK 750 per salaried employee was realised. In December 2015, the employer compensated for the increase in tariff wages effective from the 1st quarter of 2015. In November 2015, additional increase in wages with the effect from 2016 in the total amount of CZK 400 million was negotiated with the union partners. Effective from 1 April 2016, the permanent increase in tariff and performer wages by CZK 220 million will take place. In addition, effective from 1 April 2016, every salaried employee will receive a regular monthly bonus during the whole year 2016 (the total amount of allocated funds is CZK 180 million). This measure should ensure an average increase in wages of 5.6% effective from 1 April 2016.

As a responsible employer, Česká pošta also cares about the health of its workers, gives them space to grow and educate themselves, deepens corporate social responsibility in the area of equal opportunities and supports the Česká pošta brand as a promising and attractive employer. These activities are described in more detail in the chapter on CSR.



Within postal services, Česká pošta also offers financial services which are activities with higher risk exposure and due to its diversity cannot be compared with any other financial institution. Providing basic safety requirements for the smooth operation of these services, protection of assets, clients and workers of Česká pošta are the basic tasks of the security department.

Another important task that the security department deals with is crisis management and planning, solving of external and internal crimes against Česká pošta as well as management of classified information within the Česká pošta business. The security division also ensures the physical check of protection of personal data under the methodological leadership of the legal department. The broader concept of Česká pošta security also includes the corporate compliance program against corruption and other forms of misconduct.

In 2015 Česká pošta performed an extensive analysis of the whole security management system with the aim to assess how the present condition of security in Česká pošta corresponds with the requirements of the information security management system (ISMS) which is defined by the standard ISO/IEC 27001 as amended from 2014. By this analysis, differences in the field of security and the implementation level of the security policies were identified between the professional departments of Česká pošta.

Based on these results, strategic procedures to increase security in Česká pošta were created, which included a creation of the Global security policy for Česká pošta and security policies for particular divisions, departments and sections.

The Security division subsequently implemented the ISMS standards in the area of security management, mainly in the area of information protection and personal and physical security. The Security division applies the principles of security management according to ISMS and at present these principles present a general framework for assessment and provision of activities in this area for the whole Česká pošta.

The Postal Operations security

The year 2015 was managed in accordance with the security department strategy, the request to increase security of property, facilities, persons and vehicles were processed. We use the current Czech technical norms as a guide, which lead to an improvement in the security management system. The reason to perpetuate the work of the security department is the need to increase the level of security in relation to the development of crime in our society.

Throughout the whole year, many branches and depots were reconstructed with the implementation of new modern technology in the form of alarm and emergency systems, camera systems (CCTV) and access control systems. Within mechanical security, new reconstructed counters were equipped with time-safety cash register and in many branches safes for money and valuables were renovated.

Training activities were focused on increasing the knowledge level of our managers and security agency workers which guard important property of Česká pošta. The "Ten rules of security" for particular activities were created and distributed to post offices and business premises.

Furthermore, the cash-in-transit service was strengthened by using safety boxes equipped with destructive devices for destroying the contents in case of attack.

Thematic and operational checks were performed as part of control activities, focussing on the safety in postal operation and controls for following the set instructions for providing guard services were performed in the area of physical security.

The priority of Česká pošta has always been, is and will be the security of persons and property. Having a feeling of safety is extremely important for employees to be able to conduct their work.

Inspection department

Inspection department, as a part of the security and organisational structure of Česká pošta, assesses and reports on the status of crime activities in the environment of Česká pošta. It performs internal inspections, controlling and preventive activities focused on the security of the Company's tangible and intangible assets. It participates on pre-screening of employees.

It cooperates with the Police of the Czech Republic and other bodies active in the criminal proceedings in providing the necessary documents for the investigation of extraordinary events and in pressing the charges as authorised by the Director General. It organises the permanent operational service of Česká pošta for solving of extraordinary events. It provides support to the authorised bodies in cases of inspection of shipments.

It proposes changes to the operating rules of Česká pošta with the aim to increase the postal operations security and to ensure the security of Česká pošta assets.

The inspection department ensures cooperation inside and outside of Česká pošta which includes organising and provision of permanent operational services SOS with response times of less than 180 minutes for emergencies in the whole area of the Czech Republic, pressing charges in case of identified cases, determining the damage for criminal proceedings and cooperating with insurance companies, internal departments of Česká pošta and ensuring investigations and activities at the request of the Police of the Czech Republic (screening of products, searching, seizing and checking of shipments following a ruling of the competent court).

In 2015, 180 investigations and operations in total were conducted at the request of the Police of the Czech Republic when mail deliveries with the total value of CZK 9,199,954 were inspected. This concerned a cooperation mainly with organs with nationwide jurisdiction, department of special operations of the police presidium and General inspection of security forces.

Based on the agreement between Česká pošta and the Police of the Czech Republic, transport of valuables secured by the special forces unit of the Regional Police Headquarters in Prague was performed as part of the regime activity in December 2015.

In 2015, the security department completed the interdepartmental comment procedures and a new agreement on cooperation between the Police of the Czech Republic and Česká pošta, s. p. at the level of the Director General of Česká pošta and the police president was concluded, replacing the unsuitable agreement from 1996.

The inspection department, in cooperation with the BPP department performed 930 controls of the cash collection routes from existing clients of Česká pošta and carried out security investigation and gave instructions at 46 newly serviced clients' premises.

In addition, 76 guard training events were organised as a preparation of carriers for the cash-in-transit, and as a result the South Bohemian, South Moravian and North Moravian regions and Prague were prepared for the professional qualification examinations.

As part of the control activities, 864 controls were carried out on the security of entrusted values and another 412 operational controls were performed, focusing on complying with technology in the area of trainings, DÚS (delivery network) and logistics.

Crisis management

Crisis management in its broad sense represents a set of management activities, analysis and evaluation of security risks, planning, organising, implementation and control of activities performed in connection with the preparation for potential crisis situations as defined by Act No. 240/2000 Coll., the Crisis Act, and Act No. 222/1999 Coll., on Ensuring the Defence of the Czech Republic.

Česká pošta, in accordance with the Crisis Act, amended the postal conditions and rules which now specify the respective content (excluded human and animal samples) that is excluded from transport, and the content, which can be included in transport, subject to meeting the conditions set out in the Pronouncement of the Ministry of Foreign Affairs no. 8/2013 Coll. (section Class 6.2 Infectious substances). The employees were informed about the change by the Česká pošta bulletin, as well as by the security section of the Postal newspapers.

Measures in the area of legalisation of revenues from criminal activities and terrorist financing

Česká pošta is an obligated entity in accordance with Act no. 253/2008 Coll., on measures against legalization of revenues from criminal activities and terrorist financing. Effective from 1 September 2015, the Security division took over this matter from the Postal technology section and the director of the Security division became the contact person in accordance with the above act. The tasks solving continued in an uninterrupted way from the previous period and a close cooperation was established with the Financial Analytical department of the Ministry of Finance of the Czech Republic, to which suspicious transactions are being reported and based on the received feedback, these are then actively used by relevant state authorities.

Protection of classified information

The area of the protection of classified information was realised in 2015 in accordance with the cogent legislation (Act no. 412/2015 Coll.) and the consecutive implementing guidance with the aim of ensuring the maximal protection of classified information and meeting the legal obligations.

In the general concept, the protection of classified information represents a set of measures that prevent unauthorised handling of classified information – for example, proper filing and handling of classified information, control of continuity access of individuals to classified information, training people on how to protect classified information in accordance with existing legislation, carrying out inspections and functional tests of technical means etc. Ensuring the implementation of these measures is one of the tasks of the security department.

Throughout the year, activities in the area of protection of classified information were carried out, which included:

- providing cooperation to Česká pošta employees when submitting a request to the National Security Office for issuing a Personal Security Clearance,
- providing information on the duties and responsibilities to new individuals, which were granted access to classified information,
- fulfilling reporting obligations to NBÚ,
- providing information requested by the National Security Office,
- updating the list of functions and persons that are expected to have access to classified information,
- training of Česká pošta employees who have access to classified information on the laws and regulations in the area of the protection of classified information,
- verifying whether an individual meets the conditions set for having access to classified information at the level of Dedicated secrecy,
- updating the Česká pošta directive (directive no. 6/2013 - Safety documentation of the entrepreneurs), etc.

In 2015, the security department cooperated with the ICT department and eGovernment to comply with the requirements of the Cyber Security Act.

Personal data protection

In 2015, the security division conducted an inspection focused on the protection of personal data in the operation of Česká pošta under the methodological guidance of the legal department. As part of this inspection, the security division continues providing consulting services to employees that have access to the clients' personal data and alerts on the significance and the importance of protecting personal data in accordance with Act no. 101/2000 Coll., on data protection.

Occupational Health and Safety at work

Česká pošta places increased emphasis on safety and health protection at workplace and on ensure fire protection. The aims to create a healthy work environment for employees and to secure the removal of hazards in order to prevent occupational injuries.

Ensuring Health and Safety at Workplace (BOZP) and Fire prevention (PO) is governed by a large number of legislative norms. Above all, Act no. 262/2006 Coll. Labour Code; Act no. 309/2006 Coll., which governs additional requirements of BOZP at work relations; Act no. 258/2000 Coll. the protection of public health; Act no. 174/1968 Coll., on state professional supervision of occupational safety; Government Order. 495/2001 Coll. which determines the extent and detailed conditions for the provision of protective work devices, washing, cleaning and disinfection resources; Government Order no. 361/2007 Coll., which determines conditions of health protection at work; Government Order no. 101/2005 Coll. on detailed requirements in the workplace; Ministry of Health Decree no. 432/2003 Coll., which sets conditions for the

categorisation of work; Act no. 133/1985 Coll. to ensure the PO; Ministry of Interiors Decree no. 246/2001 Coll. establishing fire safety conditions and state fire supervision and many others.

Through periodic and ad hoc trainings Česká pošta provides further education, awareness and knowledge of BOZP among supervisors, who have full responsibility for their own workplace.

In cooperation with the trade unions operating within the Česká pošta, the status of ensuring BOZP and PO is regularly discussed. Comments provided by union inspectors in the area of BOZP are responded to, the findings, observations and results of inspections are continuously solved, or, respectively, the deficiencies are eliminated.

In accordance with the Labour Code, the condition of the individual workplaces is regularly reviewed as part of the annual „Reviews of ensuring BOZP and PO at Česká pošta workplace“.

Moreover, the level of BOZP and PO is also ensured by increased internal control activities with 2,888 inspections performed for the last year 2015.

The importance of BOZP and PO topics is also reflected in the area of interest of inspections performed by the state specialised supervisor. In 2015, a total of 41 inspections were conducted by the Fire and Rescue Services of the Czech Republic, 4 inspections were conducted by the labour inspectorate and 54 controls in the field of work hygiene and no penalty was imposed on Česká pošta by the state specialized supervisor for the violation of BOZP or PO regulations.



Credit card payment

We accept credit cards! Now at selected post offices, customers can comfortably pay for their letters, packages, Czech POINT or SIPO services by using cards from all banks.

INTERNAL AUDIT

Similarly as in prior years, the independent, objective assurance and consulting activities of the internal audit were performed with the focus of improving processes within the Company in 2015. All activities were performed in accordance with International Standards for the Professional Practice of Internal Audit issued by the Institute of Internal Auditors and strictly complying with the respective internal directives of Česká pošta, i.e. Internal Auditing Charter, Code of Ethics and Guidelines for the Performance of Internal Audit in the Company.

The overall quality of internal audit work was internally regularly assessed and evaluated throughout the year, in accordance with the approved Program for securing and improving the quality of internal audit for the year 2015, with positive results. In line with International Standards for the Professional Practice of Internal Audit a mandatory assessment of the internal audit quality was performed by an independent body, the Czech Institute of Internal Auditors which was selected from four reputable companies, at the end of 2015. All internal audit activities for the period 2013-2015 were subject to this external evaluation with the outcome that activities of Česká pošta's internal audit are, in all respects, in accordance with the International Standards for the Professional Practice of Internal Auditing, the Definition of Internal Audit and the Code of Ethics of the Institute of Internal auditors. Česká pošta received the appropriate certificate confirming this conclusion.

Internal audit activities were conducted primarily in line with the internal audit plan for 2015, which was acknowledged by the Internal audit committee and approved by the General Director and primarily included the realisation of internal audits focused on risky areas of Česká pošta's activities identified on the basis of risk maps, on areas having a major impact on the quality of management, quality of provided services, property management, operation and development of the Company and areas recommended by the external auditor related primarily to the internal control environment. The plan also included the realisation of a number of so-called mandatory audits, the objective of which was the verification of the conformity of quality management system and information security management system of the Company with ČSN EN ISO 9001:2009 and ISO / IEC 27001:2006 (resp. ČSN ISO / IEC 27001:2014), security compliance with

Decree no. 378/2006 Coll., on procedures for qualified providers of certified services, and compliance of document management system - Filing service with BS / ISO 15489:2001.

Altogether, 18 planned audits and 4 other audits requested beyond the plan by the General Director were conducted in 2015. All final reports of audits approved by the head of the Department of internal audit and risk management were discussed acknowledged by the Internal Audit Committee and accepted by the General Director, who subsequently approved the proposed corrective measures and imposed their implementation. The Audit Committee of the Supervisory Board and the Supervisory Board were informed of the results of all completed audits on a quarterly basis.

An integral part of the plan was the implementation of regular quarterly monitoring of fulfilment of the remediation proposed for completed audits. Fulfilment of these tasks continues to enhance the quality of governance of the Company, its processes and the quality of provided services. It also contributes to the improvement of internal management and control systems and the risk management process. Under the approved plan of activities, sufficient capacity was reserved for counselling services, cooperation with the external auditor, assessment of the internal management and control systems and the levels of risk management, and all these activities were subsequently realised by the internal audit.

Overall, internal audit activities carried out throughout 2015 contributed to

- continuous improvement of the quality of audited processes and activities,
- improving the quality of management activity and cooperation between organisational units,
- stabilisation and improvement of quality of provided services,
- strengthening the security and preventive activities against possible corruption, fraud and damages,
- increasing efficiency in the provision of management and expert inspection,
- identification of risks and their causes, risk assessment and proposing measures leading to their mitigation,
- continuous fulfilment of the requirements of ISO norms for certified services.

RISK MANAGEMENT

Risk management has been an integral and permanent part of the Company's corporate governance. It represents a tool that enable the conscious acceptance and management of all business risks, which originate and exist in the changing external business and legislative environment as well as in the Company's environment of intensive internal changes.

As part of the risk management strategy of Česká pošta, the Company consistently applied a systematic approach to the identification, measurement, management, monitoring and reporting of risks, in a systematic, uniform and integrated manner, that these risks are foreseen in a timely manner and are effectively managed. The risk management process operates in accordance with the ERM model (Effective risk management) i.e. a comprehensive system management of all identified risks within the Company, which is an integral part of the business management process and is focused primarily on reducing potential negative impacts on the business plans, management and image of Česká pošta. Risk owners are responsible for managing individual risks, which is in line with best practice in this area and improves the overall quality of Česká pošta management.

For 2015, the Company's management approved the „Updated risk management strategy in Česká pošta“, including the setting of new risk management objectives. These mainly included the definition of strategic risk committees for risk management and an update of the relevant management documentation. The creation of performance strategic risk groups, establishment of the Risk Management Committee and updating of documentation related to risk management were the outcomes of the fulfilment.

The basic document supporting the results of and the level of risk management process in 2015 is the „Book of risks of the Česká pošta s. p., year 2015“, which contains a list of identified and managed risks, broken down by category. The Book of risks, structured according to these categories, contains the distribution of risk at different levels depending on their impact and frequency of occurrence, i.e. the risk exposure. The Book of risks includes a separate chapter on the newly created group of 12 strategic risks, i.e. the risks that could endanger the fulfilment of the strategic goals of Česká pošta, the economic stability and reputation of the Company and could adversely affect the availability of provided services, modernisation and, in particular, the development of IT infrastructure and services, or in other words, the transparency in management of state property.

Reports on the state of risk management and the measures taken in 2015 were acknowledged by the Risks Management Committee, presented to the Company's management and provided to the attention of the Supervisory Board.

COMPLIANCE

In 2015, individual activities, measures and compliance activities in Česká pošta were consolidated under one system framework, which became a standard part the Company's corporate governance processes. The compliance system in Česká pošta is built to create prerequisites for conformity of the Česká pošta activities with the applicable laws and regulations, and thus reducing the risk of penalties and damage to the Company's reputation and, at the same time strengthening the transparency of Česká pošta and its credibility.

Česká pošta highlighted its rigorous attitude to business ethics and adherence to compliance rules in the new Code of Ethics of the Company, which was released in July 2015. This document accentuates that the compliance with the Code of Ethics applies to all employees regardless of the work position, it defines binding principles of ethical conduct and clearly names forms of unacceptable behaviour. The Code of Ethics also includes contact details for the Compliance Line of Česká pošta, where can employees report suspicions of illegal or other unethical behaviours.

The basic compliance functions include maintaining a current, integrated and interdependent system of internal regulations that are in compliance with applicable legal regulations and with each other. During the period September 2014 - September 2015, a comprehensive review of the directives platform of Česká pošta was carried out and resulted in the cancellation of more than 1/3 of the regulations and the identification of directives to be updated or otherwise amended (merger of directives, better targeting scope of regulations, etc.). The development of the new system for creation and management of internal directives was launched in 2015 and it will allow to proceed to the next stage of improvement of compliance function in this area next year. Its purpose is mainly to ensure the efficient and effective familiarising of employees with the internal directives they need to know for their job, and generally to facilitate their orientation in the regulatory foundation of the Company.

Other functions of the compliance system in Česká pošta are built and developed on the basis of analysis of compliance risks of the Company and are subsequently framed as complex tools (programs) to reduce the level of risks in selected areas. The compliance program against corruption and other forms of misconduct represents the supporting component of the Compliance System. Special Compliance Programs are aimed at personal data protection and compliance with competition rules.

The department of compliance and regulation lead by the Compliance Officer is responsible for the strategy and implementation of the compliance program against corruption and other forms of misconduct, as well as for the creation and management of internal directives. According to the principle of independence, the Compliance Officer is authorised to report on compliance matters directly to Česká pošta's Director General or to the Supervisory Board if he considers it necessary given the nature or the seriousness of the finding.

The corporate compliance program against corruption and other forms of misconduct is a comprehensive tool to reduce the risk of Česká pošta being prosecuted under the Act on Criminal Liability of Entities and related damage to the Company's reputation. This program also ensures that all requirements of the Departmental internal anticorruption program of the Ministry of the Interior of the Czech Republic, at which Česká pošta is fully involved, are met. The corporate compliance program also defines the principles and rules to prevent conflicts of interest, another target area consists of compliance measures in relation to selected external and internal entities (e.g. to suppliers of the Company), the full development of which will be put in Česká pošta compliance practice in 2016.

The corporate compliance program includes a comprehensive set of rules, procedures, measures and actions that can be divided into three areas according to their purpose - prevention, detection and correction compliance pillars.

The prevention pillar is aimed at preventing illegal and other corrupt practices by employees and other subjects. Most activities in this area are therefore focused on communication with employees, both through corporate media (including postal newspaper that all employees receive, and which is distributed twice per month) and through consultations and training. Emphasis is placed on explaining the significance and objectives of compliance and raising general awareness of the fact that compliance is part of the corporate culture and a long term competitive advantage of Česká pošta. In terms of prevention, in 2015, all major compliance regulations and rules were processed (e.g. the rules for giving and receiving gifts and entertainment) and the compliance risk management methodology was set which enables the Company to perform comprehensive and complex systematic assessment and treatment of risks that arise for Česká pošta from the Act on Criminal Liability of Entities. Another important measure put into the Company's compliance practice in 2015 was the introduction of so-called compliance clauses in all contracts concluded by Česká pošta with suppliers and other selected partners. In these clauses (criminal law, anti-corruption, ethics), which are also available on the Company's website, Česká pošta clearly and unambiguously expresses its demands for proper conduct by its business partners and strict adherence to the compliance rules.

The detection pillar of Company's compliance programme includes actions, instruments and measures, which should help directly identify potential compliance risks or cases of misconduct. For these purposes, there is a designated reporting compliance line (whistleblowing) in Česká pošta, through which employees can also make anonymous

reports. The Česká pošta compliance (part of the Department of compliance and regulation) is the recipient of these reports, and provides reviews and possible investigations of these reports on a strictly confidential basis. As part of the compliance risk management, the identification and analysis of corruption risks (accepting a bribe, offering a bribe and indirect bribery) were performed throughout Česká pošta; also during 2015, this analysis continued for additional compliance risk cases (in accordance with the Act on Criminal Liability of Entities) in the organisational units of the Company, in the activities or scope of which the risks could occur.

The correction pillar is designed to deal with cases of misconduct that were reported or otherwise identified. The Compliance Committee has a key role in the mechanism for assessing compliance incidents, its members are executives representing relevant areas of expertise (legal services, human resources, security, internal audit, compliance). The Committee discusses the relevant notices of misconduct, and, according to their nature and severity, decides on further action (including initiating an internal investigation or other necessary measures) and then draws conclusions containing, in case of proven misconduct, the possible next steps and recommended corrective actions to improve internal controls and / or to achieve systemic improvements.

Assessment of the adequacy, efficiency and effectiveness of mechanisms for responding to compliance risk is part of the evaluation of the internal management and control system of Česká pošta carried out on an annual basis by the Company's Department of the Internal Audit and Risk Management.



PostBox

PostBox allows customers to use Ordinary and Recommended Letters from the comfort of the office. The letters are only to be deposited in the PostBox and our courriers see to their regular pick up.

[illegible]

Social pillar

WE CARE ABOUT THE EMPLOYEES' HEALTH

Česká pošta continued with the maximum utilisation of computerisation of labour-medical services. This brought a steady increase of the quality of safety and employee health, and made it possible to manage costs driven by compliance with the current legislation.

Česká pošta continues with its programs to support the health of its employees. It continued the unique project „Let's all get involved, it's not difficult!" aimed at the prevention of breast cancer and carried out an initial action program on the prevention of melanoma. This event called „Česká pošta unites" took place in early September 2015 in Prague with the support of Česká pošta management and the trade unions, and medical consultant Prof. MD. Petr Arenberger, DrSc, MBA, Head of the Dermatology clinic at the 3rd Medical Faculty of the Charles University. A free dermatoscopic examination was offered to more than 1,000 employees, their family members and incoming customers. 25 European specialists - participants in a conference organised by the European Academy of Dermatology and Venereology - participated in the examinations. Consequently, disease were detected in eight people and these cases were dealt with promptly by doctors from the University Hospital Vinohrady. A professionally diverse team of Česká pošta employees, who in their spare time spent more than 1,100 hours volunteering, organised the event.

This achievement was positively received by employees and the general public; the Česká pošta's active and responsible approach to the health care of their employees was particularly appreciated. The idea and especially its realisation also attracted the attention of foreign doctors as possible inspiration in countries where no similar programs have yet been realised by employers.

In the area of maintaining the level of health of employees, Česká pošta will be active in the upcoming period. As an employer with a high proportion of women, Česká

pošta will continue to promote the prevention of breast cancer and the melanoma prevention program, which is designed for all employees. The program should address in particular the 37% of Česká pošta employees who work outdoor.

ČESKÁ POŠTA GIVES PEOPLE SPACE TO GROW

The objective of the Company in 2015 was to provide mandatory training to continue the systematic and comprehensive vocational training and other educational activities to support the functioning of the Company and its processes with an emphasis on corporate culture and corporate values. The development of employees is understood by Česká pošta as a tool to remove specific barriers and to increase individual or group performance, strengthening innovation and business goals and sustain its competitiveness in the market.

When preparing training, HR collaborates with responsible managers with the objective to maximise the effectiveness of the educational activities. In 2015, the percentage of exercises and training in practical skills at the expense of theoretical blocks increased. The concept of comprehensive development of Česká pošta employees was created to respect the educational needs of the Company with regard to the strategy and tasks of the individual departments and employees. The following period would be dedicated to targeted and structured staff training in the areas of management competencies, personal development and business skills. A department of education and development and the roles of internal trainers were set up to support the preparation and implementation of the concept.

Training of employees in 2015 was realised in the areas of mandatory training, vocational training, alliance partner product courses, and professional development activities.

For 2015, training for about 70,000 employee participants were carried on. The vast majority of training was mandatory in nature, but for 10,117 employees vocational training courses to promote their professional level

were realised through internal trainers. In the area of professional training, a qualification course "Processes of Česká pošta" was prepared for the leadership. The course was attended by 215 new executives from depots and post offices.

In the context of development activities, the project in cooperation with ČSOB Poštovní spořitelna continued. Within the realised development activities, the emphasis was mainly on managerial skills of middle management in operational department (heads of master and individual post offices, leaders of depots and deputy heads of depots, leaders of SPUs and departments of postal services, delivery network, logistics) with the aim to support supervisors in activities, people and performance management. Workshops on the changes in the annual employee evaluation process were held in the third and fourth quarters. The workshops were intended for all managers of Česká pošta.

In 2015 one new postal professional qualification was created and 3 ones were revised as part of the National Qualifications Framework, and in accordance with law no. 179/2006 Coll., on verification and recognition of further education. This year, Česká pošta's qualification Dispatcher of postal collective transportation node was approved by the Ministry of Education, by which the total number of approved qualifications reached 12.

ČESKÁ POŠTA SUPPORTS CORPORATE SOCIAL RESPONSIBILITY AND EQUAL OPPORTUNITIES

Česká pošta's strategy in the social pillar of corporate social responsibility is fulfilled by many activities. One of them is a program for parents who will be returning from maternity or parental leave. The program includes a web portal www.ceskapostarodicum.cz serving not only as a source of information about Česká pošta and from Česká pošta, but also provides the opportunity to attend several new elearning courses, directly from home. There is a newly created e-learning course on the gender problematics and its impact on civil society. A set of practical guides is also available to parents and senior employees. In 2015 Česká pošta took part in the regional round of the Recruiters Prize competition for the best HR projects organised by the Klub zaměstnavatelů o.p.s. and was noticed because of its parent program.

In order to improve the reputation, corporate culture and enhance the legal protection of the Company, inspections and subsequent expansion of the Code of Ethics and corporate values of Česká pošta was undertaken in collaboration with colleagues from the department of regulation and compliance. At the same time, there were two entrance thematic trainings for Compliance partners and HR managers the contents of which were the topics of ethical conduct, compliance and interpretation of the Code of Ethics.

In the area of equal opportunities Česká pošta increased its efforts to employ people with disabilities (OZP). Thanks to recruitment advertising for people with disabilities and cooperation with regional branches of the Labour Office and NGO's, the share of OZP employed by Česká pošta increased. Two communication campaigns were run aimed at increasing the number of registered OZP from the Company's employees, and improving awareness and care of employees with this status.

ČESKÁ POŠTA SUPPORTS EMPLOYER BRAND

The Company continued its activities aimed at strengthening the brand of Česká pošta as a prospective and attractive employer. Cooperating with partner secondary schools enables targeted communication to potential employees from students. Within the activities implemented in 2015, The following activities are especially worth mentioning: the presentation of Česká pošta at a job fair at the University of Pardubice, the traditional postal skills competition held for secondary 'postal' schools and an annual meeting of representatives of schools with management of Česká pošta.

Sponsorship

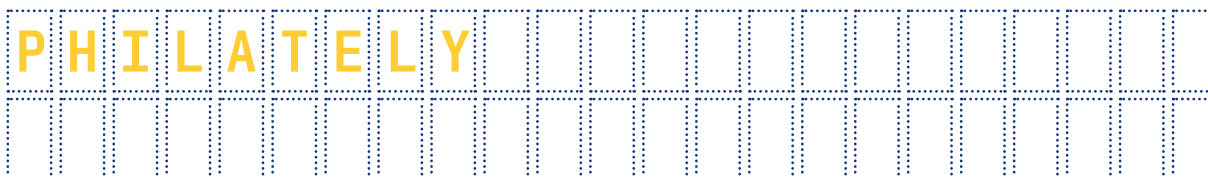
An important area of social responsibility of Česká pošta is helping the needy. In accordance with Government Resolution no. 334/1999, which defines to which subject and for what purposes may a state enterprise provide donations, Česká pošta focussed its assistance on two main groups of citizens, who are not able to manage without the help of others. The assistance is for physically or socially disadvantaged children and care of the elderly. Česká pošta is working with the authorities of the Department of Social Welfare in individual Regional Offices to select the suitable recipients (NGO's). In 2015, donations were given to a total of 32 subjects. One organisation caring for elderly people and one caring for disabled or disadvantaged children were chosen from each region, with the exception of the Liberec Region, where the donation was given to two organisations, while safeguarding the principle of uniform distribution of funds among all regions. Česká pošta also supported one organisation with nationwide jurisdiction.

At the same time as part of long-term collaboration, Česká pošta made a donation to the League Against Cancer and Charter 77 Foundation - Barriers Account. The total volume of donated funds amounted to CZK 2,000,000 in 2015.

Environmental protection

Activities performed by Česká pošta as part of its standard operating activities have only a relatively small impact on all components of the environment. Interference or intervention in land or agricultural land, damage to surface and groundwater can be classified as those having a small impact, and affecting protected elements of nature and protected species as insignificant. Emissions of pollutants into the air can be considered as a more significant intervention in terms of environmental pollution. Emissions come from two main sources, the operation of stationary sources of air pollution, where the main pollutants are nitrogen oxides and carbon oxides, but mainly from the operation of trucks and passenger cars, where the main pollutants are nitrogen oxides, sulphur oxides, benzene or dust particles.

Besides the fulfilment of legislative obligations in all areas of environmental protection, the Company's strategy in the field of environmental protection is the reduction of pollutant emissions. For these reasons, there were additional purchases and use of CNG vehicles in 2015. CNG vehicles currently make up 20 percent of the Česká pošta car fleet. In 2015 Česká pošta newly acquired 303 delivery vans and 32 passenger vehicles that run on compressed natural gas.



Stamps in 2015

In 2015, Česká pošta provided the issuer of postage stamps - Ministry of Industry and Trade of the Czech Republic – with 28 commemorative postage stamps with first edition envelopes and stamps.

The Company issued traditional emissions that belong to the stars of stamp design, such as the Tradition of Czech stamp making, Celebrities, the Beauty of our homeland, Europe, Prague Castle and Works of art on Stamps. It also issued a commemorative stamp as a tribute to Sir Nicholas Winton.

Occasional stamps 2015

The term of emissions	Title	CZK
20.01.	Tradition of Czech stamp making: Oldřich Kulháněk (1940 - 2013)	13
20.01.	Celebrities: Vítězslava Kaprálová (1915 - 1940)	17
18.02.	Pilsen - European Capital of Culture	25
18.02.	Historical means of transport: car Walter Regent 6B, 1935	13
18.02.	Historical means of transport: airplane of Metoděj Vlach	13
18.03.	EXPO 2015 Milano	25
15.04.	Ice Hockey World Championship	30
15.04.	Chomutov - VI. The Czech-German philatelic exhibition	25
06.05.	EUROPA: Toys – Merkur	25
06.05.	Technical monuments: 130 years old Moldovan Railways	13
27.05.	Prague Castle: Hans von Aachen: Head of a Girl	34
27.05.	Beauty of our homeland: The largest castle ruins in the Czech Republic - Rábí	17
17.06.	Celebrities: Jan Hus	13
02.09.	Nature protection: European owls	13
	Nature protection: European owls	17
	Nature protection: European owls	21
	Nature protection: European owls	25
02.09.	Tribute to Sir Nicholas Winton	13
23.09.	Historic means of transportation: tram T3	25
23.09.	Historic means of transport: paddle steamer Mayor Dittrich	25
14.10.	Celebrities: Jan Jakub Ryba	13
14.10.	The Chronicle of Dalimil	21
14.10.	Czech nationhood (2x)	27
11.11.	Celebrities: Jan Opletal	13
16.12.	Works of Art on Stamps: Antonín Strnadel	27
16.12.	Works of Art on Stamps: Bohumír Matal	30
16.12.	Works of Art on Stamps: Karel Nepraš	34

Postage stamps and postal stationery envelopes ("PSE")

In 2015, Česká pošta prepared fourteen postage stamps, five letters with printed stamps and New Year's service envelope with printed "stamp" and the text „Subject to postal services / Service des postes“.

Furthermore, Česká pošta issued postage stamps in the form of literary booklets Václav Zapadlík - Czech cars - Škoda III, the nominal value of A (current price CZK 13), which followed up on the last and the year before last year's release. A new postage stamp was prepared for stamps with coupons for additional prints - postal services in contemporary fresco. A lot of attention was generated by a postage stamp A with a perforation in the shape of waving national flag.

Own stamps

For those who want to have an original way of advertising, Česká pošta issues custom-made stamps. In 2015, 103 custom-made stamps with the total invoice value of CZK 19,044,250 were issued.

Occasional rubber stamps

In 2015, Česká pošta issued a total of 63 occasional rubber stamps. In addition to the commemorative rubber stamps with traditional subjects - Easter, Christmas holidays, Valentine's Day, etc., special rubber stamps were also issued, for example, for the events of the Union of Czech Philatelists or the sport event Prague 2015 EUROPEAN ATHLETICS INDOOR CHAMPIONSHIPS.

68 R-stickers with the occasional overprints and 63 valuable APOST stickers with occasional overprints were issued. These sub-products strongly encourage the purchase and use of postage stamps. It is common that stamping of postage stamps is requested by the collectors without the ambition to use the postage stamp for postal purposes.

POSTAL MUSEUM

The Postal Museum contributes to the Company's marketing activities and promotes the tradition and history of the post office or postal services and stamp design. This is fully met by the following activities of the museum in 2015.

Firstly, it operates a permanent exhibition in Prague and in its branch in Vyšší Brod, in the former Cistercian monastery where on an area of about 1,800 m² it acquaints visitors with the history of post and telecommunications. Besides the temporary exhibitions which are organised in its Prague headquarters and the branch in Vyšší Brod, it also participates in a series of local and foreign exhibitions. Additionally, it even lends the entire exhibition projects which serve as touring exhibitions.

The commemoration of what would have been the 75th birthday of the Czech stamp making champion - Mr. Oldřich Kulháněk was a major exhibition event in 2015. The exhibition called „Kulháněk / Stamps, banknotes, medals“ was organised in cooperation with the Academy of Sciences of the Czech Republic. It was supported by borrowing collection items from its partners the Czech National Bank, Czech Mint, State Printing House of Securities and Postal Printing House of Securities. This exhibition also gained the patronage of Interior Minister Milan Chovanec, Culture Minister Daniel Herman and CEO of Česká pošta Martin Elkán. The project, accompanied by a rich program, met with tremendous media coverage and interest from visitors. The Postal Museum also participated on the publication of the accompanying book catalogue.

The branch of the Postal Museum in Vyšší Brod linked with its exhibition with the celebration of the 85th birthday of Adolf Born, respectively the commemoration of his extensive postage stamp making. The exhibition program was among others accompanied by a selection of art work by students from 63 South Bohemian schools who participated in the South Bohemian Gallery project called: „Has the post come?“.

2015 was also a year of organisational changes for the Postal Museum, which included a new systematisation of jobs, including partial personnel changes. Furthermore, there was a change in the classification of the Postal Museum in the organisational structure of the Česká pošta. Effective from 1 September 2015, the Postal Museum became part of the newly created section of International and domestic relations.

Employees of the Postal Museum focused on the preparation of the project for relocating the extensive collection which documents the postage stamp design collection from the building on Holečkova Street 10 Prague 5 to Česká pošta premises at Ortenovo náměstí 16 in Prague 7 in 2015. A renovation project to build an air-conditioned depository installation was thus launched in 2015, and archival packaging materials for long-term storage in unique museum collections were qualitatively defined and summarized. Following this, the move was planned, which will be completed by the end of 2016.

In 2015, the Postal Museum received grant from the program „Integrated system of cultural heritage ISO/D“ of the Ministry of Culture. Under this grant, which covered 89% of the costs incurred, there was a partial replacement of display cases. The main benefit was the acquisition of a security vault showcase. Traditionally, the Postal Museum had been successful in the field of obtaining donations to cover the costs of the external restoration of collection objects.

The museum is a longstanding and traditional member of the International Association of Transport and Communication Museums (IATM), the Conference of European Communication Museums (CECOMM) and the prestigious Club World Philatelic Elite Monte Carlo in Monaco. The Postal Museum is also a founding member of the Union of Central European Technical Museums (MUT), and the representatives of the Postal Museum attended the 20th anniversary of the international conference in Liptovský Mikuláš in 2015.

In the Czech Republic, the Postal Museum actively participates in the work of the Association of Museums and Galleries. The Postal Museum Director is a member of the executive management of the national professional association since November 2015. The Postal Museum also cooperates with the Union of Czech Philatelists, along with the Society of Friends of the Postal Museum SČF.

By law, it is authorised to approve the export of objects from the field of the history of the postal industry and stamps making and serves as a Czech centre for postage stamp exchange within the framework of the Universal Postal Union. An important feature of the museum is the provision of library and advisory services to researchers, students of secondary schools and universities as well as employees of Česká pošta.

In 2015, the Postal Museum celebrated the 97th anniversary of its foundation with the traditional issuance of a Memorial certificate, this time bearing the engraving postage stamps of Adolf Born.

Temporary exhibitions at the Postal Museum

- *Illustrations for grown-ups and children*, 10.12.2014 - 15.03.2015
- *Oldřich Kulháněk - Stamps, banknotes, medals*, 27.03. - 14.06.2015
- *Pigeon Post*, 24.06. - 22.11.2015
- *Václav Zapadlík - Signs with the scent of gasoline*, 18.09.2015 - 14.02.2016
- *Golden Ribbon*, 08.12.2015 - 20.03.2016

Temporary exhibition at the Postal Museum in Vyšší Brod

- *Adolf Born – how is the postage stamp made*, 20.06.2015 – 31.10.2015
- *Illustrations for grown-ups and children*, 20.06.2015 - 30.09.2015
- *Has the mail come?*, 20.06. - 30.09.2015
- *From Prehistory to the fairy tale, XVII. Exhibition of works by students of Basic Art School Kaplice*, 12.06. - 31.08.2015

Traveling projects of the Postal museum and partial participations in external exhibitions

- *Post during the Great War; Adolf Born - how is a postage stamp made*, 25.09.2014 - 04.01.2015. The Municipal Museum and Gallery Svitavy.
- *Post by one track; On the trail of Kamil Lhoták*, 07.10.2014 - 31.01.2015. Museum of South Bohemia in České Budějovice.
- *Přeštice hundred years ago*, 24.09.2014 - 06.01.2015. The House of History of the city Přeštice.
- *Mail in Havlíčkovobrodsko - Stamps of František Morávek*, 16.01. - 29.03.2015. Highlands Museum Havlíčkův Brod.
- *Post during the Great War. I am writing you from the front ...*, 03.02. - 29.03.2015. Regional Museum in Litoměřice.
- *Oldřich Kulháněk - Face, body, conscience*, 01.04. - 10.05.2015 Fine Art Gallery, Havlíčkův Brod
- *Has the post come?*, 01. - 26.04.2015. Aleš South Bohemian Gallery in Hluboká nad Vltavou.
- *Post during the Great War. I am writing you from the front ...*, 08.04. - 06.09.2015. The National Museum, National Monument Prague-Vitkov.
- *Verona, Beraun, Beroun*, 22.04. - 28.09.2015. The Bohemian Karst Museum in Beroun.
- *On the Trail of Kamil Lhoták in Chateau Albrechtice*, 23.05. - 28.10.2015 Chateau Linhartovy.
- *Exhibition of Jan Žižka*, 18.05.2015 - 19.06.2016. The Museum of South Bohemia in České Budějovice Memorial of Jan Žižka in Trocnov u Borovan.
- *The Art of steam navigation on the river 1865-2015*, 17.06. - 01.11.2015. The National Technical Museum in Prague.

- *Adolf Born - how is a postage stamp made,*
08. – 12.07.2015 Toy Festival in Kamenice nad Lipou.
- *Presentation of the carriage of Ferdinand V. Gracious from*
Collection of Postal Museum,
18. – 19.07.2015 Josefko Festival 2015 in Czech
Republic near Kosíř.
- *150 years of postal office Bavorov,*
14.08. – 30.09.2015. The town Bavorov.
- *Aerophilately from the collection of Tomáš Vosolsobě,*
03. – 05.09.2015. The fair Collector Praha-Letňany.
- *Adolf Born - how is a postage stamp made,*
09. – 13.09.2015. The 9th Festival Jičín: City of fairy
tales.
- *Eva Hašková - Graphics Stamp Design;*
Martin Říha - photos,
25.09. – 15.11.2015. Krkonoše museum Jilemnice.
- *Post during the Great War. I am writing you from*
the front ...,
01.10.2015 – 08.01.2016. Museum Lamberské stezky
in Žihobce.
- *Building of the State,*
20.11.2015 – 07.02.2016. National Gallery in Prague,
Exhibition Palace.
- *Cooperation of ČSOB with Postal Museum*
in the area of restoration,
14.12.2015 – 8.01.2016. ČSOB headquarters, a.s.,
Prague 5 - Radlice.

Exposition of horse-drawn means of transport from the
Collection of Postal Museum, whole year, Castle Děčín.

Borrowed exposition of postal train, whole year. Railway
museum of Czech Railways in Lužná u Rakovníka.

Short-term foreign exhibitions

- *From the creations of Alfons Mucha, an exhibition on the*
occasion of the publication of postage stamps using the
image Hail blessed fountain of health,
25.11.2015 – 31.01.2016. Balneologické Museum
Piešťany, Slovakia.

The Postal museum collection

The periodic reporting on the update on the collection
records of the Postal museum collections in the Central
Register of Collections (CES) to the Ministry of Culture was
performed. As at 31 December 2015 the total number
of registration numbers entered in the CES grew to
228,865 registered items (collection items and their files).
All new acquisitions were duly filed.

In 2015 the Postal museum collections were enriched
by 3 donations for which contracts were concluded. In
2015 the Postal museum invested funds in the purchase
of collection of items in the amount of CZK 111,750. All
purchases were acknowledged and recommended by the
Commission for the Purchase and Disposal of Collections
of the Postal museum. Nine items was purchased from the
antique shops or directly from the owners.

**There were 22,469 registration units inventoried
in total.**

External restoration

In 2015, 290 pieces of original engraving plates damaged
by 2002 floods were cleaned and conserved, eight
mailboxes, 2 mailbox boards, 2 telephones and a postal
parcel car from the 50s of the 20th century were restored.

Revenues	CZK
Revenues for admission excluding VAT	302,632
Plan for 2015	250,000
Revenues PM for valuables and goods	1,609,165
Plan for 2015	1,500,000

**Total 2015 revenues of the Postal museum amounted
to CZK 1,911,797; the planned revenues were exceeded
by CZK 161,797.**

POSTAL OMBUDSMAN

In 2015, the ombudsman was contacted by 1,909 customers of Česká pošta.

This year, the ombudsman settled 221 appeals, of which 120 requested that the results of previous complaint or claim handling procedures were examined. The ombudsman confirmed the previous decision of Česká pošta in 87 cases, while in the remaining 33 cases the customers' views were upheld. A total of 101 appeals were new cases without previous standard examination.

33 cases led to a recommendation being made to the Director General to provide the customer with additional compensation. The payment was then made from a special account dedicated to settling similar cases. The sum allocated to this account was CZK 112,000 in 2015, out of which CZK 94,660 (around 85% from planned amount) was paid out in 2015.



Customer card

Česká pošta customer card brings plenty of advantages to the Czech households and companies. You receive a discount for collection of letters and parcels or SIPO payment immediately upon presenting it at the post office. In addition you don't need to fill in the certificate of mailing.

BRANCH ICT SERVICES

The government resolution dated on 4 April 2012 No 224 on information on the provision of selected information and communication technologies services used by the administration („Government Decree No. 224/2012“) approved among other things the method of realisation of the project “Uniform level of operational management information systems and modernisation of technology for receiving an emergency call of primary components of the integrated Rescue System” (projects National Information System IZS - „NIS IZS“ and regional standardised projects of regional fire rescue corps — “KSP HZS”) and the projects “Integrated telecommunication network of the Ministry of Interior of New Generation” (“ITS NGN”) and “Central place of services” (“CMS 2.0”) through the state enterprise Česká pošta, s. p. In line with the recommendation of the Office for the Protection of Competition, made pursuant to paragraph II/1 of Government Resolution No. 224/2012 within Česká pošta, s. p., the Branch ICT Services was established on 1 May 2012 (“CP OZ”, “the Branch ICT Services”). To CP OZ, the Ministry of Interior („MV“) and its subordinate elements implemented those projects and subsequently other tasks and activities based on the so-called in-house exemption according to paragraph 18 Section 1 letter e) of Act No. 137/2006 Coll., on public contracts, as amended.

During 2015, the implementation of the above-mentioned key projects in the field of critical information infrastructure of the state paid from the Integrate operational program (NIS IZS, CMS 2.0, ITS NGN, KSP HZS) continued. Furthermore, during 2015, the realisation of three new ICT projects for the department MV started. The first of them is a Monitoring centre MV for operational ICT systems and cyber security (“DGeGOV”) whose part is also “Security Monitoring centre for cyber security MV” (“SOCCR”) where the realisation will continue up until the year 2017. The second project that started and was completed in 2015 was on the creation of the Information system for the state services (hereinafter “ISoSS”) according to Act no. 234/2014 Coll., on civil service, under which the MV has a duty to ensure the position of the

central government authority for state services. CP OZ was commissioned to build the information system of the civil service and its subsystems embodied in Sections 179 to 184 of the Civil Service Act and the information system to ensure the systemisation of service posts under the Civil Service Act. The task was realised in the record time of nine months in the year 2015 and CP OZ continues providing operational support for the built ISoSS. The third newly started project in 2015 was the realisation of a Modular registry information systems (project MORIS) to administer basic registers of the Czech Republic within which a lot of function extensions and supplements for operations and access to basic registers of the Czech Republic can be found. CP OZ will realised the project in several successive stages over the next three years. In the first stage, Authentication / Authorisation which will allow unequivocal authentication using electronic ID card with chip will be created. With that, the general precondition for the subsequent development of e-government towards the citizen will be met, which will be the subject of the second and third stages of the project. The objective is a significantly easier communication between the citizen and the state and local governments, as well as other commercial subjects as banks, insurance companies, etc.

Besides the implementation of the above projects, CP OZ also provided the central purchasing of data and voice services of the Public administration communication infrastructure (“KIVS”) for the MV, which was in line with the plan approved by Government Resolution No. 385 dated 30 May 2012, on the concept of buying data and voice services of the Public administration communication infrastructure after 27 March 2013. The plan represents centralised purchasing with mandatory participation of all government bodies to purchase KIVS to CMS data connections and provision of the separate purchasing of other data and voice commodity telecommunications services. CP OZ provides the MV with administrative, technical and consulting services in operating a Dynamic purchasing system through which KIVS is implemented. It also provides operating services of the KIVS applications portal and ensures operator migration to CMS.

CP OZ provides support services and economic development of the MV information system ("EKIS"), which provides support for activities in the field of economic, personnel and salary administration and other operational support functions important for the functioning of both the MV as well as its components and subordinate organisations. CP OZ is also provided with a lot of consulting and professional services based on the agreement on provision of consulting services between MV and CP OZ to the individual departments.

In 2015, CP OZ continued to provide ICT services to the MV and Czech Police, according to the so-called Basic framework agreement on the provision of communication support for the MV and designated authorities, respectively the organisations, concluded between the MV and CP OZ ("Main Contract"). According to this agreement, services are provided, especially to ensure the operation, maintenance and development of the PEGAS radio-communication system and other specified voice and data technologies, including the development of MV transmission technologies in the communications infrastructure. The validity of the actual price clause of the Main Contract expired at the end of 2015 and, according to new amendment no. 3 of the Main Contract, the final services provided in regions should be terminated after 30 June 2016. The provision of these terminal regional services will be taken over by the individual Regional Directorates of the Czech Police. As at the preparation time of this report, the collective discussions about the way and scope of the transfer of part of the services to the Czech Police with the Ministry of Interior and the Czech Police was ongoing.

During the implementation of the above projects and all of its other activities, CP OZ took care to ensure maximum transparency in the procurement of external supplies and services. Thus, external supplies and services purchased by CP OZ are transparently tendered in public tenders or other appropriate modes of procurement under the Public Procurement Act.

Nearly four years of activity of CP OZ have demonstrated the necessity of the existence of an independent state body that provides services and support in the area of critical information infrastructure of the State, and selected ICT services including the realisation of the projects for the State. The legal form of an independent branch was chosen in 2012 after consultation with the Anti competition Office as a temporary solution to prevent potential cross-financing and unauthorised state aid in project implementation according to Government Resolution no. 224/2012. As of today, CP OZ has reached a condition of economic and personal stability to be able to also complete the process of its legal independence and the creation of an independent state enterprise.

Due to that fact, the process of seclusion of CP OZ from Česká pošta, s. p. with the aim to establish a new independent and stable state enterprise that would be able to provide a wide range of ICT services in accordance with applicable legislation started in 2015.

Based on the resolution of MV as a founder, it was decided that CP OZ will spin off in accordance with the Act on State Enterprise no. 77/1997 Coll. and will subsequently merge with National Agency for Communication and Information Technology, which was founded by MV on 1 February 2016. In this context, the independent company will be inspired by foreign state agencies and state enterprises in EU that provide ICT services to the state authorities, such as Statens IT agency in Denmark, Bundesrechenzentrum in Austria, Logius agency in the Netherlands, a new founded federal agency IT-Zentrum Bund in Germany or ICT state agency in the individual the German federal state.

PROVIDING INFORMATION ACCORDING TO ACT NO. 106/1999 COLL., ON FREE ACCESS TO INFORMATION

Česká pošta, s. p. as an obliged body according to Act no. 106/1999 Coll. on free access to information, as amended, according to Act. no. 106/1999 Coll. on free access to information, section 18, prepared this annual report on its activities in the area of providing information based on Act no. 106/1999 Coll. on free access to information in the year 2015:

1. The number of received requests for information:

In 2015, the total of 47 submissions as requests for information in accordance with Act. no. 106/1999 Coll. on free access to information were received.

2. The number of issued decisions denying the requests (or part of a request):

In 2015, 9 decisions to deny the requests were issued according to Act. no. 106/1999 Coll. on free access to information, section 15, and 2 decisions to deny a part of the request for information.

3. The number of submitted appeals against decisions:

In 2015, 4 appeals against decisions of non-providing information.

4. Copy of substantial parts of each court decisions on the for review of the legitimacy of Česká pošta, s. p. decision to deny the requests on provision of information:

during the period from 1 January 2015 to 31 December 2015 Česká pošta, s. p. did not receive any court decision on Česká pošta, s. p. decision to deny the requests for provision of information.

5. The list of court fees which Česká pošta, s. p. paid in relation to judicial proceedings on rights and responsibilities according to Act. no. 106/1999 Coll. on free access to information:

In 2015, Česká pošta, s. p. was not a participant of judicial proceedings on rights and responsibilities according to Act. no. 106/1999 Coll. on free access to information, therefore no fees were paid according to Act. no. 106/1999 Coll. on free access to information.

6. The exclusive licenses provided:

In 2015, Česká pošta, s. p. did not provide any exclusive licenses.

7. Complaints on the process of handling the requests for information (Act. no. 106/1999 Coll. on free access to information, section 16a, as amended), the reason for their filing and a brief description of how they were resolved:

In 2015, 2 complaints on the Česká pošta, s. p. process of handling the requests for information according to Act. no. 106/1999 Coll. on free access to information, section 16a were filed. Both requestors filed the complaints because Česká pošta, s. p. had not provided them with the required information within the legal deadline. The legal deadline for handling the requests for information was not kept by information provider due to administrative reasons, and the provider apologized for that to the requestors based on the complaint received.

107 CONTACTS

Financial part

INDEPENDENT AUDITOR'S REPORT



Independent auditor's report to the founder of Česká pošta, s.p.

Auditor's Report on Financial Statements

We have audited the accompanying financial statements of Česká pošta, s.p., identification number 471 14 983, with registered office at Praha 1, Politických vězňů 909/4 ("the Company"), which comprise the balance sheet as at 31 December 2015, the income statement and cash flow statement for the year then ended and notes, including a summary of significant accounting policies and other explanatory information ("the financial statements").

General Director's Responsibility for the Financial Statements

The General Director is responsible for the preparation of the financial statements that give a true and fair view in accordance with Czech accounting legislation, and for such internal control as the General Director determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation of the financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinion

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

Auditor's Report on Consolidated Financial Statements

We have audited the accompanying consolidated financial statements of the Company and its subsidiaries (together "the Group"), which comprise the consolidated balance sheet as at 31 December 2015, the consolidated income statement and cash flow statement for the year 2015 and notes, including a summary of significant accounting policies and other explanatory information ("the consolidated financial statements").

General Director's Responsibility for the Consolidated Financial Statements

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

PricewaterhouseCoopers Audit, s.r.o., Hvězdova 1734/2c, 140 00 Prague 4, Czech Republic T: +420 251 151 111, F: +420 251 156 111, www.pwc.com/cz

PricewaterhouseCoopers Audit, s.r.o., registered seat Hvězdova 1734/2c, 140 00 Prague 4, Czech Republic, Identification Number: 40765521, registered with the Commercial Register kept by the Municipal Court in Prague, Section C, Insert 3637, and in the Register of Audit Companies with the Chamber of Auditors of the Czech Republic under Evidence No 021.



Founder of Česká pošta, s.p.
Independent auditor's report

Auditor's Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Group's preparation of the consolidated financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

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

Opinion

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

Other information

The other information comprises the information included in the summarised annual report, but does not include the financial statements, consolidated financial statements ("the financial statements of the Group") and our auditor's report thereon. Management is responsible for the other information

Our opinion on the financial statements of the Group does not cover the other information and we do not express any form of assurance conclusion thereon. In connection with our audit of the financial statements of the Group, our responsibility is to read the other information and, in doing so, consider whether the other information is not materially inconsistent with the financial statements of the Group or our knowledge about the Group obtained in the course of the audit of these financial statements, whether the annual report was prepared in compliance with legal requirements, and whether the other information does not appear to be otherwise materially misstated. If, based on the work we have performed, we conclude that the aforementioned requirements of the other information are not met, we are obliged to report that fact herein.

We have nothing to report in this regard.

21 March 2016


represented by partner


Věra Výtvarová
Statutory Auditor, Evidence No. 1930

Note

Our report has been prepared in the Czech language and in English. In all matters of interpretation of information, views or opinions, the Czech version of our report takes precedence over the English version.

FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2015

Balance sheet as at 31 December 2015 (CZK million)

		31.12.2015			31.12.2014
Description	ASSETS	Gross amount	Provision	Net amount	Net amount
a	b	1	2	3	4
	TOTAL ASSETS	36,099	13,584	22,517	26,096
	a of which entrusted resources	5,537	-	5,537	10,189
B.	Fixed assets	23,298	13,348	9,950	10,248
B. I.	Intangible fixed assets	2,120	1,785	335	458
B. I. 1.	Software	1,940	1,719	221	247
2.	Royalties	2	1	1	1
3.	Other intangible fixed assets	72	65	7	14
4.	Intangible fixed assets in the course of construction	106	-	106	196
5.	Advances paid for intangible fixed assets	-	-	-	-
B. II.	Tangible fixed assets	20,855	11,556	9,299	9,492
B. II. 1.	Land	866	1	865	856
2.	Constructions	11,445	5,030	6,415	6,485
3.	Equipment	8,212	6,516	1,696	1,873
4.	Other tangible fixed assets	4	-	4	4
5.	Tangible fixed assets in the course of construction	323	9	314	269
6.	Advances paid for tangible fixed assets	5	-	5	5
B. III.	Long-term investments	323	7	316	298
B. III. 1.	Investments in subsidiaries	79	7	72	72
2.	Other long-term investments in securities	219	-	219	217
3.	Intra-group loans - subsidiaries and controlling parties, associates	25	-	25	9
C.	Current assets	12,668	236	12,434	15,755
C. a	of which entrusted resources	5,537	-	5,537	10,189
C. I.	Inventories	375	60	317	224
C. I. 1.	Raw materials	181	46	135	132
2.	Work in progress and semi-finished products	8	-	8	15
3.	Goods for resale	186	14	174	77
C. II.	Long-term receivables	19	-	19	20
C. II. 1.	Trade receivables	5	-	5	6
2.	Long-term advances paid	5	-	5	4
3.	Other receivables	9	-	9	10
C. III.	Short-term receivables	3,349	176	3,173	2,390
C. III. a	of which entrusted resources	87	-	87	97
C. III. 1.	Trade receivables	1,336	102	1,234	1,266
1. a	of which entrusted resources	87	-	87	97
2.	Receivables - subsidiaries/ controlling parties	15	-	15	-
3.	Receivables from shareholders	14	-	14	17
3	Taxes - receivables from the state	1	-	1	2
4	Short-term advances paid	213	-	213	197
5	Estimated receivables	1,635	-	1,635	832
6	Other receivables	135	74	61	76
C. IV.	Financial assets	8,925	-	8,925	13,121
C. IV. a	of which entrusted resources	5,450	-	5,450	10,092
C. IV. 1.	Cash in hand	4,713	-	4,713	4,173
1. a	of which entrusted resources	4,634	-	4,634	4,090
2.	Cash at bank	4,162	-	4,162	8,448
2. a	of which entrusted resources	816	-	816	6,002
3.	Short-term investments	50	-	50	500
D. I.	Prepayments and accrued income	133	-	133	93
D. I. 1.	Prepaid expenses	70	-	70	52
2.	Accrued income	63	-	63	41

		31.12.2015	31.12.2014
Description	LIABILITIES AND EQUITY	Net amount	Net amount
a	b	5	6
	TOTAL LIABILITIES AND EQUITY	22,517	26,096
	a – of which entrusted resources	5,537	10,189
A.	Equity	10,492	10,402
A. I.	Share capital	3,588	3,588
A. I. 1.	Share capital	3,588	3,588
A. II.	Capital contributions	6,288	6,238
A. II. 1.	Other capital contributions	6,276	6,229
II. 2.	Assets and liabilities revaluation	12	9
A. III.	Reserve fund and other reserves	375	369
A. III. 1.	Reserve fund	359	359
2.	Statutory and other reserves	16	10
A. IV.	Retained earnings / Accumulated losses	-	-
A. IV. 1.	Retained earnings	-	-
A. V.	Profit / (loss) for the current period	241	207
B.	Liabilities	11,509	15,150
B. a	a - of which entrusted resources	5,537	10,189
B. I.	Provisions	627	357
B. I. 1.	Other provisions	627	357
B. II.	Long-term liabilities	326	382
B. II. 1.	Trade payables	23	26
2.	Deferred tax liability	303	356
B. III.	Short-term liabilities	10,520	14,376
B. III. a	a - of which entrusted resources	5,501	10,154
B. III. 1.	Trade payables	7,058	11,456
1. a	a - of which entrusted resources	5,501	10,057
2.	Liabilities to employees	546	508
3.	Liabilities for social security and health insurance	344	313
4.	Taxes and state subsidies payable	197	71
5.	Short-term advances received	364	181
6.	Estimated Payables	1,706	1,432
7.	Other payables	305	415
a.	of which entrusted resources	-	97
B. IV.	Bank loans & overdrafts	36	35
B. IV. a	of which entrusted resources	36	35
B. IV. 1.	Short-term bank loans and overdrafts	36	35
1. a	of which entrusted resources	36	35
C. I.	Accruals and deferred income	516	544
C. I. 1.	Accrued expenses	-	-
2.	Deferred income	516	544

Income statement for the year ended 31 December 2015

(CZK million)

Description		For the Period Ending	
		31.12.2015	31.12.2014
a	b	1	2
I.	Sales of goods	802	417
A.	Cost of goods sold	742	361
+	Gross profit	60	56
II.	Sales of production	18,472	18,479
II. 1.	Sales of own products and services	18,463	18,464
II. 2.	Changes in inventories of finished goods and work in progress	(7)	-
3.	Own work capitalised	16	15
B.	Cost of sales	5,408	5,335
B. 1.	Raw materials and consumables used	1,381	1,400
2.	Services	4,027	3,935
+	Added value	13,124	13,200
C.	Staff costs	11,886	11,831
C. 1.	Wages and salaries	8,669	8,655
2.	Emoluments of board members	6	9
3.	Social security and health insurance costs	2,867	2,833
4.	Other social costs	344	334
D.	Taxes and charges	96	95
E.	Depreciation and amortization expense	844	908
III.	Sales of fixed assets and raw materials	26	27
III. 1.	Sales of fixed assets	26	27
F.	Net book value of fixed assets and raw materials sold	2	4
F. 1.	Net book value of fixed assets sold	2	4
G.	Changes in operating provisions and complex prepaid expenses	314	(209)
IV.	Other operating income	958	253
IV. 1.	Compensation of net costs of basic postal services	700	-
IV. 2.	Other operating income	258	253
H.	Other operating expenses	689	658
*	Operating result	277	193
VI.	Income from sales of securities and shares	-	402
J.	Securities and shares sold	-	382
VII.	Income from long-term investments	2	4
VII. 1.	Income from investments in subsidiaries and associates	-	1
VII. 2.	Income from investments in other securities	2	3
VIII.	Income from short-term investments	1	3
IX.	Gain on revaluation of securities and derivatives	-	-
L.	Loss on revaluation of securities and derivatives	-	-
M.	Changes in financial provisions	-	-
X.	Interest income	22	32
N.	Interest expense	-	1
XI.	Other financial income	56	48
O.	Other financial expenses	57	58
*	Financial result	24	48
Q.	Tax on profit or loss on ordinary activities	61	34
Q. 1.	- current	114	3
2.	- deferred	(53)	31
**	Profit or loss on ordinary activities after taxation	241	207
***	Net profit / (loss) for the financial period	241	207
****	Net profit / (loss) before taxation	302	241

Cash-flow statement Year ended 31 December 2015

(CZK million)

	2015	2014
Cash and cash equivalents at beginning of the year	13,121	12,871
- of which entrusted resources	10,092	9,991
Net profit on ordinary activities before tax	302	241
A.1 Adjustments for non-cash movements:	1,130	633
A.1.1 Amortisation, depreciation of fixed assets and investment projects foiled	865	909
A.1.2 Changes in provisions of operating activities	314	(209)
A.1.3 (Profit) from disposal of fixed assets	(24)	(43)
A.1.4 Dividend's and profit distribution income	-	(1)
A.1.5 Net interest (income)	(22)	(31)
A.1.6 Other non-cash movements	(3)	8
A* Net cash flow from operating activities before tax, changes in working capital and extraordinary items	1,432	874
A.2 Working capital changes:	(5,120)	132
A.2 - of which entrusted resources	(4,642)	101
A.2.1 Changes in receivables and accrued income	(851)	(32)
A.2.1 - of which entrusted resources	10	11
A.2.2 Changes in short-term and long-term payables and deferred income	(4,278)	155
A.2.2 - of which entrusted resources	(4,652)	90
A.2.3 Changes in inventories	9	9
A** Net cash flow from operating activities before tax and extraordinary items	(3,688)	1,005
A.** - of which entrusted resources	(4,642)	101
A.3 Interest paid	-	(1)
A.4 Interest received	22	32
A.5 Income tax overpaid	(12)	25
A.7 Dividends and profit distribution received	-	1
A*** Net cash flow from operating activities	(3,678)	1,062
- of which entrusted resources	(4,642)	101
CASH FLOWS FROM INVESTING ACTIVITIES		
B.1 Acquisition of fixed assets	(375)	(1,097)
B.2 Proceeds from the sale of fixed assets	26	429
B.3 Loans to related parties	(16)	15
B*** Net cash flow from investing activities	(365)	(653)
CASH FLOWS FROM FINANCING ACTIVITIES		
C.1 Changes in long- and short-term liabilities from financial activities	1	-
C.2 Changes in equity:	(154)	(159)
C.2.1 Direct payments from reserves	(154)	(159)
C*** Net cash flow from financing activities	(153)	(159)
Net increase/(decrease) in cash and cash equivalents	(4,196)	250
- of which entrusted resources	(4,642)	101
Cash and cash equivalents as at the end of the year	8,925	13,121
- of which entrusted resources	5,450	10,092

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

1. GENERAL INFORMATION

1.1. Introductory information about the Company

Česká pošta, s. p. ("the Company" or "Česká pošta") is a state-owned enterprise. It is a legal entity conducting its business activities using assets of the Czech government under its own name and on its own account. The founder of the Company is the Czech State. The Company was established on 1 January 1993 and the founder was then represented by the Ministry of Transportation and Communications of the Czech Republic. As at 31 December 2015 and 31 December 2014, the role of the founder of the Company under the government's name was carried out by the Ministry of Interior of the Czech Republic. As at 31 December 2015, the Company had its registered office at Prague 1, Politických vězňů 909/4, the Czech Republic. The Company's identification number is 471 14 983 and it is registered in the Commercial Register of the Municipal Court in Prague, section A, insert no. 7565. Česká pošta is a business entity pursuant to Act No. 77/1997 Coli., on State-Owned Enterprise, as amended.

The Company's activities are regulated by the Czech Telecommunication Office („CTO“).

The main business activities of the Group are as follows:

- a) provision of postal services,
- b) provision of international postal services,
- c) provision of services of central procurement for government (public) administration

The corporate bodies of the Company are the Director General and the Supervisory Board. The Director General is the Company's statutory body.

There were significant changes in the organisational structure of the Company during the year in order to improve the management system and to realise essential changes which would enable the implementation of line management and the centralisation of service activities. The organisational structure as at 31 December 2015 was as follows:

Organisational structure as at 31 December 2015

Branch ICT Services Executive Director	Internal Audit and Risk Management Executive Director	Corporate Management Executive Director	Security Executive Director	International and Domestic Relations Executive Director	Postal Technology Executive Director	Human Resource Management Executive Director
CP OZ Director Office Executive Director		Communication Executive Director	Postal Security Executive Director	International relations Executive Director	Operational Control and Complaints Executive Director	Remuneration Executive Director
System Integration and Projects Executive Director		Legislation and compliance management Executive Director	Inspection Executive Director	Postal Museum Executive Director	Circulation of Cash and Valuables Executive Director	HR Development Executive Director
Security and Support Executive Director						Front Office Executive Director
Purchase and Public Procurement Executive Director						HR Processes Executive Director
Economics Executive Director						
Communication Infrastructure Executive Director						

Česká pošta, s. p. Director General					
Finance Executive Director	ICT and eGovernment Executive Director	Development and Strategy Executive Director	Property Management Executive Director	Sales and Marketing Executive Director	Postal Operations and Logistics Executive Director
Accounting and Taxes Executive Director	ICT Security Executive Director	Strategy Executive Director	Operations Southwest Executive Director	Business Development Executive Director	Delivery and Function Network Executive Director
Controlling Executive Director	ICT Architecture Executive Director	Project Office Executive Director	Operations Northeast Executive Director	Corporate Marketing Executive Director	Logistics Executive Director
Costing Executive Director	ICT development Executive Director	Strategic Development and BI Executive Director	Operations Morava Executive Director	Corporate Trade Executive Director	Economics, Development, Postal Oper. and Log. Mechanization Executive Director
Treasury and Financing Executive Director	Operation Commercial Jobs Executive Director		Operations Prague Executive Director	Product Marketing Executive Director	Purchase Cash Services Executive Director
	ICT Operation Executive Director		Property Executive Director	Postal Network Management Executive Director	Purchase Network South-Bohemia Purchase Function Network Director
	Customer Services Executive Director		Purchase and Inventory Executive Director	South-Bohemia Network Regional Sales Director	Purchase Network West-Bohemia Purchase Function Network Director
			Investments Executive Director	West-Bohemia Network Regional Sales Director	Purchase Network North-Bohemia Purchase Function Network Director
				North-Bohemia Network Regional Sales Director	Purchase Network South-Moravia Purchase Function Network Director
				East-Bohemia Network Regional Sales Director	Purchase Network North-Moravia Purchase Function Network Director
				South-Moravia Network Regional Sales Director	Purchase Network East-Bohemia Purchase Function Network Director
				North-Moravia Network Regional Sales Director	Purchase Network South-Moravia Purchase Function Network Director
				Prague Network Regional Sales Director	Purchase Network North-Moravia Purchase Function Network Director
					Purchase Network Prague Purchase Function Network Director

Top management of the Company as at 31 December 2015 was as follows:

Top management of the Company	Position	Date of appointment	Registered in Commercial Register
Martin Elkáň	Director General	13 June 2014	1 July 2014
Marek Jánský	Deputy Director General, Chief Director of Finance Division	1 July 2014	25 August 2014
Vít Bukvič	Deputy Director General, Chief Director of Postal Operations and Logistics Division	1 January 2014	25 August 2014
Jan Foubík	Chief Director of Trade and Marketing Division	1 July 2014	
Pavel Chyla	Deputy of the Director General and Chief Director of ICT and e-Government Division	14 July 2014	
Martin Gillar	Chief Director of Development and Strategy	1 September 2015	
Aleš Pospíšil	Chief Director of Property Management Division	1 September 2015	

No changes occurred in top management of the Company between the balance sheet date and the date of preparation of the financial statements.

Members of the Supervisory board as at 31 December 2015 were as follows:

Name	Position
Jan Mareš	Chairman
Jiří Nováček	1. Vice-Chairman (since 1 September 2015, Member since 20 February 2015)
Karel Koukal	Vice-Chairman
Lubomír Krejsa	Vice-Chairman
Štěpán Grochal	Member
Soňa Lavičková	Member
Jiří Havlíček	Member
Jaroslav Strouhal	Member
Ludovít Gulácsi	Member
Oldřich Černocho	Member
Jan Kasal	Member
Bohumila Mäsiarová	Member (since 24 September 2015)
Jiří Zimola	Member (since 25 November 2015)

Members of the Supervisory board as at 31 December 2014 were as follows:

Name	Position
Jan Mareš	Chairman (as Member since 28 April 2014, as Chairman since 27 January 2015)
Karel Koukal	Vice-Chairman
Jan Sixta	Vice-Chairman (dismissed as at 27 January 2015)
Lubomír Krejsa	Member
Soňa Lavičková	Member
Ivana Musilová	Member (function period determined on 23 September 2015)
Jaroslav Strouhal	Member
Štěpán Grochal	Member
Jiří Havlíček	Member
Ludovít Gulácsi	Member
Oldřich Černocho	Member (since 15 June 2014)
Jan Kasal	Member (since 28 July 2014)

Members of the Strategy and finance committee of the Company as at 31 December 2015 were as follows:

Name	Position
Jan Mareš	Chairman
Štěpán Grochal	Member
Lubomír Krejsa	Member
Oldřich Černocho	Member

Members of the Audit committee of the Company as at 31 December 2015 were as follows:

Name	Position
Jan Mareš	Chairman
Lubomír Krejsa	Member
Oldřich Černocho	Member

Members of the Strategy, finance and audit committee of the Company as at 31 December 2014 were as follows:

Name	Position
Jan Mareš	Chairman
Ivana Musilová	Member
Štěpán Grochal	Member
Lubomír Krejsa	Member
Oldřich Černocho	Member

The Company's mission is to perform the function of public postal operator involving a duty to provide and operate postal and basic postal services in accordance with Act No. 29/2000 Coll., on Postal Services, as amended („the Postal Services Act“). The Company holds a licence to provide postal services in accordance with paragraph 19; the Company also holds the licence in accordance with paragraph 21 of the Postal Services Act. The postal licence was granted to the Company until 31 December 2017.

The content of the postal licence establishes the duty to secure the general availability of basic postal services in the whole territory of the Czech Republic.

The rights and obligations of the postal services and the postal licence holder are covered by Title V of the Postal Service Act. According to the law, the Company must annually publish and submit complete and truthful information to CTO about the results of providing and securing basic services and an evaluation of the fulfilment of the quality parameters. The method, form and content of published information are determined by implementing the legislation of CTO (decrees). Czech Telecommunication Office annually publishes the summary report on the obligations fulfilment entrusted to the postal licence holder. The CTO Report for 2015 was not published as at the date of the Company's financial statements.

The deficiencies identified in the CTO Report for 2014 are being remediated by the Company on a continuous basis. No material financial claims of the CTO or other entities against the Company, which could be enforceable by law, were identified in the Report.

Description of the Branch ICT Services

Based on Czech Government Resolution No. 224 dated 4 April 2012 relating to the provision of selected information and communication technologies services used by the state administration, and based on the discussion of the Supervisory Board of Česká pošta, s. p., a decision of the Director General of the Company was released relating to the establishment of the branch within Česká pošta, s. p., in order to effectively ensure the provision of ICT services to the state administration of the Czech Republic.

The Branch of the Company was also established for the purpose of providing selected information and telecommunication technology services to state authorities of the Czech Republic to the extent specified in the Memorandum in part "Regime of providing selected information and telecommunication technologies services to the Czech Republic, the provision of this service was assigned to Česká pošta, s. p. without a tendering process based on exceptions for so-called internal procurement according to § 18 paragraph 1 point e) of Act on Government Procurement No. 137/2006 Coli." (hereinafter referred to as "public ICT services"), and is called Česká pošta, s. p., Branch Facility ICT services (hereinafter "the Branch ICT services" or "the Branch"). The head of the Branch ICT services is the Director of the Branch, who is registered in the Commercial Register.

In accordance with the principles embedded in the Memorandum and the Statute of Česká pošta, it is part of the activities of the Branch and in relations between the Branch and other departments of the Company to implement rules ensuring that the activities of the Branch (provision of public ICT services) are from factual, personnel, material, financial, organisational and functional aspect separated from the other activities carried out by the Company, especially the activities of postal and other commercial nature. Measures mentioned ensure the operations of the Company and its economic activities in such a way as to consistently avoid cross-financing or any other favouring of postal services and other services of a commercial nature which Česká pošta provides in competition with other entities, the revenue from activities performed by the Branch.

For the above-mentioned purpose, by the decision of the Company's Director General, the assets, employees and other resources that are assigned exclusively to the Branch were set aside. The allocation mentioned is performed by the Company's Director General in such a way that the Branch was objectively able to ensure with its own resources the provision of relevant ICT supplies and services for the public administration in accordance with specified functional and qualitative parameters according to the relevant contracts with state authorities involved in the project.

For activities where, for objective reasons in exceptional cases, it is not possible to be separated, it is ensured within the Company that the revenue derived from the provision of public ICT services is in no way used to cover costs attributable to the postal or other commercial activities of the Company. For this purpose, activities or resources shared between public ICT services segments and other segments of the Company are limited. To the extent to which, for objective reasons in exceptional cases, it is not possible to avoid sharing, an economically justifiable allocation framework is created within the Company to ensure that costs of shared activities are allocated to the public ICT services segment only to the extent corresponding to the proportion in which the shared activities are really demonstrably used to ensure the relevant public ICT services to the state administration of the Czech Republic.

The director of the Branch ensures within the scope of his further authority that, during the provision of public ICT services, separate accounts are maintained at all times, and that the accounts prove the provision of public ICT services to the state administration on the one side and other activities of Česká pošta, in particular the activities of postal or other commercial nature, on the other side. Separation of accounts is ensured by maintaining the bookkeeping of the Branch in a separate accounting business area. Operating accounts are separate for each activity (separating income and expenditure). The Branch has separate bank accounts, which are not (nor operationally) used by the other parts and departments of the Company. Access to available accounts is given to the Director of the Branch and persons authorised by him. Making financial resources that are available to the Branch also available to other departments of the Company, for activities of a postal or other commercial nature, is not permitted without prior permission of the Director of the Branch.

With regard to the establishment of the Branch ICT services and the requirement for the creation of a separate accounting business area, individual technical and organisational requirements were specified to ensure the maximum possible extent of the independence of the Branch in relation to Česká pošta, s. p.

The establishment of the Branch ICT services with its registered office at Olšanská 1951/4, Prague 3 was registered by the Commercial Register on 10 May 2012. The director of the Branch is Jan Přerovský, who commenced the function on 1 August 2014 (recorded on 21 August 2014).

The Branch ICT services is part of Česká pošta, s. p.

The main business activities of the Branch ICT services are as follows:

- supply, development and operation of information and communication technology systems and related services including infrastructure that is used for workload in state (public) administration;
- operation, supply and development of information and communication technology systems that work with sensitive data or restricted information, including data registers and data storages;
- operation, support and development of critical communication state infrastructure, including CMS, mainly according to the Act No. 365/2000, on Information systems of public administration, as amended and Act No. 300/2008, on Electronic operations and authorised document conversion;
- provision of services of central buyer place for government (public) administration.

The total balance sheet amount of the Branch ICT services as at 31 December 2015 was CZK 610 million (as at 31 December 2014: CZK 628 million). Profit after tax for the period as at 31 December 2015 was CZK 21 million (as at 31 December 2014: CZK 9 million).

The most significant part of assets are short-term receivables (2015: CZK 178 million, 2014: CZK 185 million), short-term financial assets (2015: CZK 299 million, 2014: CZK 341 million) and long-term assets (2015: CZK 33 million, 2014: CZK 36 million).

The most significant part of equities and liabilities are short-term liabilities (2015: CZK 325 million; 2014: CZK 424 million) and equity (2015: CZK 176 million; 2014: CZK 157 million).

The average number of employees was 350 as at 31 December 2015 (as at 31 December 2014: 345).

2. BASIS OF PREPARATION OF THE FINANCIAL STATEMENTS

The financial statements have been prepared in accordance with Accounting Act No. 563/1991 Coll. and related Decree No. 500/2002 Coll. and pursuant to the Czech Accounting Standards for Businesses applicable for 2015. The financial statements have been prepared in accordance with Generally Accepted Accounting Principles in the Czech Republic and have been prepared under the historical cost convention except as disclosed below.

3. ACCOUNTING POLICIES

The valuation methods applied by the Company during preparation of the financial statements for 2015 were as follows:

3.1. Intangible fixed assets

Purchased intangible fixed assets are recorded at cost, which includes all costs related with its acquisition.

Intangible fixed assets with a unit cost more than CZK 40 thousand and estimated useful live is more than one year are amortised using the straight-line method over their estimated useful life in accordance with the Company's amortisation plan, i.e. over 4 years, in exceptional cases, the useful life is set for longer period (e.g. according to the useful life of the related equipment).

Intangible fixed assets with unit cost less than CZK 40 thousand are expensed upon acquisition and only carried in the operational evidence or off balance sheet.

The amortisation plan is updated during the useful life of the intangible fixed assets based on the expected useful life.

The cost limit for the capitalisation of the technical improvements of intangible fixed assets is CZK 40 thousand. A provision for impairment is created when the carrying value of an asset is greater than its estimated recoverable amount. The estimated recoverable amount is determined based on expected future cash flows generated by the certain asset.

3.2. Tangible fixed assets

Acquired tangible fixed assets are initially recorded at cost, which includes all costs related with its acquisition. The Company does not include loan interest in the acquisition cost of tangible fixed assets.

Tangible fixed assets acquired free of charge are valued at their replacement cost and are recorded into other capital funds. The replacement cost of these assets is based on expert opinion or on market prices of comparable fixed assets in terms of their wear and tear and performance. The valuation of tangible fixed assets is decreased by subsidies for the acquisition of assets.

The depreciation plan is updated during the useful life of the tangible fixed assets based on the expected useful life.

A provision for impairment is established when the carrying value of an asset is greater than its estimated recoverable amount. The estimated recoverable amount is determined based on expected future cash flows generated by the certain asset.

A provision for impairment is established when the carrying value of a cash-generating unit is greater than its estimated recoverable amount. A cash-generating unit is the smallest identifiable group of assets that generates cash income significantly independent of cash income from other assets or asset groups.

A provision is created mainly in cases of projects whose realisation is uncertain or in cases of expected sales if the expected sales price net of transaction cost is lower than the book value disclosed in the records.

Technical improvement expenses of tangible fixed assets increase the acquisition costs if their expenses exceed the total amount of CZK 40 thousand and technical improvements are put into use in that year. Ordinary repairs and maintenance expenses are expensed as incurred.

Tangible fixed assets with a unit cost below CZK 40 thousand are treated as inventory and are expensed upon consumption and are only carried in the operational record. The exceptions are selected low value assets – selected information technology and postal technology, which is also considered as tangible fixed assets (see note - 3.20. Changes in accounting policies).

Tangible fixed assets with a unit cost above CZK 40 thousand and selected low value tangible assets with an estimated useful life of more than one year are depreciated using the straight-line method over their estimated useful lives of assets. The estimated useful lives of tangible assets are as follows:

Tangible fixed assets	Estimated useful life
Buildings, halls and constructions	20-45 years
Plant, machinery and equipment	4-15 years
Motor vehicles	6-20 years
Furniture and fittings	10-20 years
Handling equipment	6-20 years
Computers and related equipment	3-7 years

3.3. Investments in subsidiaries

Investments in subsidiaries represent ownership interests in enterprises that are controlled by the Company ("the subsidiary").

3.4. Long-term financial assets

Long-term financial assets consist of equity investments and other long-term securities and shares.

Equity investments in companies with controlling interest are valued at cost. Should it become necessary to take any reduction in value into account, the Company recognises a provision. Investments with the controlling interest (subsidiaries) is a company controlled by the Company whose financial and operating processes can be controlled by the Company to obtain benefits from its activities. Other long-term securities and shares, that are not considered equity investment, represent securities held to maturity and securities available for sale.

3.5. Other securities and investments

The Company classifies securities and investments, other than investments in subsidiaries and associates, as held-to-maturity or available-for-sale.

Investments with a fixed maturity that management has the intent and ability to hold to maturity are classified as held-to-maturity and are included in non-current assets, unless the date of maturity falls within 12 months of the balance sheet date.

Securities and investments intended to be held for an indefinite period of time, which may be sold in response to liquidity requirements, are classified as available-for-sale. These investments are included in non-current assets unless management has the express intention of holding the investment for less than 12 months from the balance sheet date, in which case they are included in current assets. Management determines the appropriate classification of securities and investments as at the time of purchase and the classification is reviewed on a regular basis.

All securities and investments are initially recorded at cost, including transaction costs. Held-to-maturity investments are subsequently accounted for at amortised cost. Other investments are subsequently accounted for at fair value. The fair value is determined as the market value of the securities as at the balance sheet date. Measurement of non-traded securities is based on management estimates.

Gains and losses arising from changes in the fair value of trading instruments are included in the income statement in the period in which they arise. Unrealised gains and losses arising from changes in fair value of available-for-sale investments are recognised as a movement in equity and recognised into the income statement on realisation or when permanently impaired.

A provision for impairment is established for held-to-maturity investments when their carrying value is greater than their estimated recoverable amount.

3.6. Short-term financial assets

Short-term financial assets consist of valuables, cash in hand and in the bank and securities available for sale. Short-term financial assets also include Entrusted resources – see also Note 3.9. – Entrusted resources.

Securities available for sale are securities held for the purpose of effecting transactions on the public market in order to make a profit from price fluctuations in the short-term, but with a maximum period of one year.

3.7. Inventories

Purchased inventories are stated at the lower of cost and net realisable amount. Cost includes all costs related with its acquisition (mainly transport costs, customs duty, etc.). The weighted average cost method is applied for all disposals.

A provision is created for slow-moving and obsolete inventory based on an analysis of turnover and individual evaluation of inventories.

For long-term contracts, the carrying value of work-in-progress also includes the allocation of administrative overheads. Subcontracted supplies received and other direct costs are expensed and simultaneously recorded in work-in-progress against revenues. Subcontracted supplies are valued at cost. Work-in-progress is derecognised once the respective revenues are recognised.

3.8. Receivables

Receivables are stated at nominal value less a provision for doubtful amounts. A provision for doubtful amounts is created on the basis of an ageing analysis and individual evaluation of the credit worthiness of the customers.

3.9. Entrusted resources

In some cases, the financial resources of third parties are temporarily entrusted to the Company in order to perform specific transactions (services for clients of Československa obchodni banka, a.s. ("ČSOB, a. s."), collection of radio and television licence fees, payment of pensions, collection of SIPO payments, betting games, sale of stamps, vignettes, postal payment services, services for the mobile operators, customs declarations, etc.). These resources are recorded in a separate accounting group apart from the Company's own financial resources, and are disclosed on separate lines in the balance sheet. The Company charges an agreed commission for performing the specific transactions, which is recognised within its own resources using the accrual principle in the same period to which they relate.

3.10. Equity

The Company's financial position and funds are being managed in accordance with Act No. 77/1997 Coll., on State-Owned Enterprise, as amended. Pursuant to this Act, the registered capital of the Company corresponds to the business capital to which the Company has a title on its establishment. The share capital includes both registered and non-registered capital in compliance with accounting legislation. Other capital funds are created in accordance with the accounting standards for entrepreneurs.

In addition, the Company creates a reserve fund from profit, which was created gradually up to 10% of the share capital.

The Company creates a cultural and social fund ("FKSP"). The creation and use of this fund is being managed in accordance with section 16 of Decree No. 114/2002 Coll., in connection with section 3 of Decree No. 310/1995 Coll., on Cultural and Social Needs Fund, as amended (including changes under Decree No. 167/1997 Coll. and 314/1999 Coll.) and the use of FKSP is governed by section 4-10 of Decree No. 310/1995 Coll.

3.11. Liabilities

Provisions are recognised when the Company has a present obligation, an outflow of resources is likely to be required to settle the obligation and a reliable estimate of the amount can be made.

Long-term and short-term liabilities including loans are recorded at their nominal values. Any proportion of long-term loan debt due within one year of the balance sheet date is recognised as short-term loan.

3.12. Leases

The costs of assets held under both finance and operating leases are not capitalised as fixed assets. Lease payments are expensed evenly over the life of the lease. Future lease payments not yet due are disclosed in the notes but not recognised in the balance sheet. The Company activates the respective value of leased asset in the period when the lease agreement is being concluded and the purchase option is exercised. Lease payments made in advance are accrued over the lease period.

3.13. Foreign currency translation

Transactions denominated in a foreign currency are translated and recorded at the rate of exchange ruling as at the first day of the current calendar month as published by the Czech National Bank.

Cash, receivables and liabilities balances denominated in foreign currencies have been translated at the exchange rate published by the Czech National Bank as at the balance sheet date. All exchange gains and losses on cash, receivables and liabilities balances are recorded in the income statement.

3.14. Expenses and revenues recognition

Revenues and expenses are recognised on an accrual principle in the period to which they relate.

Sales are recognised as at the date the services are rendered (with the exceptions disclosed below) or goods are sold to customers and are stated net of discounts and value added tax.

Sales of postal services realised in cash through sales of postal stamps are recognised when the stamps are sold. The Company does not have the necessary information that would allow it to record income from these sales on an accrual basis in respect to the accounting periods in which customers actually use the purchased postal stamps. The Company's management believes that the costs of collecting such information relating to the time allocation needed for these services realised through sales of postal stamps would exceed the benefits of such information.

Revenues from agency services include the commission received for the services provided in the relevant accounting period on an accrual basis.

The Company records expenses related to provisions and allowances for any risks, losses and devaluation that are known as at the date of preparation of the financial statements.

3.15. Income tax

The income tax expense is calculated, using the valid tax rate, from the accounting profit increased or decreased by the permanent or temporary non-deductible expenses and non-taxable income (e.g. non-deductible provisions and allowances, representation expenses, differences between accounting and tax depreciation, etc.).

Corporate income tax is recognised in the balance sheet as a part of the item "Taxes and state subsidies payable" if the tax liability exceeds the tax advances paid. Otherwise, the amount exceeding the tax liability as a result of the advances paid is recorded as "Taxes and state subsidies receivable".

The tax expense is disclosed in the profit and loss as tax from ordinary activities.

3.16. Deferred tax

Deferred tax is recognised on all temporary differences between the carrying amount of an asset or liability in the balance sheet and its tax base. Deferred tax asset is recognised if it is probable that sufficient future taxable profit will be available against which the asset can be utilised.

3.17. Employment benefits

With regards to collective bargaining in 2014 and 2013, the Company stopped providing bonuses for significant work and life jubilees and employee retirement bonuses, that is why no provision is created for these bonuses.

The Company creates a provision for untaken holidays. The Company creates an estimated payable for rewards and bonuses to employees who became entitled to payment as at the balance sheet date. The Company creates a provision for the rewards and bonuses to employees who did not become entitled to payment as at the balance sheet date.

3.18. Related parties

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

- the state represented by the Company's founder, government institutions, state-owned enterprises and companies, and other legal entities, where the state has significant influence, while the nature of the relationship is also decisive and not merely the legal form;
- members of the Company's statutory, supervisory bodies and management and related parties to these members, including companies or institutions or businesses, where these members and parties have controlling, proportional or significant influence.

Significant transactions and balances with related parties, related to other than the main postal services are disclosed in Note 23 – Related party transactions.

3.19. Cash and cash equivalents

Cash and cash equivalents include cash in hand, stamps and vouchers and cash in banks, including bank overdrafts.

Cash equivalents are short-term highly liquid investments that can be exchanged for a predictable amount of cash and no significant changes of value over time are expected. Cash equivalents are, for example, deposits with a maturity of less than 3 months from the date of acquisition and liquid debt securities traded in public markets.

The Company prepared a Cash-flow statement using the indirect method.

3.20. Changes of the accounting methods and estimates

In 2015, the Company amended the definition of tangible assets - selected postal technology and information technology are considered tangible fixed assets regardless of the acquisition cost; the low value tangible assets are recognised in the balance sheet under the item B.II.3. Equipment. These assets do not represent a significant amount given the number of items and the total acquisition costs of tangible fixed assets which the Company manages - see note 4.2 Tangible fixed assets.

In 2015, the threshold for the accounting and recognition of intangible assets was amended to CZK 40 thousand. The impact on the financial statements due to change in the accounting method is not significant.

3.21. Subsequent events

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

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

4. FIXED ASSETS

4.1. Intangible fixed assets

Cost

(CZK million)	Opening balance	Additions *)	Disposals *)	Closing balance
Software	1,855	96	(11)	1,940
Royalties	2	-	-	2
Other intangible fixed assets	80	-	(8)	72
Intangible fixed assets in the course of construction	196	111	(201)	106
Total in 2015	2,133	207	(220)	2,120
Total in 2014	2,186	145	(198)	2,133

*) Additions and Disposals also include transfers of intangible fixed assets in the course of construction.

Accumulated amortisation and net book value

(CZK million)	Opening balance of accumulated amortisation	Additions	Disposals	Closing balance of accumulated amortisation	Allowance	Closing balance
Software	(1,608)	(101)	11	(1,698)	(21)	221
Royalties	(1)	-	-	(1)	-	1
Other intangible fixed assets	(66)	(7)	8	(65)	-	7
Intangible fixed assets in the course of construction	-	-	-	-	-	106
Total in 2015	(1,675)	(108)	19	(1,764)	(21)	335
Total in 2014	(1,647)	(139)	111	(1,675)	-	458

4.2. Tangible fixed assets

Cost

(CZK million)	Opening balance	Additions *)	Disposals **)	Closing balance
Land	857	9	-	866
Buildings	11,246	209	(10)	11,445
Plant, machinery and equipment	5,193	138	(92)	5,239
Motor vehicles	1,844	106	(161)	1,789
Furniture and fittings	701	13	(11)	703
Assets below CZK 40 thousand	-	43	-	43
Other tangible assets	454	-	(16)	438
Work of art	4	-	-	4
Tangible fixed assets in the course of construction	298	556	(531)	323
Advances paid for tangible fixed assets	5	-	-	5
Total in 2015	20,602	1,074	(821)	20,855
Total in 2014	20,866	1,810	(2,074)	20,602

*) Additions and Disposals also include transfers of tangible fixed assets in the course of construction.

**) Disposals of tangible fixed assets in the course of construction also include depreciation of lost investments.

Accumulated depreciation and net book value

(CZK million)	Opening balance of accumulated depreciation	Additions	Disposals	Closing balance of accumulated depreciation	Allowance	Closing balance
Land	-	-	-	-	(1)	865
Buildings	(4,720)	(276)	7	(4,989)	(41)	6,415
Plant, machinery and equipment	(3,765)	(342)	92	(4,015)	(15)	1,209
Motor vehicles	(1,560)	(91)	159	(1,492)	-	297
Furniture and fittings	(540)	(25)	11	(554)	-	149
Assets below CZK 40 thousand	-	(2)	-	(2)	-	41
Other tangible assets	(454)	-	16	(438)	-	-
Work of art	-	-	-	-	-	4
Tangible fixed assets in the course of construction	-	-	-	-	(9)	314
Advances paid for tangible fixed assets	-	-	-	-	-	5
Total in 2015	(11,039)	(736)	285	(11,490)	(66)	9,299
Total in 2014	(10,879)	(758)	598	(11,039)	(71)	9,492

Based on the stock-taking performed, the Company has adjusted the carrying value of the tangible fixed assets for diminution in value through provisions (see Note 8 – Provisions).

In 2015 and 2014, the Company did not receive any material fixed assets free of charge.

In 2015 and 2014, besides the easement in favour of PCS – Praha Center s.r.o. created in relation to the post office building at Jindřišská, Prague 1 based on an agreement dated 16 April 1997, which is in force until 31 March 2042, the Company has another 346 (2014: 308) easements, or similar rights to tangible fixed assets (rights for sewage pipeline, water pipeline, power and gas connection, hot-water piping, right of entry, access, crossing, riding, parking of a company car, pre-emptive right and the right of use) mainly created in favour of the communal and municipal authorities, Telefónica O2 Czech Republic, a.s. and electricity producers and distributors.

In 2015, the Company received an investment subsidy in the amount of CZK 5 million (2014: CZK 19 million).

4.3. Long-term financial assets

As at 31 December 2015 and 31 December 2014, the Company exercised a controlling interest in Poštovní tiskárna cenin Praha, a.s., with its registered office at Ortenovo náměstí 542/16, Prague 7 – Holešovice, in which it held 16,903 shares out of the total 33,124 shares of a nominal value of CZK 1 thousand.

Poštovní tiskárna cenin Praha, a.s.	2015	2014
Share (%)	51.03	51.03
	(CZK million)	(CZK million)
Total assets	89	99
Equity	85	89
Loss for the financial period	(4)	(1)
Acquisition cost of the shares	18	18
Nominal value of the shares	17	17
Intrinsic value of the shares	47	47

Financial information for this company was taken from the financial statements, which as of the date of preparation of these financial statements were not verified by the auditor. The Company did not provide the company over which it exercises significant influence with any loans or borrowings as at 31 December 2015 and 31 December 2014.

The Company also exercised significant influence as at 31 December 2015 and 2014 in Česká pošta Security, s.r.o. (formerly ABAS CIT Management s.r.o.) with its registered office at Politických vězňů 909/4, Prague 1, in which it held 100% of the shares. The shares were transferred as at 31 August 2012.

Česká pošta Security, s.r.o.	2015	2014
Share (%)	100.00	100.00
	(CZK million)	(CZK million)
Total assets	41	48
Equity	(32)	(26)
Loss for the financial period	(5)	(27)
Acquisition cost of the shares	7	7
Intrinsic value of the shares	-	-

The acquisition price of the shares includes four instalments out of a total of five as at 31 December 2015, while the last instalment should be paid in 2016 at the latest. However, due to the negative EBITDA of the CIT division for the year 2015, the Company is not expecting any additional payment of the purchase price in 2016. Based on the Company's management's decision, the Company provided a contribution outside share capital in the amount of CZK 54 million in 2014. At the same time, the value of investment to Česká pošta Security, s.r.o. increased by this amount and the receivables and payables were offset between the Company and Česká pošta Security, s.r.o. in 2014.

Financial information for this company was taken from the financial statements that were not verified by the auditor as at the date of the preparation of the financial statements of the Company. Česká pošta Security, s.r.o. is expecting a confirmation of the fact of generating a loss of CZK 5 million and negative equity in the amount of CZK 32 million.

The Company provided Česká pošta Security, s.r.o. with a short-term general credit line as at 31 December 2015. The total credit line provided amounted to CZK 35 million as at 31 December 2015. As at 31 December 2015, Česká pošta Security, s.r.o. drew the amount of CZK 25 million. Information concerning interest on the loan is disclosed in Note 23 – Related party transactions.

The intrinsic value of shares states the Company's share in the equity capital of the controlled company as at 31 December.

Other long-term securities and investments as at 31 December 2015 comprise:

- government bonds maturing in 2023, available-for-sale investments, valued at fair value of CZK 219 million (2014: CZK 217 million).

5. INVENTORIES

The Company created a provision for inventories to adjust the value of the inventory (see Note 8 – Provisions).

6. RECEIVABLES

As at 31 December 2015 and 31 December 2014, receivables due after more than 5 years amounted to CZK 2 million and CZK 2 million, respectively, and outstanding overdue receivables amounted to CZK 327 million and CZK 320 million, respectively. Outstanding overdue receivables are not secured. In 2015 and 2014, the Company wrote off its receivables in the amount of CZK 22 million and CZK 18 million, respectively, as expenses, due to their unrecoverable nature, the dismissal of a bankruptcy petition and the settlement or non-recovery of debts in bankruptcy proceedings.

Receivables from related parties are described in Note 23 – Related party transactions. The estimated receivables primarily comprise transactions related to international postal operations; balances of these transactions as at 31 December 2015 amounted to CZK 685 million and to CZK 590 million as at 31 December 2014. Operating records on incoming mail not yet confirmed by individual postal offices were recorded as estimated receivables with the double entry in Sales of own products and services, based on operating statistics. In 2015, estimated receivables also included the compensation of net cost of providing basic postal services in the amount of CZK 700 million - See note 7. The net cost of universal service.

7. THE NET COST OF UNIVERSAL SERVICE

The Company as a postal license holder in accordance with the Postal Services Act is obliged to fulfil so-called postal obligation, which includes the obligation to ensure universal availability of basic services listed in section 3 of the Postal Services Act in the whole territory of the Czech Republic. The Company is obliged to fulfil the postal obligation (section 33 paragraph 1 point a) of Postal Services Act) in accordance with the basic quality requirements set out in Decree no. 464/2012 Coll. of at 17 December 2012, establishing specifications for each basic service and basic quality requirements for their provision.

If, due to the obligation of providing basic services the postal license holder incurs net costs, representing an unfair financial burden for the postal license holder, these costs are reimbursed in such a way as stipulated by the Postal Services Act.

Legislation governing the manner of determining the net costs of basic services is based on the Directive of the European Parliament and Council Directive 2008/6 /ES of 20 February 2008. In the Czech legislation, this directive was implemented through Law no. 212/2013 of 20 June 2013, which amended the Act no. 29/2000 Coll. (so called: The liberalisation amendment - effective from 1 January 2013). The liberalising amendment was to implement full liberalisation of the postal services market. The Postal Services Act, as amended by the liberalisation amendment, constructs an account for financing the basic services („the Compensation fund“) for cases when the net costs arise. According to the Postal Services Act, the Compensation fund should be filled by individual operators in the postal market according to their market share in the market for postal services up to the amount of the verified costs. The Company can then receive a compensation for net costs from the Compensation fund up to the amount of market share of other entities operating on the postal market. The CTO procedure when calculating the net cost of providing basic services is further specified in Decree no. 466/2012 Coll. of 17 December 2012 on the process of the Czech Telecommunication Office (CTO) in calculating the net costs of fulfilling obligations to provide basic services.

In accordance with the accrual-based principle for revenues and expenses, the revenues from the compensation should always be recognised in the year when the related net costs incurred. In previous years (2013, 2014) the revenues were not recognised because the amount of net costs was not verified by the CTO in accordance with the applicable legislation as of the dates of preparation of the financial statements for prior years and the Company's management was not able to calculate a sufficiently accurate estimate of the compensation for net cost of universal service.

In March 2015, the CTO verified the amount of the net cost of providing basic services for the year 2013 in the amount of CZK 947.8 million, or CZK 753.1 million after deducting net costs that do not constitute an unfair financial burden. In February 2016, CTO verified the amount of the net cost of providing basic services for the year 2014 in the amount of CZK 851.5 million, or CZK 657.2 million after deducting net costs that do not constitute an unfair financial burden.

Market shares that are decisive for the amount of contributions to the Compensation fund, and therefore also for the final amount of compensation for 2013 and 2014, which is the responsibility of the CTO, were not determined as of the date of the preparation of the financial statements for the year 2015.

Determination of the scope of postal services is also subject to administrative proceeding. With regards to possible alternatives, the estimated compensation of net costs for the Company is in the range of CZK 1 million to CZK 154 million for the year 2013 and CZK 1 million to CZK 135 million for the year 2014. Due to a possible significant inaccuracy in the estimated market share, and thus the amount of entitlement for compensation, management of the Company decided not to recognise the estimated receivable for compensation for the years 2013 and 2014 even in the year 2015, but decided to describe the fact in the notes of the financial statements.

During the year 2015, the Postal Services Act was amended. On 7 December 2015 a new Act no. 319/2015 Coll. was published in the Collection of Laws that amended Act 29/2000 Coll. on postal services, with the effective date 1 January 2016. According to the Act no. 319/2015 Coll., the net costs of the postal license holder will newly be financed from the state budget. The market shares of other operators on the postal services market are no longer decisive for the determination of the level of compensation. At the same time, the maximum limit of the compensation for net costs for fulfilling the obligation to provide basic services was set as follows:

- For the year 2015 CZK 700 million;
- For the year 2016 CZK 600 million;
- For 2017 and subsequent years CZK 500 million.

Fair burden is newly defined as the difference between the net cost of basic services and the aforementioned statutory limit if that difference is positive. The actual method of determining the net cost of basic services is not affected by the change in the law.

Having considered the above and taking into account the verified amount of costs for the years 2013 and 2014, management of the Company is confident that the verified amount of costs for 2015 will be above the maximum limit, which for the year 2015 was set at CZK 700 million by law. In accordance with the accrual principle management of the Company decided to recognise an estimated receivable in the amount of CZK 700 million in 2015. In the profit and loss statement, the revenue is presented on a separate line IV.1. Compensation of net cost of providing basic postal services within other operating income.

The compensation mechanism is subject to the notification process of the European Commission, which was not completed as at the date of the preparation of the financial statements.

8. PROVISIONS REFLECTING A TEMPORARY DECREASE IN THE VALUE OF ASSETS (DISCLOSED IN NOTE 4 – FIXED ASSETS, 5 – INVENTORIES AND 6 – RECEIVABLES).

Provisions for: (CZK million)	Balance as at 1 January 2014	Charge	Release/use	Balance as at 31 December 2014	Charge	Release/use	Balance as at 31 December 2015
Intangible fixed assets	-	-	-	-	21	-	21
Tangible fixed assets	135	15	(79)	71	15	(20)	66
Long-term financial assets	7	-	-	7	-	-	7
Inventories	59	12	(10)	61	10	(11)	60
Receivables - other	81	53	(25)	109	63	(34)	138
Total tax non-deductible provisions	282	80	(114)	248	109	(65)	292
Receivables - legal	33	21	(16)	38	16	(16)	38
Total tax deductible provisions	33	21	(16)	38	16	(16)	38
Total	315	101	(130)	286	125	(81)	330

Legal provisions are created pursuant to the Reserves Act no. 593/1992 Coll. as amended and are deductible for tax purposes; other provisions are not deductible for tax purposes.

9. SHORT-TERM FINANCIAL ASSETS

The main bank used by the Company is Československá obchodní banka, a. s., in which the Company has two cash-pooling sets of accounts, a set of current accounts and a set of accounts with entrusted resources. An overdraft enabling the Company to have a negative balance is agreed for the set of accounts with both the Company's own and entrusted resources (see Note 15 – Bank loans and overdrafts).

The Company's deposits on saving accounts bearing market interest rates amounted to CZK 3,721 million and CZK 7,996 million as at 31 December 2015 and 31 December 2014, respectively.

Short-term securities and ownership interests as at 31 December 2015 and 31 December 2014 were as follows:

Issuer	Type	2015 (CZK million)	2014 (CZK million)
PPF banka a. s.	short-term depository notes	50	500

10. ACCRUED INCOME

In 2015 and 2014, prepaid expenses consist mainly of rent and other prepaid services.

As at 31 December 2015, accrued income consists mainly of accrued income from IT projects in the Branch in the amount of CZK 59 million (as at 31 December 2014: CZK 33 million) and income from securities in the amount of CZK 2 million and 1 million, respectively.

11. EQUITY

As at 31 December 2015 and 31 December 2014, share capital amounted to CZK 3,588 million.

Other capital funds mainly comprise contributions from profit or gifts received.

The revaluation differences from the revaluation of assets and liabilities include the revaluation of available-for-sale securities at fair value.

The reserve fund has been created gradually up to the level of 10% of share capital.

Other funds from profit include the cultural and social fund.

The following changes in equity occurred in 2015 and 2014:

(CZK million)	Share capital	Other capital funds	Revaluation differences from revaluation of assets and liabilities	Statutory reserve fund	Other funds	Profit for the financial period	Total
As at 1 January 2014	3,588	6,136	20	359	12	250	10,365
Profit contribution and movements between funds	-	107	9	-	157	(250)	23
Fund utilization	-	(14)	(20)	-	(159)	-	(193)
Profit for the current period	-	-	-	-	-	207	207
As at 31 December 2014	3,588	6,229	9	359	10	207	10,402
Profit contribution and movements between funds	-	47	3	-	160	-	210
Fund utilisation	-	-	-	-	(154)	(207)	(361)
Profit for the current period	-	-	-	-	-	241	241
As at 31 December 2015	3,588	6,276	12	359	16	241	10,492

Profit for 2014 was distributed on 31 March 2014 in accordance with the founder's approval during the meeting of the Supervisory Board. The amount of CZK 160 million was transferred to culture and social funds; CZK 47 million was transferred to other capital funds.

12. PROVISIONS

(CZK million)	Balance as at 1 January 2014	Charge	Release/use	Balance as at 31 December 2014	Charge	Release/use	Balance as at 31 December 2015
Social and health insurance	105	77	(105)	77	116	(77)	116
Untaken holiday	53	33	(53)	33	29	(33)	29
Provision for severance pay incl. competition clauses	187	90	(186)	91	47	(90)	48
Non-claimable component of salaries	173	86	(173)	86	202	(86)	202
Other	19	51	-	70	162	-	232
Total tax non-deductible provisions	537	337	(517)	357	556	(286)	627
Total	537	337	(517)	357	556	(286)	627

The provision for social and health insurance is created mainly for contributions to the unpaid part of contracted wages, profit-related bonuses, untaken holiday and other salary benefits.

A provision for compensation for severance pay and competition clauses was created in connection with the gradual reduction in the number of employees in subsequent years, which has been approved by the Group's management and then communicated to the employees and trade unions.

Other provisions were primarily created to cover risks known as at 31 December 2015 and probable loss from ongoing litigations and out-of-court disputes and related obligations.

The Company also created a provision for the non-claimable component of salaries which is composed of expected extraordinary wage bonuses estimated by the Director General and an additional subjective component of salaries including individual agreed salary bonuses.

13. LONG-TERM LIABILITIES

Long-term liabilities are represented by the deferred tax liability as at 31 December 2015 and 31 December 2014, which is described in Note 17 – Income tax and the amounts of trade payables, which have maturity longer than one year as at the balance sheet date, were CZK 23 million and CZK 26 million as at 31 December 2015 and 31 December 2014, respectively. These are mainly part of liabilities concerning retentions – given items are recognised on the line B.II.1 Trade payables.

As at 31 December 2015 and 31 December 2014, the Company did not recognise liabilities that are due after more than 5 years.

14. SHORT-TERM LIABILITIES

The Company's overdue short-term liabilities as at 31 December 2015 and 31 December 2014 amounted to CZK 18 million and CZK 12 million, respectively.

The Company had no short-term or long-term liabilities bearing a security or lien in favour of a creditor as at 31 December 2015 and 31 December 2014.

Liabilities to related parties are described in Note 23 – Related party transactions.

Estimated payables particularly consist of costs associated with international postal operations, where balances of transactions amounted to CZK 865 million as at 31 December 2015 and to CZK 655 million as at 31 December 2014. Estimated payables also included quantity discounts, un-invoiced operating deliveries of services and energy, and estimated staff bonuses.

Trade payables increased on a year-on-year basis mainly due to entrusted resources (see Note 25 – Entrusted resources).

Payables in respect of social insurance and health insurance amounted to CZK 344 million as at 31 December 2015 and to CZK 313 million as at 31 December 2014. These payables comprise unpaid wages for December 2015 and December 2014, which were paid at the beginning of 2016 and 2015, respectively.

The Company did not recognise any unpaid tax liabilities payable to the relevant tax authority as at 31 December 2015 and 31 December 2014.

15. BANK LOANS AND OVERDRAFTS

15.1. Denominated in Czech crowns

Bank	Terms and conditions	Account	Overall limit (CZK million)	31 December 2015 (CZK million)	31 December 2014 (CZK million)
KB, a.s. *)	Global credit line effective interest rate: 0.41%	Own resources	2.2	-	-
ČSOB, a.s.	Bank overdraft effective interest rate: 0.29%	Own resources	100	-	-
ČSOB, a.s. *)	Multi-purpose credit line effective interest rate: 0.36%	Own resources	600	-	-
ČSOB, a.s.	Bank overdraft effective interest rate: 0.12%	Entrusted resources	1,600	-	-

*) Can be drawn in foreign currency in the corresponding amount.

The global credit line from Komerční banka, a.s. allows for overdrafts, short-term loans on the financial market, documentary letters of credit and different types of guarantees. As at 31 December 2015 and 31 December 2014, the overdraft from Komerční banka, a.s. was not used.

As at 31 December 2015 and 31 December 2014, the overdraft from Československá obchodní banka, a.s. was not used. This overdraft is secured by pledge on the Company's receivables from Československá obchodní banka, a.s. created under a Contract for the provision of services to Československá obchodní banka, a.s. by the Company.

A multi-purpose credit line from Československá obchodní banka, a.s. allows for overdrafts, short-term loans on the financial market, documentary letters of credit and different types of guarantees. As at 31 December 2015 and 31 December 2014, the loan was not used.

The bank overdraft on the account of entrusted funds at Československá obchodní banka, a.s. was provided to ensure sufficient financial liquidity of the Company. The bank overdraft from Československá obchodní banka, a.s. was not used as at 31 December 2015 and 31 December 2014.

15.2. Denominated in EUR

Bank	Terms and conditions	Overall limit (EUR million)	2015		2014	
			(EUR million)	(CZK million)	(EUR million)	(CZK million)
ČSOB, a.s.	Bank overdraft EURIBOR 3M +0.1% p.a. – entrusted resources	5	1.2	36	1.2	35

The above-mentioned bank overdraft is exclusively used for cash operations of the banking services provided at selected post-office counters in EUR. No collateral was required for the bank overdraft.

The Company complies with all the terms and conditions of the loan agreements.

16. ACCRUALS AND DEFERRED INCOME

Deferred income primarily includes prepaid postal fees for offsetting remote credit machines.

17. INCOME TAX

Analysis of the income tax expense:

(CZK million)	2015	2014
Current tax expense	107	4
Deferred tax expense	(53)	31
Adjustment of prior year tax expense based on final CIT return	7	(1)
Total income tax expense	61	34

Analysis of current tax:

(CZK million)	2015	2014
Net profit before taxation	302	241
Non-taxable income	(36)	(58)
Difference between accounting and tax depreciation	(35)	24
Tax non-deductible expenses and changes in provisions	389	(132)
of which:		
– Changes of impairment	44	(34)
– Changes of provisions	270	(180)
– Other (e.g. previous prepaid expenses, representation expenses, shortages and losses)	75	82
Gifts	(2)	(2)
Taxable income	618	73
Income tax rate	19%	19%
Calculated income tax	117	14
Tax relief (persons with disability or partial disability)	(10)	(10)
Current tax	107	4
Income tax expense from ordinary activities	107	4

The Company calculated the deferred tax asset/ (liability) using the 19% tax rate (for both years) as follows:

	2015			2014		
Deferred tax item (CZK million)	Basis	Deferred tax asset	Deferred tax liability	Basis	Deferred tax asset	Deferred tax liability
Difference between accounting and tax net book value of fixed assets	(2,511)	-	(477)	(2,466)	-	(471)
Provisions	292	55	-	248	47	-
Other reserves	627	119	-	357	68	-
Total	(1,592)	174	(477)	(1,861)	115	(471)
Net deferred tax liability			(303)			(356)

18. LEASES

The Company leases fixed assets, which are not recognised on the balance sheet accounts (see Note 3.12 – Leases and Note 19 Assets and liabilities not recognised in the balance sheet).

The assets leased by the Company in the form of operating leases amounted to CZK 253 million as at 31 December 2015 (as at 31 December 2014: CZK 194 million). The buildings leased by the Company amounted to CZK 239 million as at 31 December 2015 (as at 31 December 2014: CZK 243 million).

The Company did not have any finance leases as at 31 December 2015 and 31 December 2014.

19. ASSETS AND LIABILITIES NOT RECOGNISED IN THE BALANCE SHEET

The Company recognises particularly stamps, vignettes and lottery tickets, the nature of which is recognised as valuables (these items are recognised below in nominal value) in its operational evidence as at 31 December 2015 and 31 December 2014. Furthermore, the Company recognised low-value assets in operating evidence and leased assets in off-balance sheet evidence (recognised in acquisition costs), which is not recognised in the balance sheet:

(CZK million)	2015	2014
Valuables incl. stamps and lottery tickets	15,861	16,763
Vignettes	1,394	3,171
Leased assets – operational lease	1,352	875
Securities	40	40
Low-value tangible assets	2,422	2,440
Low-value intangible assets	80	82

The structure of the contracted future obligations from operating leases and rental of buildings is presented in the table below:

(CZK million)	31 December 2015	31 December 2014
Due within 1 year	381	285
Due between 1 to 5 years	803	594
Due after 5 years	101	127
Total	1,285	1,006

Received and provided bank guarantees/letters of credit for the Company, which are drawn under the frame agreements, on the provision of financial services, as at 31 December 2015 were as follows:

Type of guarantee/letter	Guarantor	Creditor	Subject	Valid until	Amount (CZK million)
Payment	Československá obchodní banka, a. s.	Customs Directorate for the South Bohemian Region	Customs debt	indefinite	4
Payment	Československá obchodní banka, a. s.	State Fund of Transport Infrastructure	Distribution and sale of vignettes for the year 2015 and following emissions	16 March 2016	150
Payment	Československá obchodní banka, a. s.	General Directorate for National Roads and Motorways of the Czech Republic	Electronic Fee system	1 July 2017	9
Payment	Československá obchodní banka, a. s.	HCEPP II Rudná s.r.o.	Rental agreement	24 April 2016	2
Payment	Československá obchodní banka, a. s.	Ministry of Interior of the Czech Republic	NIS IZS (National information system of the Integrated Rescue System)	31 December 2016	12
Payment	Československá obchodní banka, a. s.	State Fund of Transport Infrastructure	Distribution and sale of vignettes for the year 2016 and following emissions	16 March 2017	300
Payment	Československá obchodní banka, a. s.	CONTERA Investment III. s.r.o.	Rental agreement	14 August 2016	1
					478

Type of guarantee/letter	Guarantor	Debtor	Subject	Valid until	Amount (CZK million)
Payment	Unicredit Bank, a. s.	PRONIX s.r.o.	Action – building data centre	31 August 2017	6
Payment	Komerční banka, a. s.	SILBA–Elstav s.r.o.	Action – Depo Plzeň 72	11 April 2018	1
Payment	Komerční banka, a. s.	TRAWEKO 96 s.r.o.	Action – Depo Přerov 70	7 January 2018	1
Payment	Československá obchodní banka, a. s.	VÁHOSTAV–SK, a.s.	Action – Depo Benešov 70	15 February 2018	1
Payment	Československá obchodní banka, a. s.	Polabská stavební CZ, s.r.o.	Action – Depo Česká Lípa 70	18 April 2018	2
Payment	Komerční banka, a. s.	Středomoravské Stavby, s.r.o.	Action – Depo Prostějov 70	20 December 2017	1
Payment	Československá obchodní banka, a. s.	PSG–International a.s.	Action – dislocation of the post Praha 50 to SPU Malešice	28 August 2018	1
Payment	Česká spořitelna, a. s.	Synet s.r.o.	Action – Depo Kroměříž	14 August 2018	1
Payment	Komerční banka, a. s.	SAN–JV s.r.o.	Action – Depo Šumperk 70	3 June 2018	1
Payment	UniCredit Bank, a. s.	Kappenberger + Braun, Elektro–Technik spol. s r.o.	Action – Depo Jihlava 70	5 October 2018	1
Payment	Komerční banka, a. s.	ABC Chomutov spol. s r.o.	Action – SPU Ústí nad Labem	31 August 2018	1
Payment	Raiffeisenbank, a. s.	STAEG Stavby, spol. s r.o.	Action – Depo Znojmo	21 December 2017	1
Payment	Československá obchodní banka, a. s.	IMOS Brno, a.s.	Action – insulation Praha 3, Olšanská	31 December 2018	4
Payment	Raiffeisenbank, a. s.	SKD Průmstav–stavby, a.s.	Action – SPU Ústí – completion	3 February 2019	4
Payment	UniCreditBank, a. s.	PSG–International a.s.	Action – reconstruction SPU + Depo Ostrava 71	3 June 2019	1
Payment	Oberbank AG	EDIKT, a. s.	Action–SPU Ostrava+DEPO Ostrava 71 – completion and reconstruction	31 July 2019	5
					32

20. CONTINGENT LIABILITIES

Management of the Company is not aware of any significant unrecorded contingent liabilities as at 31 December 2015.

21. REVENUE ANALYSIS

The Company's revenues from its main activities were as follows:

(CZK million)	2015			2014		
	Domestic	Foreign	Total	Domestic	Foreign	Total
Sales from postal operations	12,726	1,614	14,340	12,262	1,480	13,742
Sales of intermediary services	2,537	-	2,537	2,582	-	2,582
Sales of goods without communication infrastructure	223	-	223	213	-	213
Other revenues from operating activities, incl. activation, communication infrastructure and data mailboxes	3,158	-	3,158	2,640	-	2,640
Total main revenues	18,644	1,614	20,258	17,697	1,480	19,177

The main revenues include gross revenues related to services connected with management of communication infrastructure. Appropriate related costs are recorded as part of the item Other services.

In 2015 and 2014, the Company received subsidies for operating purposes in the amount of CZK 0.5 million and CZK 2 million, respectively. These revenues are part of Other operating income.

22. EMPLOYEES

Breakdown of staff costs:

	2015		2014	
	Out of which:		Out of which:	
	Total number of employees	Management and Director General	Total number of employees	Management and DG
Average number of employees	30,194	26	30,418	35
(CZK million)				
Wages and salaries	8,675	66	8,664	147
Social and health insurance	2,867	13	2,833	26
Social security costs	344	0	334	-
Total staff costs	11,886	79	11,831	173

Note: Wages and salaries of the Company's management and Supervisory Board also include severance pay and anti-competitive clause.

23. RELATED PARTY TRANSACTIONS

Apart from the bonuses disclosed in Note 22 – Employees, members and former members of the Company's statutory and supervisory bodies and the Company's management did not receive any loans, guarantees, advance payments or other benefits besides the collective agreement in 2015 and 2014. They did however have access to Company cars that are made available by management for both business and private purposes. During the year, the Company executed several transactions with related parties within its ordinary business activities.

The transactions realised in 2015 and 2014 and the related receivables from and liabilities to related parties are as follows:

2015 (CZK million)	Sales	Costs	Receivables	Payables
SUBSIDIARIES				
Poštovní tiskárna cenin Praha a.s.	-	23	-	3
Česká pošta Security, s.r.o.	3	149	43	34
OTHER RELATED PARTIES				
Czech Television and Czech Radio	242	1	-	5
Government ministries	1,951	3	212	21
Czech Social Security Administration	459	2,067	-	3,853
Municipal and local authorities	313	65	15	287
ČD Cargo	1	68	4	-
Charles University in Prague	9	-	-	2
České dráhy	5	4	1	1
Water and sewage systems Hodonín	2	-	-	2
Total	2,985	2,380	275	4,208

2014 (CZK million)	Sales	Costs	Receivables	Payables
SUBSIDIARIES				
Poštovní tiskárna cenin Praha a.s.	-	25	-	5
Česká pošta Security, s.r.o.	15	153	34	29
OTHER RELATED PARTIES				
Czech Television and Czech Radio	243	1	-	5
Government ministries	1,746	1	207	28
Czech Social Security Administration	474	2,039	-	8,351
Municipal and local authorities	318	71	15	281
State Fund of Transport Infrastructure *)	-	1	-	-
Health Insurance of Ministry of Interior of the Czech Republic	16	-	1	2
ČD Cargo	-	57	3	5
Total	2,812	2,348	260	8,706

*) In 2014, there was a change in the contractual relationship in the intermediation of sales of vignettes; an association was established for the purpose of ensuring the provision of services of sales of vignettes. In 2015 and 2014 the Company recognised only a relevant share of commission from sales of vignettes as a part of distribution of the association's profit in its accounts.

Receivables/revenues from Poštovní tiskárna cenin Praha a.s. relate mainly to the provision of rent and services. Liabilities/costs relate mainly to purchase/consumption of raw materials.

Receivables from Česká pošta Security, s.r.o. are mainly related to the loan provided to this company. The interest rate corresponds to the weighted average interest rate for the revaluation of own funds back for the corresponding month in which the funds were provided.

24. FEES PAID AND PAYABLES TO THE AUDIT COMPANY

The total fees paid and payable for the statutory audit of financial statements performed by the audit company PricewaterhouseCoopers Audit, s.r.o. are included in the consolidated financial statements of the Company.

25. ENTRUSTED RESOURCES

The entrusted resources analysis as at 31 December 2015 and 31 December 2014 is as follows:

(CZK million)	31 December 2015	31 December 2014
ASSETS		
Short-term receivables	87	97
Cash in hand	4,634	4,090
Cash at bank	816	6,002
Total assets	5,537	10,189

(CZK million)	31 December 2015	31 December 2014
LIABILITIES AND EQUITY		
Short-term payables	5,501	10,154
Short-term bank loans	36	35
Total liabilities and equity	5,537	10,189

Short-term receivables consist primarily of short-term receivables for agency services (e.g. card transactions, cheque transactions, etc.) provided to ČSOB, a. s.

At the end of 2015 and 2014 the Company received advance payments in the amount of CZK 3,478 million and CZK 8,005 million from the Czech Social Security Administration for 2016 and 2015 for pension payments, respectively.

All these liabilities in respect of entrusted resources were within the maturity period.

26. CASH-FLOW STATEMENT

As at 31 December 2015 and 31 December 2014, the Company did not consider the used overdraft facilities as cash equivalents for the purpose of the cash-flow statement (see Note 15 – Bank loans and overdrafts).

Cash and cash equivalents disclosed in the cash-flow statement can be analysed as follows:

(CZK million)	31 December 2015	31 December 2014
Cash on hand	4,713	4,173
Cash at bank	4,162	8,448
Cash equivalents included in short-term securities and investments	50	500
Total cash and cash equivalents	8,925	13,121

27. SUBSEQUENT EVENTS

As at 4 January 2016, František Lukl was appointed as a member of the Supervisory Board.

The Company will calculate the net costs of providing basic services for the accounting period 2015 and will ask CTO for the reimbursement of such costs, which represent unfair financial burden for the Company as a postal license holder. The deadline for submission is 31 August 2016.

At the same time, in accordance with section 34c paragraph 1 of the Postal Services Act, the Company will ask CTO for a payment of preliminary net cost for the year 2016. The deadline for applications is set from 1 July to 31 December 2016.

No other material events have occurred between the balance sheet date and the date of preparation of the financial statements that would have a material impact on the financial statements as at 31 December 2015.

18 March 2016



Martin Elkán

Director General of Česká pošta, s. p.

CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2015

Consolidated balance sheet as at 31 December 2015

(CZK million)

		31.12.2015			31.12.2014
Description	ASSETS	Gross amount	Provision	Net amount	Net amount
a	b	1	2	3	4
	TOTAL ASSETS	36,183	13,689	22,494	26,106
	a - of which entrusted resources	5,537	-	5,537	10,189
B.	Fixed assets	23,335	13,453	9,882	10,193
B. I.	Intangible fixed assets	2,122	1,786	336	459
B. I. 1.	Software	1,942	1,720	222	248
2.	Royalties	2	1	1	1
3.	Other intangible fixed assets	72	65	7	14
4.	Intangible fixed assets in the course of construction	106	-	106	196
B. II.	Tangible fixed assets	20,996	11,668	9,328	9,519
B. II. 1.	Land	873	1	872	863
2.	Constructions	11,473	5,042	6,431	6,502
3.	Equipment	8,318	6,616	1,702	1,877
4.	Other tangible fixed assets	4	-	4	4
5.	Tangible fixed assets in the course of construction	323	9	314	269
6.	Advances paid for tangible fixed assets	5	-	5	5
7.	Revaluation difference of acquired assets	-	-	-	(1)
B. III.	Long-term investments	219	-	219	217
B. III. 1.	Other long-term securities and investments	219	-	219	217
B. IV.	Positive consolidation difference	8	-	8	8
B. V.	Negative consolidation difference	(10)	(1)	(9)	(10)
C.	Current assets	12,714	236	12,478	15,818
C. a	- of which entrusted resources	5,537	-	5,537	10,189
C. I.	Inventories	386	60	326	239
C. I. 1.	Raw materials	190	46	144	143
2.	Work in progress and semi-finished products	9	-	9	19
3.	Goods for resale	187	14	173	77
C. II.	Long-term receivables	19	-	19	20
C. II. 1.	Trade receivables	5	-	5	6
2.	Long-term advances paid	5	-	5	4
3.	Other receivables	9	-	9	10
C. III.	Short-term receivables	3,334	176	3,158	2,379
C. III. a	- of which entrusted resources	87	-	87	97
C. III. 1.	Trade receivables	1,337	102	1,235	1,255
1. a	- of which entrusted resources	87	-	87	97
2.	Receivables from shareholders and co-ventures	14	-	14	17
3.	Taxes - receivables from the state	3	-	3	4
4.	Short-term advances paid	210	-	210	193
5.	Estimated receivables	1,635	-	1,635	833
6.	Other receivables	135	74	61	77
C. IV.	Financial assets	8,975	-	8,975	13,180
a	- of which entrusted resources	5,450	-	5,450	10,092
C. IV. 1.	Cash in hand	4,713	-	4,713	4,173
1. a	- of which entrusted resources	4,634	-	4,634	4,090
2.	Cash at bank	4,212	-	4,212	8,507
2. a	- of which entrusted resources	816	-	816	6,002
3.	Short-term investments	50	-	50	500
D. I.	Prepayments and accrued income	134	-	134	95
D. I. 1.	Prepaid expenses	70	-	70	54
2.	Accrued income	64	-	64	41

Description	LIABILITIES AND EQUITY	31.12.2015	31.12.2014
a	b	5	6
	TOTAL LIABILITIES AND EQUITY	22,494	26,106
a	- of which entrusted resources	5,537	10,189
A.	Equity	10,429	10,349
A. I.	Share capital	3,588	3,588
A. I. 1.	Share capital	3,588	3,588
A. II.	Capital contributions	6,304	6,262
A. II. 1.	Other capital contributions	6,293	6,253
2.	Assets and liabilities revaluation	11	9
A. III.	Reserve fund and other reserves	374	371
A. III. 1.	Legal reserve fund	358	361
2.	Statutory and other reserves	16	10
A. IV.	Retained earnings / Accumulated losses	(70)	(52)
A. IV. 1.	Accumulated loss	(70)	(52)
A. V.	Consolidated Profit / Loss for the current period	233	180
B.	Liabilities	11,507	15,170
B. a	- of which entrusted resources	5,537	10,189
B. I.	Provisions	628	359
B. I. 1.	Other Provisions	628	359
B. II.	Long-Term liabilities	326	383
B. II. 1.	Trade payables	23	26
2.	Deferred Tax Liability	303	357
B. III.	Short-term liabilities	10,517	14,393
B. III. a	- of which entrusted resources	5,501	10,154
B. III. 1.	Trade payables	7,071	11,485
1. a	- of which entrusted resources	5,501	10,057
2.	Liabilities to employees	548	512
3.	Liabilities for social security and health insurance	345	315
4.	Taxes and state subsidies payable	198	72
5.	Short-term advances received	364	177
6.	Estimated payables	1,686	1,417
7.	Other payables	305	415
7. a	- of which entrusted resources	-	97
B. IV.	Bank loans & overdrafts	36	35
B. IV. a	- of which entrusted resources	36	35
B. IV. 1.	Short-term bank loans and overdrafts	36	35
1. a	- of which entrusted resources	36	35
C. I.	Accruals and deferred income	516	544
C. I. 1.	Accrued expenses	-	-
2.	Deferred income	516	544
D.	Minority equity	42	43
D. I. 1.	Minority equity	16	16
2.	Minority other capital funds incl. reserve fund	16	19
3.	Minority retained earnings	12	9
4.	Minority profit for the current period	(2)	(1)

Consolidated income statement for the year ended 31 December 2015

(CZK million)

Description	TEXT	For the period ending	
		31.12.2015	31.12.2014
a	b	1	2
I.	Sales of goods	803	418
A.	Cost of goods sold	742	362
+	Gross profit	61	56
II.	Sales of production	18,494	18,573
II. 1.	Sales of own products and services	18,488	18,553
II. 2.	Changes in inventories of finished goods and work in progress	(10)	4
II. 3.	Own work capitalised	16	16
B.	Cost of sales	5,383	5,363
B. 1.	Raw materials and consumables used	1,374	1,406
B. 2.	Services	4,009	3,957
+	Added value	13,172	13,266
C.	Staff costs	11,938	11,906
C. 1.	Wages and salaries	8,705	8,707
C. 2.	Emoluments of board members	8	11
C. 3.	Social security and health insurance costs	2,879	2,851
C. 4.	Other social costs	346	337
D.	Taxes and charges	96	95
E.	Depreciation and amortisation expense	846	914
	Settlement of positive consolidation difference	-	1
	Settlement of negative consolidation difference	(1)	-
III.	Sales of fixed assets and raw materials	28	28
III. 1.	Sales of fixed assets	28	28
F.	Net book value of fixed assets and raw materials sold	2	5
F. 1.	Net book value of fixed assets sold	2	5
G.	Changes in operating provisions and complex prepaid expenses	315	(206)
IV.	Other operating income	960	259
IV. 1.	Compensation for the net cost on providing basic postal services	700	-
IV. 2.	Other operating income	260	259
H.	Other operating expenses	694	672
*	Consolidated operating result	268	166
VI.	Income from Sales of shares and securities	-	402
J.	Shares and securities sold	-	382
V.	Income from long-term investments	2	3
V. 1.	Income from other long-term investments	2	3
VI.	Income from short-term investments	1	3
VII.	Interest income	22	32
I.	Interest expense	-	1
VIII.	Other financial income	56	48
J.	Other financial expenses	58	58
*	Consolidated financial result	23	47
K.	Tax on profit or loss on ordinary activities	60	34
K. 1.	- current	114	3
K. 2.	- deferred	(54)	31
**	Consolidated profit or loss on ordinary activities after taxation	231	179
***	Consolidated net profit / (loss) for the financial period	231	179
***	Consolidated net profit / (loss) before taxation	291	213
**	Consolidated profit for the financial period attributable to:		
	Shareholders of the Company	233	180
	Minority interest	(2)	(1)

Consolidated Cash-flow statement Year ended 31 December 2015

(CZK million)

	2015	2014
Cash and cash equivalents as at the beginning of the financial period	13,180	12,938
– out of which entrusted resources	10,092	9,991
Net profit on ordinary activities before tax	291	213
A.1 Adjustments for non-cash movements:	1,130	627
A.1.1 Depreciation/amortisation of fixed assets and lost investments projects	867	915
A.1.2 Changes in operating provision	315	(206)
A.1.3 Profit from disposal of fixed assets	(26)	(43)
A.1.4 Net interest expense/(income)	(22)	(31)
A.1.5 Other non-cash movements	(4)	(8)
A* Net cash flow from operating activities before tax, changes in working capital and extraordinary items	1,421	840
A.2 Working capital changes:	(5,135)	121
A.2 – out of which entrusted resources	(4,642)	101
A.2.1 Changes in receivables and prepayments and accrued income	(851)	(41)
A.2.1 – out of which entrusted resources	10	11
A.2.2 Changes in short-term payables, accrued expenses and deferred income	(4,297)	157
A.2.2 – out of which entrusted resources	(4,652)	90
A.2.3 Changes in inventories	13	5
A** Net cash flow from operating activities before tax	(3,714)	961
A.** – out of which entrusted resources	(4,642)	101
A.3 Interest paid	-	(1)
A.4 Interest received	22	32
A.5 Income tax overpaid/(Income tax on ordinary activities paid and additional taxes for previous periods)	(10)	25
A*** Net cash flow from operating activities	(3,702)	1,017
– out of which entrusted resources	(4,642)	101
CASH FLOWS FROM INVESTING ACTIVITIES		
B.1 Acquisition of fixed assets	(378)	(1,046)
B.2 Proceeds from the sale of fixed assets	28	430
B*** Net cash flow from investing activities	(350)	(616)
CASH FLOWS FROM FINANCING ACTIVITIES		
C.1 Changes in long-term and short-term liabilities falling in financing activities	1	-
C.2 Changes in equity	(154)	(159)
C.2.1 Direct payments from reserves	(154)	(159)
C*** Net cash flow from financing activities	(153)	(159)
Net increase/(decrease) in cash and cash equivalents	(4,205)	242
– out of which entrusted resources	(4,642)	101
Cash and cash equivalents as at the end of the year	8,975	13,180
– out of which entrusted resources	5,450	10,092

Notes to the financial statements 31 December 2015

1. GENERAL INFORMATION

1.1. Description of the Group

The Group comprises Česká pošta, s. p. (controlling entity) and its subsidiaries. Subsidiaries as at 31 December 2015 and 31 December 2014 are as follows:

Subsidiary	Registered office	Ownership interest
Poštovní tiskárna cenin Praha, a.s.	Ortenovo náměstí 542/16, Prague 7 – Holešovice	51.03% (Česká pošta, s. p., owned 16,903 shares out of the total 33,124 shares with the nominal value of CZK 1 thousand)
Česká pošta Security, s.r.o.	Politických vězňů 909/4, Prague 1	100.00%

Česká pošta, s. p. ("the Company", "the Controlling entity" or "Česká pošta") is a state-owned enterprise. It is a legal entity conducting its business activities using the Czech government's assets under its own name and on its own account. The founder of the Company is the Czech State. The Company was established on 1 January 1993 and the founder was then represented by the Ministry of Transportation and Communications of the Czech Republic. As at 31 December 2015 and 31 December 2014, the role of the founder of the Company under the government's name was carried out by the Ministry of Interior of the Czech Republic. As at 31 December 2015, the Company has its registered office at Prague 1, Politických vězňů 909/4, the Czech Republic. The Company's identification number is 471 14 983 and it is registered in the Commercial Register of the Municipal Court in Prague, section A, insert no 7565. Česká pošta is a business entity pursuant to Act No. 77/1997 Coll., on State-Owned Enterprise, as amended.

The Company's activities are regulated by the Czech Telecommunication Office ("CTO").

The main business activities of the Group are as follows:

- a) provision of postal services,
- b) provision of international postal services,
- c) provision of services of central procurement for government (public) administration,
- d) manufacturing and trade activities in the area of the printing industry,
- e) printing of postage stamps, stamps and other stamped or secured printed materials,
- f) printing of publicly traded securities and other securities according to Act on securities,
- g) services of private detectives,
- h) security of property and persons,
- i) road transport.
- j) the installation, repair, inspection and testing of electrical equipment,
- k) provision of technical services to protect persons and property.

The corporate bodies of the Company are the Director General and the Supervisory Board. The Director General is the Company's statutory body.

The Company's mission is to perform the function of public postal operator involving a duty to provide and operate postal and basic postal services in accordance with Act No. 29/2000 Coll., on Postal Services, as amended ("the Postal Services Act"). The Company holds a licence to provide postal services in accordance with paragraph 19; the Company also holds the licence in accordance with paragraph 21 of the Postal Services Act. The postal licence was granted to the Company by the CTO until 31 December 2017.

In accordance with the postal licence, it is the duty of the Company to secure general availability of basic postal services throughout the whole territory of the Czech Republic.

The rights and obligations of the postal services and the postal licence holder are covered by Title V of the Postal Service Act. According to the law, the Company must annually publish and submit complete and truthful information to CTO about the results of providing and securing basic services and an evaluation of the fulfilment of the quality parameters. The method, form and content of published information are determined by implementing the legislation of CTO (decrees). Czech Telecommunication Office annually publishes the summary report on the obligations fulfilment

entrusted to the postal licence holder. The CTO Report for 2015 was not published as at the date of the Company's consolidated financial statements.

The deficiencies identified in the CTO Report for 2014 are being remediated by the Company on a continuous basis. No material financial claims of the CTO or other entities against the Company, which could be enforceable by law, were identified in the Report.

Based on Czech Government Resolution No. 224 dated 4 April 2012 relating to the provision of selected information and communication technologies services used by the state administration, and based on the discussion of the Supervisory Board of Česká pošta, s. p., a decision of the Director General of the Company was released relating to the establishment of the branch within Česká pošta, s. p., in order to effectively ensure the provision of ICT services to the state administration of the Czech Republic.

The Branch of the Company was also established for the purpose of providing selected information and telecommunication technology services to state authorities of the Czech Republic to the extent specified in the Memorandum in part "Regime of providing selected information and telecommunication technologies services to the Czech Republic, whose provision was given to Česká pošta, s. p. without use of a tendering process on the basis of exceptions for internal procurement according to section 18 paragraph 1 point e) of Act on Government Procurement No. 137/2006 Coll." (hereinafter referred to as "public ICT services"), called Česká pošta, s. p., Branch ICT services (hereinafter "Branch ICT services" or "the Branch"). The head of the Branch ICT services is the Director of the Branch, who is registered in the Commercial Register.

The establishment of the Branch ICT services with registered office at Olšanská 1951/4, Prague 3 was registered by the Commercial Register on 10 May 2012. The Branch ICT services is part of Česká pošta, s. p.

The main business activities of the Branch ICT services are as follows:

- supply, development and operation of information and communication technology systems and related services including infrastructure, that is used for workload in state (public) administration;
- operation, supply and development of information and communication technology systems, that operate with sensitive data or restricted information, including data registers and data storages;
- operation, support and development of critical communication state infrastructure, including CMS, mainly according to the Act No. 365/2000 Coll., on Information systems of public administration, as amended and Act No. 300/2008 Coll., on Electronic operations and authorised document conversion;
- provision of services of central buyer place for government (public) administration.

2. ACCOUNTING POLICIES

Valuation methods applied by the Group during preparation of the financial statements for 2015 were as follows:

2.1. Basis of preparation of consolidated financial statements

Consolidated financial statements of the Group have been prepared in accordance with Accounting Act No. 563/1991 Coll. and related Decree No. 500/2002 Coll. and pursuant to the Czech Accounting Standards for Businesses applicable for 2015. The consolidated financial statements have been prepared under the historical cost convention except as disclosed below.

2.2. System of consolidation

Full consolidation method has been used in the preparation of the consolidated financial statements.

All mutual accounting transactions, balances and unrealised gains from accounting transactions between all companies of the consolidation unit are excluded from the consolidated financial statements. Unrealised losses from mutual transactions are also excluded.

Profit from the sale of assets between companies of the Group is fully excluded.

All financial statements entering into consolidation were prepared as at 31 December 2015.

There was a unification of significant accounting policies within the Group for the purpose of consolidation. These accounting policies, which are used by individual companies of the consolidation unit, are described below.

2.3. Consolidation difference

Consolidation difference is the difference between the acquisition price of shares and deposits of the consolidated company and their valuation according to the shareholding of the Controlling entity on equity valued at fair value as at the date acquisition. The acquisition date is the date from which the Controlling entity starts to effectively exercise its influence.

Consolidation difference is amortised applying the straight-line method for the period of 20 years, while the first amortisation is accounted for in the full amount in the year of the consolidation difference origin.

2.4. Subsidiaries

For consolidation purposes, a subsidiary is a company in which the Controlling entity exercises significant influence through:

- direct or indirect application of more than 50% of voting rights of controlled, managed company, or
- demonstrable control of operating and strategic policies, while, at the same time, the Controlling entity is the company shareholder or partner.

2.5. Intangible fixed assets

Purchased intangible fixed assets are recorded at cost, which includes all costs related with its acquisition.

Intangible fixed assets with a unit cost more than CZK 40 thousand and estimated useful live is more than one year are amortised using the straight-line method over their estimated useful life in accordance with the Company's amortisation plan, i.e. over 4 years, in exceptional cases, the useful life is set for longer period (e.g. according to the useful life of the related equipment).

Intangible fixed assets with a unit cost less than CZK 40 thousand are expensed upon acquisition and only carried in the operational evidence and, more specifically, off balance sheet.

The amortisation plan is updated during the useful life of the intangible fixed assets based on the expected useful life.

The cost limit for the capitalisation of the technical improvements of intangible fixed assets is CZK 40 thousand. A provision for impairment is created when the carrying value of an asset is greater than its estimated recoverable amount. The estimated recoverable amount is determined based on expected future cash flows generated by the specific asset.

2.6. Tangible fixed assets

Acquired tangible fixed assets are initially recorded at cost, which includes all costs related with their acquisition. The Group does not include loan interest in the acquisition cost of tangible fixed assets.

Tangible fixed assets acquired free of charge are valued at their replacement cost and are recorded into other capital funds. The replacement cost of these assets is based on expert opinion or on market prices of comparable fixed assets in terms of their wear and tear and performance. The valuation of tangible fixed assets is decreased by subsidies for the acquisition of assets.

The depreciation plan is updated during the useful life of the tangible fixed assets based on the expected useful life.

A provision for impairment is established when the carrying value of an asset is greater than its estimated recoverable amount. The estimated recoverable amount is determined based on expected future cash flows generated by the certain asset.

A provision for impairment is established when the carrying value of a cash-generating unit is greater than its estimated recoverable amount. A cash-generating unit is the smallest identifiable group of assets that generates cash income significantly independent of cash income from other assets or asset groups.

A provision is created mainly in cases of projects whose realisation is uncertain or in cases of expected sales if the expected sales price net of transaction cost is lower than the book value disclosed in the records.

Technical improvement expenses of tangible fixed assets increase the acquisition costs if their expenses exceed the total amount of CZK 40 thousand and technical improvements are put into use in this year. Ordinary repairs and maintenance expenses are expensed as incurred.

Tangible fixed assets with a unit cost below CZK 40 thousand are treated as inventory and are expensed upon consumption and are only carried in the operational record. The exceptions are selected low value assets – selected information technology and postal technology, which is also considered as tangible fixed assets (see note - 2.23. Changes in accounting policies). Tangible fixed assets with a unit cost above CZK 40 thousand and selected low value tangible assets with an estimated useful life of more than one year are depreciated using the straight-line method over their estimated useful lives of assets. The estimated useful lives of tangible assets are as follows:

	Years
Buildings, halls and constructions	20–50
Plant, machinery and equipment	4–15
Motor vehicles	6–20
Furniture and fittings	10–20
Handling equipment	6–20
Computers and related equipment	3–7

2.7. Long-term financial assets

The Group's long-term financial assets consist of equity investments and other long-term securities, which represent realisable securities.

The Group classifies securities and investments, other than investments in subsidiaries and associates, as held-to-maturity or available-for-sale.

Investments with a fixed maturity that the Group has the intent and ability to hold to maturity are classified as held-to-maturity and are included in non-current assets, unless the date of maturity falls within 12 months of the balance sheet date.

Securities and investments intended to be held for an indefinite period of time, which may be sold in response to liquidity requirements, are classified as available-for-sale. These investments are included in non-current assets unless the Group has the express intention of holding the investment for less than 12 months from the balance sheet date, in which case they are included in current assets. The Group determines the appropriate classification of investments and securities as at the time of purchase and the classification is reviewed on a regular basis.

All securities and investments are initially recorded at cost, including transaction costs. Held-to-maturity investments are subsequently accounted for at amortised cost. Other investments are subsequently accounted for at fair value. The fair value is determined as the market value of the securities as at the balance sheet date. Measurement of non-traded securities is based on the Group estimates based on recognised models or valuation techniques.

Gains and losses arising from changes in the fair value of trading instruments are included in the income statement in the period in which they arise. Unrealised gains and losses arising from changes in fair value of available-for-sale investments are recognised as a movement in equity and recognised into the income statement on realisation or when permanently impaired.

A provision for impairment is established for held-to-maturity investments when their carrying value is greater than their estimated recoverable amount.

2.8. Short-term financial assets

Short-term financial assets consist of valuables, cash in hand and in the bank and securities available for sale. Short-term financial assets also include Entrusted resources – see also Note 2.11. – Entrusted resources.

Securities available for sale are securities held for the purpose of effecting transactions on the public market in order to make a profit from price fluctuations in short-term, but in one-year period as a maximum.

2.9. Inventories

Purchased inventories are stated at the lower of cost and net realisable amount. Cost includes all costs related with its acquisition (mainly transport costs, customs duty, etc.). The weighted average cost method is applied by the Group for all disposals.

A provision is created for slow-moving and obsolete inventory based on an analysis of turnover and individual evaluation of inventories.

In the case of long-term contracts, the carrying value of work-in-progress also includes the allocation of administrative overheads. Subcontracted supplies received and other direct costs are expensed and simultaneously recorded in work-in-progress against revenues. Subcontracted supplies are valued at cost. Work-in-progress is derecognised once the respective revenues are recognised.

2.10. Receivables

Receivables are stated at nominal value less a provision for doubtful amounts. A provision for doubtful amounts is created on the basis of an ageing analysis and individual evaluation of the credit worthiness of the customers.

2.11. Entrusted resources

In some cases, the financial resources of third parties are temporarily entrusted to the Company in order to perform specific transactions (services for clients of Československá obchodní banka, a. s. ("ČSOB, a. s."), collection of radio and television licence fees, payment of pensions, collection of SIPO payments, betting games, sale of stamps, vignettes, postal payment services, services for the mobile operators, customs declarations, etc.). These resources are recorded in a separate accounting group apart from the Company's own financial resources, and are disclosed on separate lines in the consolidated balance sheet. The Company charges an agreed commission for performing the specific transactions, which is recognised within its own resources using the accrual principle in the same period to which they relate.

2.12. Equity

The Company's financial position and funds are being managed in accordance with Act No. 77/1997 Coll., on State-Owned Enterprise, as amended. Pursuant to this Act, the registered capital of the Company corresponds to the business capital to which the Company has a title on its establishment. The share capital includes both registered and non-registered capital in compliance with accounting legislation. Other capital funds are created in accordance with the accounting standards for entrepreneurs.

In addition, the Company creates a reserve fund from profit, which was created gradually up to 10% of the share capital.

The Company creates a cultural and social fund (FKSP). The creation and use of this fund is being managed in accordance with section 16 of Decree No. 114/2002 Coll., in connection with paragraph 3 of Decree No. 310/1995 Coll., on Cultural and Social Needs Fund, as amended (including changes under Decree No. 167/1997 Coll. and 314/1999 Coll.) and the use of FKSP is governed by section 4-10 of Decree No. 310/1995 Coll.

2.13. Provisions

Provisions are recognised when the Group has a present obligation, an outflow of resources is likely to be required to settle the obligation and a reliable estimate of the amount can be made.

2.14. Loans

Long-term and short-term liabilities, including loans are recorded at their nominal values. Any proportion of long-term loan debt due within one year of the balance sheet date is recognised as short-term loan.

2.15. Leases

The costs of assets held under both finance and operating leases are not capitalised as fixed assets. Lease payments are expensed evenly over the life of the lease. Future lease payments not yet due are disclosed in the consolidated notes but not recognised in the consolidated balance sheet. The Group activates the respective value of leased asset in the period when the lease agreement is being concluded and the purchase option is exercised. Lease payments made in advance are accrued over the lease period.

2.16. Foreign currency translation

Transactions denominated in a foreign currency are translated and recorded at the rate of exchange ruling as at the first day of the current calendar month as published by the Czech National Bank.

Cash, receivables and liabilities balances denominated in foreign currencies have been translated at the exchange rate published by the Czech National Bank as at the balance sheet date. All exchange gains and losses on cash, receivables and liabilities balances are recorded in the consolidated income statement.

2.17. Expenses and revenues recognition

Revenues and expenses are recognised on an accrual principle in the period to which they relate.

Sales are recognised as at the date the services are rendered (with the exceptions disclosed below) or goods are sold to customers and are stated net of discounts and value added tax.

Sales of postal services realised in cash through sales of postal stamps are recognised when the stamps are sold. The Group does not have the necessary information that would allow it to record income from these sales on an accrual basis in respect to the accounting periods in which customers actually use the purchased postal stamps. The Company's management believes that the costs of collecting such information relating to the time allocation needed for these services realised through sales of postal stamps would exceed the benefits of such information.

Revenues from agency services include the commission received for the services provided in the relevant accounting period on an accrual basis.

The Group records expenses related to provisions and allowances for any risks, losses and devaluation that are known as at the date of preparation of the consolidated financial statements.

2.18. Income tax

The income tax expense is calculated, using the valid tax rate, from the accounting profit increased or decreased by the permanent or temporary non-deductible expenses and non-taxable income (e.g. non-deductible provisions and allowances, representation expenses, differences between accounting and tax depreciation, etc.).

Corporate income tax is recognised in the balance sheet as a part of the item "Taxes and state subsidies payable" if the tax liability exceeds the tax advances paid. Otherwise, the amount exceeding the tax liability as a result of the advances paid is recorded as "Taxes – receivables from the state".

The tax expense is disclosed in the profit and loss as tax from ordinary activities.

2.19. Deferred tax

Deferred tax is recognised on all temporary differences between the carrying amount of an asset or liability in the consolidated balance sheet and its tax base. Deferred tax asset is recognised if it is probable that sufficient future taxable profit will be available against which the asset can be utilised.

2.20. Employment benefits

With regards to collective bargaining in 2014 and 2013, the Company stopped providing bonuses for significant work and life jubilees and employee retirement bonuses, accordingly no provision is created for employment benefits.

The Group creates a provision for untaken holidays. The Group creates an estimated payable for rewards and bonuses to employees who became entitled to payment as at the balance sheet date. The Group creates a provision for the rewards and bonuses to employees who did not become entitled to payment as at the balance sheet date.

2.21. Related parties

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

- the state represented by the Company's founder, government institutions, state-owned enterprises and companies, and other legal entities, where the state has significant influence, while the nature of the relationship is also decisive and not merely the legal form;
- members of the Company's statutory, supervisory bodies and management and related parties to these members, including companies or institutions or businesses, where these members and parties have controlling, proportional or significant influence.

Significant transactions and outstanding balances with related parties, related to other than the main postal services with related parties are disclosed in Note 23 – Related party transaction.

2.22. Cash and cash equivalents

Cash and cash equivalents include cash in hand, stamps and vouchers and cash in banks, including bank overdrafts.

Cash equivalents are short-term highly liquid investments that can be exchanged for a predictable amount of cash and no significant changes of value over time are expected. Cash equivalents are, for example, deposits with a maturity of less than 3 months from the date of acquisition and liquid debt securities traded in public markets.

The Group prepared a consolidated cash-flow statement using the indirect method.

2.23. Changes of the accounting methods and estimates

In 2015, the Company amended the definition of tangible assets: se selected postal technology and information technology are considered tangible fixed assets, regardless of the acquisition cost; the low value tangible assets are recognised in the balance sheet under the item B.II.3 Equipment. These assets do not represent a significant amount given the number and total acquisition costs of tangible fixed assets which the Group manages - see note 3.3. Tangible fixed assets.

In 2015, the threshold for the accounting and recognition of intangible assets was amended to CZK 40 thousand. The impact on the financial statements due to changes in the accounting method is not significant.

2.24. Subsequent events

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

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

3. FIXED ASSETS

3.1. Consolidation difference

Movement in positive consolidation difference can be analysed as follows:

(CZK million)	2015
Opening balance as at 1 January	8
Settlement of positive consolidation difference	-
Closing balance as at 31 December	8

Movement in negative consolidation difference can be analysed as follows:

(CZK million)	2015
Opening balance as at 1 January	(10)
Settlement of negative consolidation difference	1
Closing balance as at 31 December	(9)

3.2. Intangible fixed assets

Cost

(CZK million)	Opening balance	Additions *)	Disposals *)	Closing balance
Software	1,857	96	(11)	1,942
Royalties	2	-	-	2
Other intangible fixed assets	80	-	(8)	72
Intangible fixed assets in the course of construction	196	111	(201)	106
Total in 2015	2,135	207	(220)	2,122
Total in 2014	2,186	147	(198)	2,135

*) Additions and Disposals also include transfers of intangible fixed assets in the course of construction.

Accumulated amortisation and net book value

(CZK million)	Opening balance of accumulated amortisation	Additions	Disposals	Closing balance of accumulated amortisation	Allowance	Closing balance
Software	(1,609)	(101)	11	(1,699)	(21)	222
Royalties	(1)	-	-	(1)	-	1
Other intangible fixed assets	(66)	(7)	8	(65)	-	7
Intangible fixed assets in the course of construction	-	-	-	-	-	106
Total in 2015	(1,676)	(108)	19	(1,765)	(21)	336
Total in 2014	(1,647)	(140)	111	(1,676)	-	459

3.3. Tangible fixed assets

Cost

(CZK million)	Opening balance	Additions *)	Disposals **)	Closing balance
Land	864	9	-	873
Buildings	11,279	209	(15)	11,473
Plant, machinery and equipment	5,307	141	(103)	5,345
Motor vehicles	1,844	106	(161)	1,789
Furniture and fittings	701	13	(11)	703
Assets below CZK 40 thousand	-	43	-	43
Other tangible assets	454	-	(16)	438
Work of art	4	-	-	4
Tangible fixed assets in the course of construction	298	556	(531)	323
Advances paid for tangible fixed assets	5	-	-	5
Revaluation difference of acquired assets	(8)	-	8	-
Total in 2015	20,748	1,077	(829)	20,996
Total in 2014	21,014	1,815	(2,081)	20,748

*) Additions and Disposals also include transfers of tangible fixed assets in the course of construction.

**) Disposals of tangible fixed assets in the course of construction also include depreciation of lost investments.

Accumulated depreciation and net book value

(CZK million)	Opening balance of accumulated depreciation	Additions	Disposals	Closing balance of accumulated depreciation	Allowance	Closing balance
Land	-	-	-	-	(1)	872
Buildings	(4,736)	(277)	12	(5,001)	(41)	6,431
Plant, machinery and equipment	(3,875)	(342)	102	(4,115)	(15)	1,215
Motor vehicles	(1,560)	(91)	159	(1,492)	-	297
Furniture and fittings	(540)	(25)	11	(554)	-	149
Assets below CZK 40 thousand	-	(2)	-	(2)	-	41
Other tangible assets	(454)	-	16	(438)	-	-
Work of art	-	-	-	-	-	4
Tangible fixed assets in the course of construction	-	-	-	-	(9)	314
Advances paid for tangible fixed assets	-	-	-	-	-	5
Revaluation difference of acquired assets	7	1	(8)	-	-	-
Total in 2015	(11,158)	(736)	292	(11,602)	(66)	9,328
Total in 2014	(11,002)	(764)	608	(11,158)	(71)	9,519

Based on the stock-taking performed, the Company has adjusted the carrying value of the tangible fixed assets for diminution in value through provisions (see Note 7 – Provisions).

In 2015 and 2014, the Company did not receive any material fixed assets free of charge.

In 2015 and 2014, besides the easement in favour of PCS – Praha Center s.r.o. created in relation to the post office building at Jindřišská, Prague 1 based on an agreement dated 16 April 1997, which is in force until 31 March 2042, the Company has another 346 (2014: 308) easements, or similar rights to tangible fixed assets (rights for sewage pipeline, water pipeline, power and gas connection, hot-water piping, right of entry, access, crossing, riding, parking of a company car, pre-emptive right and the right of use) mainly created in favour of the communal and municipal authorities, Telefónica O2 Czech Republic, a.s. and electricity producers and distributors.

In 2015, the Company received an investment subsidy in the amount of CZK 5 million (2014: CZK 19 million).

3.4. Long-term financial assets

Other long-term securities and investments as at 31 December 2015 comprise:

	No. pieces	Nominal value (CZK million)	Fair value (CZK million)	Maturity
Government bond (security available for sale)	20,000	200	219	2023

Other long-term securities and investments as at 31 December 2014 comprise:

	No. pieces	Nominal value (CZK million)	Fair value (CZK million)	Maturity
Government bond (security available for sale)	20,000	200	217	2023

The above-mentioned government bonds were issued by the Ministry of Finance of the Czech Republic.

4. INVENTORIES

The Company created a provision for inventories to adjust the value of inventory (see Note 7 – Provisions).

5. RECEIVABLES

As at 31 December 2015 and 31 December 2014, receivables due after more than 5 years amounted to CZK 2 million and CZK 2 million, respectively, and outstanding overdue receivables amounted to CZK 327 million and CZK 323 million, respectively. Outstanding overdue receivables are not secured. In 2015 and 2014, the Company wrote off its receivables in the amount of CZK 22 million and CZK 18 million, respectively, as expenses, due to their unrecoverable nature, the dismissal of a bankruptcy petition and the settlement or non-recovery of debts in bankruptcy proceedings.

Receivables from related parties are described in Note 23 – Related party transactions. The estimated receivables primarily comprise transactions related to international postal operations; balances of these transactions as at 31 December 2015 amounted to CZK 685 million and to CZK 590 million as at 31 December 2014. Operating records on incoming mail not yet confirmed by individual postal offices were recorded as estimated receivables with the double entry in Sales of own products and services, based on operating statistics. In 2015, estimated receivables also included the compensation of the net cost of providing basic postal services in the amount of CZK 700 million - See note 7. The net cost of universal service.

6. THE NET COST OF UNIVERSAL SERVICE

The Company as a postal license holder by the Postal Services Act is obliged to fulfil so called postal obligation, which shall include the obligation to ensure universal availability of basic services listed in section 3 of the Postal Services Act on the whole territory of the Czech Republic. The Company is obliged to fulfil the postal obligation (section 33 paragraph 1 point a) of the Postal Services Act), in accordance with the basic quality requirements set out in Decree no. 464/2012 Coll., of at 17 December 2012, establishing specifications for each basic service and basic quality requirements for their provision.

If, due to the obligation of providing basic services the postal licence holder incurs a net costs for representing an unfair financial burden for the postal licence holder these costs are reimbursed in such a way as stipulated by the Postal Services Act.

Legislation governing the manner of determining the net cost of basic services is based on the Directive of the European Parliament and Council Directive 2008/6 /ES of 20 February 2008. In the Czech legislation, this directive was implemented through Law no. 212/2013 of 20 June 2013 which amended the Act no. 29/2000 Coll. (so called: The liberalisation amendment - effective from 1 January 2013). The liberalising amendment was to implement full liberalisation of the postal services market. The Postal Services Act, as amended by the liberalisation amendment constructs an account for financing the basic services („the Compensation Fund”) for cases when the net costs arise. According to the Postal Services Act, the Compensation fund should be filled by individual operators in the postal market according to their market share in the market for postal services up to the amount of the verified costs. The Company can then receive a compensation for net costs from the Compensation fund up to the amount of market share of other entities operating on the postal market. The CTO procedure when calculating the net cost of providing basic services is further specified in Decree no. 466/2012 Coll. of 17 December 2012 on the process of the Czech Telecommunication Office (CTO) in calculating the net cost of fulfilling obligations to provide basic services.

In accordance with the accrual-based principle for revenues and expenses, the revenues from the compensation should always be recognised in the year when the related net costs incurred. In previous years (2013, 2014) the revenues were not recognised because the amount of net costs was not verified until preparation of financial statements for prior years by the CTO in accordance with the applicable legislation as of the dates of preparation of the financial statements for prior years and the Company's management was been able to calculate a sufficiently accurate estimate of the compensation for net cost of universal service.

In March 2015, the CTO verified the amount of the net cost of providing basic services for the year 2013 in the amount of CZK 947.8 million, or CZK 753.1 million after deducting the net costs that do not constitute an unfair financial burden. In February 2016, then in that month CTO verified the amount of the net cost of basic services for the year 2014 to be in the amount of CZK 851.5 million, or 657.2 million after deducting net costs that do not constitute an unfair financial burden.

Market shares that are decisive for the amount of contributions to the Compensation fund, and therefore also for the final amount of compensation for 2013 and 2014, which is the responsibility of the CTO, where not determined as of the date of preparation of the financial statements for the year 2015.

Determination of the scope of postal services is also subject to administrative proceeding. With regards to possible alternatives, the estimated compensation of net costs for the Company is in the range of CZK 1 million to CZK 154 million for the year 2013 and CZK 1 million to CZK 135 million for the year 2014. Due to a possible significant inaccuracy in the estimated market share, and thus in the amount of entitlement for compensation, management of the Company decided not to recognise the estimated receivables for compensation for the years 2013 and 2014 even in 2015, but decided to describe the fact in the notes of the financial statements.

During the year 2015, the Postal Services Act was amended. On 7 December 2015 a new Act no. 319/2015 Coll. was published in the Collection of Laws that amending the Act 29/2000 Coll. on postal services, with the effective date 1 January 2016. According to the Act no. 319/2015 Coll. net costs of the postal license holder will newly be financed from the state budget. The market shares of the other operators on the postal services market are no longer decisive for the determination of the level of compensation. At the same time, the maximum limit of the compensation for net costs for fulfilling the obligation to provide basic services was set as follows:

- For the year 2015 CZK 700 million;
- For the year 2016 CZK 600 million;
- For 2017 and subsequent years CZK 500 million.

Fair burden is newly defined as the difference between the net cost of basic services and the aforementioned statutory limit if that difference is positive. The actual method of determining the net cost of basic services is not affected by the change in the law.

Having considered the above and taking into account the verified amount of costs for the years 2013 and 2014, management of the Company is confident that the verified amount of costs for 2015 will be above the maximum limit which for the year 2015 was set as CZK 700 million by law. In accordance with the accrual principle management of the Company decided to recognise estimated receivable in the amount of CZK 700 million in 2015. In the profit and loss statement, the revenue is presented on a separate line IV.1. Compensation of net cost of providing basic postal services within other operating income.

The compensation mechanism is subject to the notification process of the European Commission, which was not completed as at the date of the preparation of the financial statements.

7. ALLOWANCES

Provisions reflect a temporary decrease in the value of assets (disclosed in Note 3 – Fixed assets, 4 – Inventories and 5 – Receivables).

Provisions for: (CZK million)	Balance as at 1 January 2014	Charge	Release/ use	Balance as at 31 December 2014	Charge	Release/ use	Balance as at 31 December 2015
Intangible fixed assets	-	-	-	-	21	-	21
Tangible fixed assets	135	15	(79)	71	15	(20)	66
Inventories	59	11	(10)	60	11	(11)	60
Receivables - other	81	53	(26)	108	63	(33)	138
Total tax non-deductible provisions	275	79	(115)	239	110	(64)	285
Receivables - legal	33	21	(16)	38	16	(16)	38
Total tax deductible provisions	33	21	(16)	38	16	(16)	38
Total	308	100	(131)	277	126	(80)	323

Legal provisions are created pursuant to the Reserves Act no. 593/1992 Coll. as amended and are deductible for tax purposes; other provisions are not deductible for tax purposes.

8. SHORT-TERM FINANCIAL ASSETS

The main bank used by the Company is Československá obchodní banka, a. s., in which the Company has two cash-pooling sets of accounts, a set of current accounts and a set of accounts with entrusted resources. An overdraft enabling the Company to have a negative balance is agreed for the set of accounts with both the Company's own and entrusted resources (see Note 15 – Bank loans and overdrafts).

The Company's deposits on saving accounts bearing market interest rates amounted to CZK 3,721 million and CZK 7,996 million as at 31 December 2015 and 31 December 2014, respectively.

Short-term securities and ownership interests as at 31 December 2015 and 31 December 2014 were as follows:

Issuer	Type	2015 (CZK million)	2014 (CZK million)
PPF banka a.s.	short-term depository notes	50	500
Total		50	500

9. ACCRUED INCOME

In 2015 and 2014, prepaid expenses consist mainly of rent and other prepaid services.

As at 31 December 2015 accrued income consist mainly of accrued income from IT projects in the Branch in the amount of CZK 59 million (as at 31 December 2014: CZK 33 million).

10. EQUITY

As at 31 December 2015 and 31 December 2014, share capital amounted to CZK 3,588 million.

Other capital funds mainly comprise contributions from profit or gifts received.

The revaluation differences from the revaluation of assets and liabilities include the revaluation of available-for-sale securities at fair value.

The reserve fund has been created gradually up to the level of 10% of share capital. Other funds from profit include the cultural and social fund.

The following changes in equity occurred in 2015 and 2014:

(CZK million)	Share capital	Other capital funds	Revaluation differences from revaluation of assets and liabilities	Statutory reserve fund	Other funds from the profit	Accumulated losses	Profit for the financial period	Total
As at 1 January 2014	3,588	6,153	20	361	12	(12)	219	10,341
Profit contribution and movements between funds	-	114	9	-	157	(40)	(219)	21
Fund utilization	-	(14)	(20)	-	(159)	-	-	(193)
Profit for the current period	-	-	-	-	-	-	180	180
Impact of consolidation	-	-	-	-	-	-	-	-
As at 31 December 2014	3,588	6,253	9	361	10	(52)	180	10,349
Profit contribution and movements between funds	-	40	2	-	160	-	(180)	22
Fund utilisation	-	-	-	(3)	(154)	(25)	-	(182)
Profit for the current period	-	-	-	-	-	-	233	233
Impact of consolidation	-	-	-	-	-	7	-	7
As at 31 December 2015	3,588	6,293	11	358	16	(70)	233	10,429

11. MINORITY EQUITY

Minority equity as at 31 December 2015 comprises the following (CZK million):

(CZK million)	Share capital	Other capital funds incl. reserve fund	Retained earnings	Loss for the current period	Total
Balance as at 1 January 2015	16	19	9	(1)	43
Movements between funds	-	(3)	3	1	1
Profit for the current period	-	-	-	(2)	(2)
Balance as at 31 December 2015	16	16	12	(2)	42

12. PROVISIONS

(CZK million)	Balance as at 1 January 2014	Charge	Release/use	Balance as at 31 December 2014	Charge	Release/use	Balance as at 31 December 2015
Social and health insurance	105	77	(105)	77	116	(77)	116
Untaken holiday	53	33	(53)	33	29	(33)	29
Provision for severance pay incl. competition clauses	187	90	(186)	91	47	(90)	48
Non-claimable component of salaries	173	88	(173)	88	202	(88)	202
Other	19	51	-	70	163	-	233
Total tax non-deductible provisions	537	339	(517)	359	557	(288)	628
Total	537	339	(517)	359	557	(288)	628

The provision for social and health insurance is created mainly for contributions to the unpaid part of contracted wages, profit-related bonuses, untaken holiday and other salary benefits.

A provision for compensation for severance pay and competition clauses was created in connection with the gradual reduction in the number of employees in subsequent years, which has been approved by the Group's management and then communicated to the employees and trade unions.

Other provisions were primarily created to cover risks known as at 31 December 2015 and probable loss from ongoing litigations and out-of-court disputes and related obligations.

The Company also created a provision for the non-claimable component of salaries which is composed of expected extraordinary wage bonuses estimated by the Director General and an additional subjective component of salaries including individual agreed salary bonuses.

13. LONG-TERM LIABILITIES

Long-term liabilities are represented by the deferred tax liability as at 31 December 2015 and 31 December 2014, which is described in Note 17 – Income tax and the amounts of trade payables, which have maturity longer than one year as at the balance sheet date, were CZK 23 million and CZK 26 million as at 31 December 2015 and 31 December 2014, respectively. These are mainly part of liabilities concerning retentions – given items are recognised on the line B.II.1 Trade payables.

As at 31 December 2015 and 31 December 2014, the Company did not recognise liabilities that are due after more than 5 years.

14. SHORT-TERM LIABILITIES

The Company's overdue short-term liabilities as at 31 December 2015 and 31 December 2014 amounted to CZK 36 million and CZK 32 million, respectively.

The Company had no short-term or long-term liabilities bearing a security or lien in favour of a creditor as at 31 December 2015 and 31 December 2014.

Liabilities to related parties are described in Note 23 – Related party transactions.

Estimated payables particularly consist of costs associated with international postal operations, where balances of transactions amounted to CZK 865 million as at 31 December 2015 and to CZK 655 million as at 31 December 2014. Estimated payables also included quantity discounts, un-invoiced operating deliveries of services and energy, and estimated staff bonuses.

Payables in respect of social insurance and health insurance amounted to CZK 345 million as at 31 December 2015 and to CZK 315 million as at 31 December 2014. These payables comprise unpaid wages for December 2015 and December 2014, which were paid at the beginning of 2016 and 2015, respectively.

The Company did not recognise any unpaid tax liabilities payable to the relevant tax authority as at 31 December 2015 and 31 December 2014.

15. BANK LOANS AND OVERDRAFTS

15.1. Denominated in Czech crowns

Bank	Terms and conditions	Account	Overall limit (CZK million)	31 December 2015 (CZK million)	31 December 2014 (CZK million)
KB, a.s. *)	Global credit line effective interest rate: 0.41%	Own resources	2.2	-	-
ČSOB, a. s.	Bank overdraft effective interest rate: 0.29%	Own resources	100	-	-
ČSOB, a. s. *)	Multi-purpose credit line effective interest rate: 0.36%	Own resources	600	-	-
ČSOB, a. s.	Bank overdraft effective interest rate: 0.12%	Entrusted resources	1,600	-	-

*) It can be drawn in foreign currency in the corresponding amount.

The global credit line from Komerční banka, a. s. allows for overdrafts, short-term loans on the financial market, documentary letters of credit and different types of guarantees. As at 31 December 2015 and 31 December 2014, the overdraft from Komerční banka, a. s. was not used.

As at 31 December 2015 and 31 December 2014, the overdraft from Československá obchodní banka, a. s. was not used. This overdraft is secured by pledge on the Company's receivables from Československá obchodní banka, a. s. created under a Contract for the provision of services to Československá obchodní banka, a. s. by the Company.

A multi-purpose credit line from Československá obchodní banka, a. s. allows for overdrafts, short-term loans on the financial market, documentary letters of credit and different types of guarantees. As at 31 December 2015 and 31 December 2014, the loan was not used.

The bank overdraft on the account of entrusted funds at Československá obchodní banka, a. s. was provided to ensure sufficient financial liquidity of the Company. The bank overdraft from Československá obchodní banka, a. s. was not used as at 31 December 2015 and 31 December 2014.

15.2. Denominated in EUR

Bank	Terms and conditions	Overall limit (EUR million)	2015		2014	
			(EUR million)	(CZK million)	(EUR million)	(CZK million)
ČSOB, a. s.	Bank overdraft EURIBOR 3M +0.1% p.a. – entrusted resources	5	1.2	36	1.2	35

The above-mentioned bank overdraft is exclusively used for cash operations of the banking services provided at selected post-office counters in EUR. No collateral was required for the bank overdraft.

The Company complies with all the terms and conditions of the loan agreements.

16. ACCRUALS AND DEFERRED INCOME

Deferred income primarily includes prepaid postal fees for offsetting remote credit machines.

17. INCOME TAX

Analysis of the income tax expense:

(CZK million)	2015	2014
Current tax expense	107	4
Deferred tax expense	(54)	31
Adjustment of prior year tax expense based on final CIT return	7	(1)
Total income tax expense	60	34

Analysis of current tax:

(CZK million)	2015	2014
Net profit before taxation	291	213
Non-taxable income	(37)	(64)
Difference between accounting and tax depreciation	(34)	27
Tax non-deductible expenses and changes in provisions	389	(130)
of which:		
– Changes of impairment	46	(34)
– Changes of provisions	269	(178)
– Other (e.g. previous prepaid expenses, representation expenses, shortages and losses)	74	82
Gifts	(2)	(2)
Tax loss of subsidiaries	13	29
Taxable income	618	73
Income tax rate	19%	19%
Calculated income tax	117	14
Tax relief (persons with disability or partial disability)	(10)	(10)
Current tax	107	4
Income tax expense from ordinary activities	107	4

The Company calculated the deferred tax asset/ (liability) using the 19% tax rate (for both years) and quantified as follows:

Deferred tax item (CZK million)	2015			2014		
	Basis	Deferred tax asset	Deferred tax liability	Basis	Deferred tax asset	Deferred tax liability
Difference between accounting and tax net book value of fixed assets	(2,521)	-	(479)	(2,476)	-	(472)
Provisions	292	55	-	248	47	-
Other reserves	627	119	-	357	68	-
Other temporary differences	8	2	-	-	-	-
Total	(1,594)	176	(479)	(1,871)	115	(472)
Net deferred tax liability			(303)			(357)

The company recognised a potential deferred tax asset from tax losses of subsidiaries in the amount of CZK 25 million as at 31 December 2015 (CZK 21 million as at 31 December 2014) due to the principle of prudence.

18. LEASES

The Company leases fixed assets, which are not recognised in the balance sheet accounts (see Note 2.15 – Leases and Note 19 Assets and liabilities not recognised in the balance sheet).

The assets leased by the Company in the form of operational leases amounted to CZK 262 million as at 31 December 2015 (as at 31 December 2014: CZK 212 million). The buildings leased by the Company amounted to CZK 240 million as at 31 December 2015 (as at 31 December 2014: CZK 245 million).

The Company did not have any finance leases as at 31 December 2015 and 31 December 2014.

19. ASSETS AND LIABILITIES NOT RECOGNISED IN THE BALANCE SHEET

The Company recognises particularly skittles, vignettes and lottery tickets, the nature of which is recognised as valuables (these items are recognised below in nominal value) in its operational evidence as at 31 December 2015 and 31 December 2014. Furthermore, the Company recognised low-value assets in operating evidence and leased assets in off-balance sheet evidence (recognised in acquisition costs), which is not recognised in the balance sheet:

(CZK million)	2015	2014
Valuables incl. stamps and lottery tickets	15,861	16,763
Vignettes	1,394	3,171
Leased assets – operational lease	1,368	938
Securities	40	40
Low-value tangible assets	2,426	2,442
Low-value intangible assets	80	82

The structure of the contracted future obligations from operating leases and rental of buildings is presented in the table below:

(CZK million)	31 December 2015	31 December 2014
Due within 1 year	386	305
Due between 1 to 5 years	813	626
Due after 5 years	101	127
Total	1,300	1,058

Received and provided bank guarantees/letters of credit for the Company, which are drawn under the frame agreements, on the provision of financial services, as at 31 December 2015 were as follows:

Type of guarantee/letter	Guarantor	Creditor	Subject	Valid until	Amount (CZK million)
Payment	Československá obchodní banka, a. s.	Customs Directorate for the South Bohemian Region	Customs debt	indefinite	4
Payment	Československá obchodní banka, a. s.	State Fund of Transport Infrastructure	Distribution and sale of vignettes for the year 2015 and following emissions	16 March 2016	150
Payment	Československá obchodní banka, a. s.	General Directorate for National Roads and Motorways of the Czech Republic	Electronic Fee system	1 July 2017	9
Payment	Československá obchodní banka, a. s.	HCEPP II Rudná s.r.o.	Rental agreement	24 April 2016	2
Payment	Československá obchodní banka, a. s.	Ministry of Interior of the Czech Republic	NIS IZS (National information system of the Integrated Rescue System)	31 December 2016	12
Payment	Československá obchodní banka, a. s.	State Fund of Transport Infrastructure	Distribution and sale of vignettes for the year 2016 and following emissions	16 March 2017	300
Payment	Československá obchodní banka, a. s.	CONTERA Investment III. s.r.o.	Rental agreement	14 August 2016	1
					478

Type of guarantee/letter	Guarantor	Debtor	Subject	Valid until	Amount (CZK million)
Payment	Unicredit Bank, a. s.	PRONIX s.r.o.	Action – building data centre	31 August 2017	6
Payment	Komerční banka, a. s.	SILBA–Elstáv s.r.o.	Action – Depo Plzeň 72	11 April 2018	1
Payment	Komerční banka, a. s.	TRAWEKO 96 s.r.o.	Action – Depo Píseň 70	7 January 2018	1
Payment	Československá obchodní banka, a. s.	VÁHOSTAV–SK, a.s.	Action – Depo Benešov 70	15 February 2018	1
Payment	Československá obchodní banka, a. s.	Polabská stavební CZ, s.r.o.	Action – Depo Česká Lípa 70	18 April 2018	2
Payment	Komerční banka, a. s.	Středomoravské Stavby, s.r.o.	Action – Depo Prostějov 70	20 December 2017	1
Payment	Československá obchodní banka, a. s.	PSG–International a.s.	Action – dislocation of the post Praha 50 to SPU Malešice	28 August 2018	1
Payment	Česká spořitelna, a. s.	Synet s.r.o.	Action – Depo Kroměříž	14 August 2018	1
Payment	Komerční banka, a. s.	SAN–JV s.r.o.	Action – Depo Šumperk 70	3 June 2018	1
Payment	UniCredit Bank, a. s.	Kappenberger + Braun, Elektro–Technik spol s. r.o.	Action – Depo Jihlava 70	5 October 2018	1
Payment	Komerční banka, a. s.	ABC Chomutov spol. s r.o.	Action – SPÚ Ústí nad Labem	31 August 2018	1
Payment	Raiffeisenbank, a. s.	STAEG Stavby, spol. s r.o.	Action – Depo Znojmo	21 December 2017	1
Payment	Československá obchodní banka, a. s.	IMOS Brno, a.s.	Action – insulation Praha 3, Olšanská	31 December 2018	4
Payment	Raiffeisenbank, a. s.	SKD Průmstav–stavby, a.s.	Action – SPU Ústí – completion	3 February 2019	4
Payment	UniCreditBank, a. s.	PSG–International a.s.	Action – reconstruction SPU + Depo Ostrava 71	3 June 2019	1
Payment	Oberbank AG	EDIKT, a. s.	Action–SPU Ostrava+DEPO Ostrava 71 – completion and reconstruction	31 July 2019	5
					32

20. CONTINGENT LIABILITIES

Management of the Company is not aware of any significant unrecorded contingent liabilities as at 31 December 2015.

21. REVENUE ANALYSIS

The Company's revenues from its main activities were as follows:

(CZK million)	2015			2014		
	Domestic	Foreign	Total	Domestic	Foreign	Total
Sales from postal operations	12,726	1,614	14,340	12,262	1,480	13,742
Sales of intermediary services	2,537	-	2,537	2,582	-	2,582
Print (stamps, envelopes, valuables)	8	15	23	27	17	44
Sales of goods without communication infrastructure	223	-	223	213	-	213
Other revenues from operating activities, incl. activation, communication infrastructure and data mailboxes	3,162	-	3,162	2,640	-	2,640
Total main revenues	18,656	1,629	20,285	17,724	1,497	19,221

The main revenues include gross revenues related to services connected with management of communication infrastructure. Appropriate related costs are recorded as part of the item Other services.

In 2015 and 2014, the Company received subsidies for operating purposes in the amount of CZK 0.5 million and CZK 2 million, respectively. These revenues are part of Other operating income.

22. EMPLOYEES

Breakdown of staff costs:

	2015		2014	
	Total number of employees	Out of which: Management and Director General	Total number of employees	Out of which: Management and Director General
Average number of employees	30,295	34	30,600	46
Wages and salaries (CZK million)	8,713	77	8,718	158
Social and health insurance (CZK million)	2,879	16	2,851	30
Social security costs (CZK million)	346	-	337	-
Total staff costs	11,938	93	11,906	188

Notes: Wages and salaries of the Company's management and Supervisory Board also include severance pay and anti-competitive clause.

23. RELATED PARTY TRANSACTIONS

Apart from the bonuses disclosed in Note 22 – Employees, in 2015 and 2014, members and former members of the Company's statutory and supervisory bodies and the Company's management did not receive any loans, guarantees, advance payments or other benefits besides the collective agreement in 2015 and 2014. They did however have access to Company cars that are made available by management for both business and private purposes.

During the year, the Group executed several transactions with related parties within its ordinary business activities. The transactions realised in 2015 and 2014 and the related receivables from and liabilities to related parties are as follows:

2015 (CZK million)	Sales	Costs	Receivables	Payables
Czech Television and Czech Radio	242	1	-	5
Government ministries	1,951	3	212	21
Czech Social Security Administration	459	2,067	-	3,853
Municipal and local authorities	313	65	15	287
ČD Cargo	1	68	4	-
Charles University in Prague	9	-	-	2
České dráhy	5	4	1	1
Water and sewage systems Hodonín	2	-	-	2
Total	2,982	2,208	232	4,171

2014 (CZK million)	Sales	Costs	Receivables	Payables
Czech Television and Czech Radio	243	1	-	5
Government ministries	1,746	1	207	28
Czech Social Security Administration	474	2,039	-	8,351
Municipal and local authorities	318	71	15	281
State Fund of Transport Infrastructure *)	-	1	-	-
Health Insurance of Ministry of Interior of the Czech Republic	16	-	1	2
ČD Cargo	-	57	3	5
Total	2,797	2,710	226	8,672

*) In 2014, there was a change in the contractual relationship in the intermediation of sales of vignettes; an association was established for the purpose of ensuring the provision of services of sales of vignettes.

24. FEES PAID AND PAYABLES TO THE AUDIT COMPANY

The total fees paid and payable for the statutory audit of financial statements, including an audit of the consolidated financial statements, amounted to CZK 2 million as at 31 December 2015 and as at 31 December 2014.

25. ENTRUSTED RESOURCES

The entrusted resources analysis as at 31 December 2015 and 31 December 2014 is as follows

(CZK million)	31 December 2015	31 December 2014
ASSETS		
Short-term receivables	87	97
Cash in hand	4,634	4,090
Cash at bank	816	6,002
Total assets	5,537	10,189

(CZK million)	31 December 2015	31 December 2014
LIABILITIES AND EQUITY		
Short-term payables	5,501	10,154
Short-term bank loans	36	35
Total liabilities and equity	5,537	10,189

Short-term receivables consist primarily of short-term receivables for agency services (e.g. card transactions, cheque transactions, etc.) provided to ČSOB, a. s.

At the end of 2015 and 2014 the Company received advance payments in the amount of CZK 3,478 million and CZK 8,005 million from the Czech Social Security Administration for 2015 and 2015 for pension payments, respectively.

All these liabilities in respect of entrusted resources were within the maturity period.

26. CASH-FLOW STATEMENT

As at 31 December 2015 and 31 December 2014, the Company did not consider the used overdraft facilities as cash equivalents for the purpose of the cash-flow statement (see Note 15 – Bank loans and overdrafts).

Cash and cash equivalents disclosed in the cash-flow statement can be analysed as follows:

(CZK million)	31 December 2015	31 December 2014
Cash on hand	4,713	4,173
Cash at bank	4,212	8,507
Cash equivalents included in short-term securities and investments	50	500
Total cash and cash equivalents	8,975	13,180

27. SUBSEQUENT EVENTS

The Company will calculate net costs of providing basic services for the accounting period 2015 and will ask CTO for the reimbursement of such costs, which represent unfair financial burden for the Company as a postal license holder. The deadline for submission is 31 August 2016.

At the same time, in accordance with section 34c paragraph 1 of the Postal Services Act, the Company will ask CTO for a payment of preliminary net cost for the year 2016. The deadline for applications is set from 1 July to 31 December 2016.

No other material events have occurred between the balance sheet date and the date of preparation of the consolidated financial statements that would have a material impact on the consolidated financial statements for the accounting period 2015.

18 March 2016



Martin Elkán

Director General of Česká pošta, s. p.

ABBREVIATIONS USED

BOZP	Health and safety at workplace	ICT	ICTS Services Branch
CMS	Shared services centre	branch	
CNG	Compressed natural gas	ISDS	Data Mailbox Information System
Czech POINT	National network of submitting and verifying	ISO	International Organisation for Standardisation
ČSOB	Československá obchodní banka, a. s.	NCUS	Net costs of universal services
CTO	Czech Telecommunication Office	OZP	Persons with disabilities
D+3	Delivered by the third day after collection	PDZ	Postal data message
D+5	Delivered by the fifth day after collection	PM	Postal Museum
DG	Director General	PO	Fire prevention
DINO	Debt collection of inhabitants	RIPM	Distribution of information and promotional Materials
DÚS	Delivery network of Česká pošta	SČF	Union of Czech Philatelists
EMS	Express Mail Service	SIPO	Multiple direct debit payments via the Company's payment system
ES	European directive	SMS	Short message service
EU	European Union	SPU	Logistic hub
FKSP	Fund for cultural and social needs	SW	Software
HR	Human resources	UNEX	International measurement of quality of postal services of public postal operators
HZS	Fire Rescue Corps	VAT	Value added tax
ICT	Information and communication technologies		

C O N T A C T S

Company name:	Česká pošta, s. p.
Registered office:	Politických vězňů 909/4, Prague 1, 225 99
Identification number:	47114983
Tax identification number:	CZ47114983
Registration court:	The Municipal Court in Prague
Company's registration no.:	insert 7565, section A
Call centre:	800 10 44 10
Prague information centre:	+420 221 131 111
E-mail address:	info@cpost.cz
Data mailbox ID:	kr7cdry
Website:	www.ceskaposta.cz
Facebook:	www.facebook.com/Ceskaposta
Region Prague:	Bystřická 9, 140 00 Prague 4
Region South Bohemia:	Senovážné náměstí 240/1, 370 01 České Budějovice
Region West Bohemia:	Solní 259/20, 301 00 Plzeň
Region North Bohemia:	Jateční 436/77, 401 01 Ústí nad Labem
Region East Bohemia:	Na Hrádku 105, 530 02 Pardubice 1
Region South Moravia:	Orlí 655/30, 663 00 Brno
Region North Moravia:	Poštovní 1368/20, 728 60 Ostrava

