

Notes to the financial statements at 31 December 2014

A. GENERAL

1. Business name and address

Zoznam, s.r.o.
Viedenská cesta 3-7
851 01 Bratislava

The company Zoznam s.r.o. ("the Company") was established on 12 November 1997 and incorporated in the Commercial Register on 1 January 1998 (Commercial Register of the District Court Bratislava I, Section Sro, Insert No.: 24598/B).

2. Core business activities according to the extract from the Commercial Register

- providing of information and advertising services by means of computer technology
- intermediary activities for trade and services in the extent of non regulated business
- advertising and promotion activities
- real estate purchase, sale and rental intermediation

3. Unlimited liability

The Company is not a shareholder with unlimited liability in other legal entities.

4. Number of staff

Item	31 December 2014	31 December 2013
Average number of staff	55	58
Number of staff at balance sheet date of which:	53	57
Management	2	2

5. Legal reason for preparing the financial statements

The Company's financial statements at 31 December 2014 have been prepared as ordinary financial statements under § 17 Sec. 6 of the Slovak Accounting Act (Act No. 431/2002 Coll. on Accounting, as amended) for the accounting period from 1 January 2014 to 31 December 2014.

6. Date of approving the financial statements for the previous accounting period

The General Meeting approved the Company's financial statements for the previous accounting period on 20th March 2014.

7. Date of approval of the Company's auditor

The General Meeting approved PricewaterhouseCoopers Slovensko, s.r.o. as auditor of the Company's financial statements for financial year 2014 on 20th March 2014.

B. THE COMPANY'S BODIES AND SHAREHOLDERS

1. The Company's bodies

	31 December 2014	31 December 2013
Executive:	Ing. Martin Mác	Ing. Martin Mác

2. The Company's shareholders

The structure of the Company's shareholders at 31 December 2014 and at 31 December 2013:

Shareholder a	Share in the registered capital		Share in the voting rights in % d	Other share in equity items other than registered capital % e
	absolute b	in % c		
Slovak Telekom, a.s.	6,639	100	100	100
Total	6,639	100	100	100

C. THE CONSOLIDATED GROUP

The Company is included in the consolidated financial statements of Slovak Telekom, a.s. (Company ID No.: 35 763 469, Business address: Bajkalská 28, Bratislava 817 62, which is part of the consolidated financial statements of Deutsche Telekom AG. Deutsche Telekom AG, Friedrich Ebert Allee 140, Bonn, Germany prepares the consolidated financial statements of the Group. These consolidated financial statements are available at the registered addresses of the companies stated above.

D. ACCOUNTING METHODS AND GENERAL ACCOUNTING PRINCIPLES

a) Basis of preparation

The Company's financial statements have been prepared in accordance with the Slovak Accounting Act and related accounting procedures, on a going concern basis.

The Company keeps its books on the accrual basis of accounting which means that all revenues and costs are recognized when generated or incurred (and not when cash is received or paid), and they are recorded in the books and reported in the financial statements of the periods to which they relate.

All monetary amounts in the financial statements are stated in whole Euros, unless stated otherwise.

The Company consistently applied the accounting methods and the general accounting principles.

b) Non-current intangible and tangible assets

Acquired non-current assets are stated at cost, which includes the acquisition price and the related acquisition costs (such as customs duty, transport, assembly, and insurance). The value of non-current tangible assets in use is reduced by a valuation allowance to reflect their wear-and-tear.

Internally generated, non-current assets are stated at their own cost, which includes all direct costs spent on production or other activities, as well as indirect costs related to production or other activities.

The depreciation plan of non-current intangible assets has been prepared on the basis of their expected economic useful lives relating to the recovery of future economic benefits from these assets. Depreciation begins as of the first day of the month following that in which the asset was first put into use. Non-current intangible assets with an acquisition cost (or their own cost) not exceeding EUR 170 are not recorded on the balance sheet and are expensed immediately when put into use.

The expected economic useful life, the depreciation method and the annual depreciation rate for non-current intangible assets are shown in the following table:

	Expected economic useful life in years	Depreciation method	Annual depreciation rate in %
Software	2 - 5	straight-line	50 – 20
Valuable rights (licences)	5	straight-line	20
Non-current intangible assets at cost not exceeding EUR 1,700	2 - 5	straight-line	50 - 20

The depreciation plan of non-current tangible assets has been prepared on the basis of their expected economic useful lives relating to the recovery of future economic benefits from these assets. Depreciation begins as of the first day of the month following that in which the asset was first put into use. Non-current tangible assets with an acquisition cost (or their own cost) not exceeding EUR 170 are not recorded on the balance sheet and are expensed immediately when put into use.

The expected economic useful life, the depreciation method and the annual depreciation rate for non-current intangible assets are shown in the following table:

	Expected economic useful life in years	Depreciation method	Annual depreciation rate in %
Adjustable wall	3.75	accelerated	-
Individual movable assets and sets of movable items			
<i>Machinery and equipment</i>	4 – 8	straight – line	25 – 12.5
<i>Inventory (office furniture)</i>	6	straight – line	16.67
<i>Vehicles</i>	3	straight – line	33.33
Non-current tangible assets at cost not exceeding EUR 170	2 - 8	straight – line	50 – 12.5

In the case of a temporary decrease in value-in-use of a non-current asset that is significantly lower than its carrying amount (after deducting the accumulated depreciation), a valuation allowance is set up to reflect the asset's lower value-in-use.

c) Inventories

Acquired inventories are stated at cost, which includes the acquisition price and the related acquisition costs (such as customs duty, transport, insurance and commission) less discounts. A discount granted to inventories already sold or used is accounted for as the reduction of costs of inventories sold or used. The Company used method A for the accounting treatment of inventories. For stock withdrawal, the method of the weighted arithmetical average from acquisition costs is used.

If the acquisition or production cost of inventories is higher than their net realizable value at the balance sheet date, a valuation allowance for inventories is set up in the amount of the difference between their book value and their net realizable value. The net realizable value is the estimated sales price of inventories less estimated costs for their completion and costs related to the sale.

d) Receivables

When initially recognized, receivables are stated at their nominal value. A valuation allowance is set up for bad and doubtful debts, for which a default risk exists.

If the remaining period to maturity of a receivable is longer than one year, a valuation allowance representing the difference between its nominal and present value is set up.

The criteria for creation of value adjustments are as follows:

% of valuation allowance of receivables without attribution	Category of overdue receivables
25	over 90 days
50	over 180 days
75	over 270 days
100	over 360 days

e) Financial accounts

Financial accounts consist of cash bank accounts balances.

f) Prepaid expenses and accrued income

Prepaid expenses and accrued income are recognized at the amount reflecting the accrual principle (matching income and expense within the same accounting period).

g) Valuation allowances

Valuation allowances are recorded based on the accounting principle of prudence, if one can justifiably assume that the value of an asset has been impaired when compared to its value in the books. A valuation allowance is recognized in the amount of a justified assumption for an impairment of an asset when compared to its value in the books.

h) Provisions

Provisions are liabilities representing the Company's present obligation resulting from past events, if it is probable that its settlement will reduce the Company's resources in the future. Provisions are liabilities of uncertain timing or amount, and are stated at the expected amount of the existing liability at the balance-sheet date.

The set-up of a provision is posted to the respective expense account or asset account to which the liability relates. The use of a provision is debited to the respective provision account, with a corresponding credit to the respective liability account. The release of an unnecessary provision, or a part of it, is accounted for using an accounting entry inverse to the recognition of the set-up of the provision.

The provision for bonuses, rebates, discounts, and for returning the purchase price in cases of complaint, is recorded as a reduction of income originally generated with a corresponding credit entry to the provision account.

The Company has set up accruals for:

- untaken holidays
- uninvoiced deliveries and services

i) Liabilities

When initially recognized, liabilities are stated at their nominal value. Assumed liabilities are stated at cost. If reconciliation procedures reveal that the actual amount of liabilities differs from the amount shown in the books, these liabilities will be shown in the books and the financial statements at this actual amount.

j) Employee benefits

Wages, salaries, contributions to the Slovak state pension and social insurance plans, paid annual leave and paid sick leave, bonuses and other non-monetary benefits (such as medical care) are recognized in the accounting period when incurred.

k) Income tax due

The corporate income tax is expensed in the period when the tax liability arises. In the accompanying income statement, tax expense is calculated on the basis of the profit/(loss) before taxes that has been adjusted for tax-deductible and tax non-deductible items due to permanent and temporary adjustments to the tax base and any tax losses carried forward. The tax liability is stated net of corporate income tax advances that the Company paid during the year. If corporate income tax advances paid during the year exceed the tax liability for the period, the Company records an income tax receivable.

l) Deferred income tax

Deferred income tax arises from temporary differences between the carrying amount of assets and liabilities shown in the balance sheet and their tax base;

Deferred tax assets are recognized to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilized.

To determine deferred income tax, tax rates expected to apply at the date on which the deferred tax is settled are used; representing 22% since 1 January 2014.

m) Deferred revenues and accrued expenses

Deferred revenues and accrued expenses are stated at their nominal value, while presented at the amount reflecting the accrual principle (matching income and expenses within the same accounting period).

n) Foreign currency

Assets and liabilities in foreign currency (with the exception of prepayments received and granted) are converted to Euros using the reference exchange rate set and published by the European Central Bank or the National Bank of Slovakia on the day preceding the day of the accounting event, or on the balance-sheet date. The resulting foreign exchange differences are recorded to the income statement.

o) Revenue recognition

Revenues from the sale of goods are recognized upon transferring risks and rewards of ownership of the goods, usually when the goods are delivered. If the Company agrees to transport goods to a specific location, revenue is recognized when the goods are passed to the customer at the destination point.

Revenues from the sale of services are recognized in the accounting period in which the services are rendered, taking into account the extent to which the given transaction is completed. This extent is assessed based on the actual services provided as a proportion of the total services agreed.

The Company does not take an agency commission for a discount because its nature differs factually from discount types set out in § 74 Section 2 of the Accounting Procedures. Therefore, agency commissions are expensed since 1 January 2006.

The Company's revenues include mainly revenues from the sale of advertising services, sale of software and licences.

E. ASSETS**1. Non-current intangible assets**

An overview of changes in non-current intangible assets for current and prior periods is presented in the table below:

Non-current intangible assets a	Capitalised development costs b	Software c	Valuable rights d	Goodwill e	Other non- current in- tangible assets f	Non-current assets in the process of acquisition g	Advances paid for non-current intangible assets h	Total i
Acquisition cost								
1 January 2014	-	2,429,671	-	-	26 639	46,500	-	2,502,810
Additions	-	-	-	-	-	546,854	-	546,854
Disposals	-	128,752	-	-	-	-	-	128,752
Transfers	-	568,084	-	-	-	(568,084)	-	-
31 December 2014	-	2,869,002	-	-	26,639	25,270	-	2,920,911
Accumulated depreciation								
1 January 2014	-	1,484,634	-	-	22,810	-	-	1,507,444
Additions	-	520,679	-	-	2,870	-	-	523,549
Disposals	-	128,752	-	-	0	-	-	128,752
31 December 2014	-	1,876,561	-	-	25,680	-	-	1,902,241
Valuation allowances								
1 January 2014	-	-	-	-	-	-	-	-
Additions	-	-	-	-	-	-	-	-
Disposals	-	-	-	-	-	-	-	-
31 December 2014	-	-	-	-	-	-	-	-
Net book value								
1 January 2014	-	945,037	-	-	3,829	46,500	-	995,366
31 December 2014	-	992,441	-	-	959	25,270	-	1,018,670

Non-current intangible assets a	Capitalised development costs b	Software c	Valuable rights d	Goodwill e	Other non- current in- tangible assets f	Non-current assets in the process of acquisition g	Advances paid for non-current intangible assets h	Total i
Acquisition cost								
1 January 2013	-	1,803,740	3,959	-	38,626	417,366	-	2,263,691
Additions	-	-	-	-	-	407,424	-	407,424
Disposals	-	149,842	3,959	-	14,504	-	-	168,305
Transfers	-	775,773	-	-	2,517	(778,290)	-	-
31 December 2013	-	2,429,671	-	-	26,639	46,500	-	2,502,810
Accumulated depreciation								
1 January 2013	-	1,214,790	3,959	-	33,184	-	-	1,251,933
Additions	-	419,686	-	-	4,130	-	-	423,816
Disposals	-	149,842	3,959	-	14,504	-	-	168,305
31 December 2013	-	1,484,634	-	-	22,810	-	-	1,507,444
Valuation allowances								
1 January 2013	-	-	-	-	-	-	-	-
Additions	-	-	-	-	-	-	-	-
Disposals	-	-	-	-	-	-	-	-
31 December 2013	-	-	-	-	-	-	-	-
Net book value								
1 January 2013	-	588,950	-	-	5,442	417,366	-	1,011,758
31 December 2013	-	945,037	-	-	3,829	46,500	-	995,366

2. Non-current tangible assets

An overview of changes in non-current tangible assets for current and prior period is presented in the table below:

Non-current tangible assets	Land	Buildings	Individual movable assets and sets of movable items	Perennial crops	Breeding & draught animals	Other non-current tangible assets	Assets under construction	Advances paid for non-current tangible assets	Total
a	b	c	d	e	f	g	h	i	j
Acquisition cost									
1 January 2014	-	19,073	1,555,450	-	-	172,963	14,740	-	1,762,226
Additions	-	-	-	-	-	-	150,574	-	150,574
Disposals	-	-	53,936	-	-	34,810	-	-	88,746
Transfers	-	-	141,492	-	-	21,172	(162,664)	-	-
31 December 2014	-	19,073	1,643,006	-	-	159,325	2,650	-	1,824,054
Accumulated depreciation									
1 January 2014	-	19,073	1,313,295	-	-	102,774	-	-	1,435,142
Additions	-	-	126,204	-	-	30,620	-	-	156,824
Disposals	-	-	53,936	-	-	34,810	-	-	88,746
31 December 2014	-	19,073	1,385,563	-	-	98,584	-	-	1,503,220
Valuation allowances									
1 January 2014	-	-	-	-	-	-	-	-	-
Additions	-	-	-	-	-	-	-	-	-
Disposals	-	-	-	-	-	-	-	-	-
31 December 2014	-	-	-	-	-	-	-	-	-
Net book value									
1 January 2014	-	-	242,155	-	-	70,189	14,740	-	327,084
31 December 2014	-	-	257,443	-	-	60,741	2,650	-	320,834

Non-current tangible assets	Land	Buildings	Individual movable assets and sets of movable items	Perennial crops	Breeding & draught animals	Other non-current tangible assets	Assets under construction	Advances paid for non-current tangible assets	Total
a	b	c	d	e	f	g	h	i	j
Acquisition cost									
1 January 2013	-	19,073	1,459,044	-	-	128,472	3,822	-	1,610,411
Additions	-	-	-	-	-	-	171,562	-	171,562
Disposals	-	-	13,061	-	-	6,686	-	-	19,747
Transfers	-	-	109,467	-	-	51,177	(160,644)	-	-
31 December 2013	-	19,073	1,555,450	-	-	172,963	14,740	-	1,762,226
Accumulated depreciation									
1 January 2013	-	19,073	1,214,874	-	-	87,204	-	-	1,321,151
Additions	-	-	111,482	-	-	22,256	-	-	133,738
Disposals	-	-	13,061	-	-	6,686	-	-	19,747
31 December 2013	-	19,073	1,313,295	-	-	102,774	-	-	1,435,142
Valuation allowances									
1 January 2013	-	-	-	-	-	-	-	-	-
Additions	-	-	-	-	-	-	-	-	-
Disposals	-	-	-	-	-	-	-	-	-
31 December 2013	-	-	-	-	-	-	-	-	-
Net book value									
1 January 2013	-	-	244,170	-	-	41,268	3,822	-	289,260
31 December 2013	-	-	242,155	-	-	70,189	14,740	-	327,084

The non-current tangible assets are subject to comprehensive property insurance and insurance covering operation stoppage signed by company Slovak Telekom, a.s., up to EUR 25,000,000 (2013: EUR 25,000,000).

3. Inventories

The company had at 31 December 2014 inventories in the net book value of 142 EUR.

4. Receivables

The ageing structure of non-current and current receivables at 31 December 2014 is presented in the table below:

Receivables a	1 January 2014 b	Set-up of valuation allowance c	Release of valuation allowance due to cease of justifica- tion d	Release of VA due to de- recognition of the assets e	31 December 2014 f
Trade receivables	28,236	28,536	6,636	13,635	36,501
Receivables from subsidiaries and par- ent company	-	-	-	-	-
Other receivable with- in the consolidated group	-	-	-	-	-
Receivables from partners, members and association	-	-	-	-	-
Other receivables	-	-	-	-	-
Total receivables	28,236	28,536	6,636	13,635	36,501

The valuation allowance has been created for overdue receivables in line with policy stated in part D, section d.

The ageing structure of non-current and current receivables at 31 December 2014 is presented in the table below:

Item a	Within due period b	Overdue c	Total receivables d
Long-term receivables			
Trade receivables	-	-	-
Receivables from subsidiaries and parent company	-	-	-
Other receivable within the consolidated group	-	-	-
Receivables from partners, members and association	-	-	-
Other receivables	-	-	-
Total long-term receivables	-	-	-
Short-term receivables			
Trade receivables	1,143,927	304,235	1,448,162
Receivables from subsidiaries and parent company	-	-	-
Other receivable within the consolidated group	-	-	-
Receivables from partners, members and association	-	-	-
Social security	-	-	-
Tax receivables and contribu- tions	-	-	-
Other receivables	-	-	-
Total short-term receivables	1,143,927	304,235	1,448,162

Receivables by due date a	31 December 2014 b	31 December 2013 c
Overdue receivables	304,235	397,492
Receivables due within one year	1,143,927	1,173,693
Total short-term receivables	1,448,162	1,571,185
Receivables due within one to five years	-	-
Receivables due after five years	-	-
Total long-term receivables	-	-

5. Financial accounts

Information about financial accounts, except for current financial assets, is provided in the following table:

Item	31 December 2014	31 December 2013
Cash and cash equivalents	-	-
Current bank accounts	179,591	159,632
Term deposits	-	-
Cash in transit	-	-
Total	179,591	159,632

Bank accounts are fully available for the Company's use.

6. Prepaid expenses and accrued income

The structure of prepaid expenses and accrued income is presented in the table below:

Item	31 December 2014	31 December 2013
Prepaid expenses - long-term of which:	-	-
Prepaid expenses - short-term of which:	35,015	20,385
Agency commission	6,535	8,048
IT services	19,306	1,160
Licences	8,073	7,107
Data services	-	1
Other	1,101	4,069
Accrued income - long-term of which:	-	-
Accrued income - short-term of which:	220,518	41,347
Advertising services	220,518	41,347
Total	255,533	61,732

F. EQUITY AND LIABILITIES**1. Equity**

Movements in equity during the accounting period are shown in the following table:

Item a	1 January 2014 B	Additions c	Disposals d	Transfers e	31 December 2014 f
Share capital	6,639	-	-	-	6,639
Changes in share capital	-	-	-	-	-
Receivables from sub- scribed equity	-	-	-	-	-
Share premium	-	-	-	-	-
Other capital reserves	132,643	-	-	-	132,643
Statutory reserves (non- distributable reserves) from capital contributions	664	-	-	-	664
Valuation adjustments from revaluation of assets and liabilities	-	-	-	-	-
Valuation adjustments from equity investments	-	-	-	-	-
Valuation adjustments from revaluation in case of mer- gers, fusions or demergers	-	-	-	-	-
Legal reserve fund	-	-	-	-	-
Non-distributable reserve	-	-	-	-	-
Statutory and other re- serves	-	-	-	-	-
Retained earnings	2,173,334	-	-	-	2,173,334
Loss carried forward	(199,688)	-	-	79,594	(120,094)
Profit/loss for current ac- counting period	79,594	20,836	-	(79,594)	20,836
Other equity items	-	-	-	-	-
Account 491 - Equity of an individual entrepreneur	-	-	-	-	-
Total equity	2,193,186	20,836	-	-	2,214,022

Item a	1 January 2013 b	Additions c	Disposals d	Transfers e	31 December 2013 F
Share capital	6,639	-	-	-	6,639
Treasury shares and ownership interests	-	-	-	-	-
Changes in share capital	-	-	-	-	-
Receivables from subscribed equity	-	-	-	-	-
Share premium	-	-	-	-	-
Other capital reserves	132,643	-	-	-	132,643
Statutory reserves (non-distributable reserves) from capital contributions	664	-	-	-	664
Valuation adjustments from revaluation of assets and liabilities	-	-	-	-	-
Valuation adjustments from equity investments	-	-	-	-	-
Valuation adjustments from revaluation in case of mergers, fusions or demergers	-	-	-	-	-
Legal reserve fund	-	-	-	-	-
Non-distributable reserve	-	-	-	-	-
Statutory and other reserves	-	-	-	-	-
Retained earnings	2,173,334	-	-	-	2,173,334
Loss carried forward	(542,263)	-	-	342,575	(199,688)
Profit/loss for current accounting period	342,575	79,594	-	(342,575)	79,594
Dividends paid	-	-	-	-	-
Other equity items	-	-	-	-	-
Account 491 - Equity of an individual entrepreneur	-	-	-	-	-
Total equity	2,113,592	79,594	-	-	2,193,186

The Company's registered share capital consists of shares fully subscribed and paid at a nominal value of 6,639 EUR .

The accounting profit for the year 2013 amounting to EUR 79,594 was distributed as follows:

Item	2013
Accounting profit	79,594
Accounting profit distribution	2014
Contribution to legal reserve fund	-
Contribution to statutory and other reserves	-
Contribution to the social fund	-
Contribution to the share capital	-
Settlement of the loss carried forward	79,594
Transfer to retained earnings	-
Profit distribution to shareholders/members	-
Other	-
Total	79,594

The statutory body will propose the 2014 profit distribution at the date of approving the financial statements.

2. Provisions

An overview of provisions is presented in the table below:

Item a	1 January 2014 b	Set-up c	Use d	Release e	31 December 2014 f
Short-term provisions of which:	372,274	474,856	365,386	6,517	475,227
<i>Legal short-term provisions of which:</i>					
Provision for untaken holidays	17,498	17,277	12,330	4,797	17,648
<i>Other short-term provisions of which:</i>					
Media Agencies	354,776	457,579	353,056	1,720	457,579
Other	349,394	447,977	347,674	1,720	447,977
	5,382	9,602	5,382	-	9,602
Total provisions	372,274	474,856	365,386	6,517	475,227

Item a	1 January 2013 b	Set-up c	Use d	Release e	31 December 2013 f
Short-term provisions of which:	530,017	372,274	530,017	-	372,274
<i>Legal short-term provisions of which:</i>					
Provision for untaken holidays	16,660	17,498	16,660	-	17,498
<i>Other short-term provisions of which:</i>					
Media Agencies	513,357	354,776	513,357	-	354,776
Other	507,625	349,394	507,625	-	349,394
	5,732	5,382	5,732	-	5,382
Total provisions	440,655	530,017	440,655	-	372,274

3. Liabilities

The structure of liabilities by remaining time to maturity is shown in the following table:

Item	31 December 2014	31 December 2013
Liabilities due within one to five years	64,256	20,611
Liabilities due after five years	382,464	433,962
Total non-current liabilities	446,720	454,473
Overdue liabilities	2,807	11,996
Liabilities due within one year	-	-
Total current liabilities	2,807	11,996

4. Deferred tax liability

The calculation of deferred tax liability is shown in the following table:

Item	31 December 2014	31 December 2013
Temporary differences between the book value of assets and their tax base of which:	40,585	64,348
deductible	-	-
taxable	40,585	64,348
Temporary differences between the book value liabilities and their tax base of which:	30,776	13,197
deductible	30,776	13,197
taxable	-	-
Tax loss carried forward	-	-
Unused tax deductions	-	-
Tax rate (in %) *	22%	22%
Deferred tax asset calculated	-	-
Deferred tax asset recognized	-	-
recorded as expense reduction	-	-
recorded in equity	-	-
Deferred tax liability	2,158	11,253
Change in deferred tax liability	(9,096)	(559)
recorded as income	(9,096)	(559)
recorded in equity	-	-
Other	-	-

5. Social fund

Contributions to and withdrawals from the social fund during the accounting period are shown in the following table:

Item	2014	2013
Opening balance	743	925
Contributions charged to costs	4,416	4,871
Total social fund set-up	4,416	4,871
Use	4,510	5,053
Closing balance	649	743

6. Accrued expenses and deferred income

The structure of accrued expenses and deferred income is shown in the following table:

Item	31 December 2014	31 December 2013
Long-term accrued expenses of which:	-	-
Short-term accrued expenses of which:	36	1,049
Agencies commissions	36	1,049
Long-term deferred income of which:	-	-
Short-term deferred income of which:	47,619	53,828
Advertising services	47,619	53,828
Total	47,655	54,877

G. REVENUES**1. Revenues from the sale of the Company's own work and goods**

Revenues from the sale of the Company's own work and goods by individual segments, i.e. by product types and services, and by main territories are presented in the table below:

Country	Sale of Advertising services		Revenue from rental of offices	
	2014	2013	2014	2013
a	b	c	d	e
Slovakia	5,910,282	5,804,439	32,466	31,805
Other	880,692	683,635	-	-
Total	6,790,974	6,488,074	32,466	31,805

2. Other income from operating and financial activities

Information about the income from capitalisation of costs and operating and financial activities is presented in the table below:

Item	2014	2013
Capitalisation of costs – material items of which:	65,377	161,033
Other capitalisation	65,377	161,033
Other material items of other operating income of which:	13,156	964
Sale of material	-	110
Revenue from sale of tangible and intangible assets	1,285	-
Penalties	985	281
Legal representation of debt collection	252	163
Other	10,634	410
Financial income of which:	255	454
<i>Foreign exchange gains of which</i>	-	20
Foreign exchange gains at balance sheet date	-	20
<i>Other material items of financial income of which:</i>	<i>255</i>	<i>434</i>
Bank interest	255	434

3. Net turnover

Information about the net turnover of the Company is presented in the following table:

Item	2014	2013
Sale of own products	-	-
Sale of services	6,823,440	6,519,879
Sale of goods	-	-
Revenue from construction contracts	-	-
Revenue from real estate	-	-
Other income relating to ordinary activities	13,411	1,398
Total net turnover	6,836,851	6,521,277

H. EXPENSES

An overview of costs is presented in the table below:

Item	2014	2013
Costs of services received of which:	4,885,664	4,617,353
<i>From an Auditor or audit firm of which:</i>	7,127	5,036
Audit of the financial statements	7,127	5,036
Other assurance services	-	-
Related audit services	-	-
Tax consultancy	-	-
Other non-audit services	-	-
<i>Other material items of costs of services received of which:</i>	4,878,537	4,612,317
Purchase of licenses	36,393	28,859
Travel costs	5,337	2,218
Rent	161,756	160,228
Legal, financial and other consulting	113,609	122,888
Advertising costs	1,297,749	1,514,765
IT costs	269,997	227,997
Telecommunication expenses	68,541	128,987
Representation cost	72,597	32,343
Services related to the products	671,374	431,267
Provision	1,263,723	1,080,940
Commissions	520,123	538,955
Server hosting, connectivity	139,964	92,913
Press service	93,937	76,175
Traffic Audit	13,588	15,690
Personnel Costs (freelancers)	109,872	109,872
Other	39,977	48,220
Other material items of Income from operations of which:	23,954	5,698
Receivables written off	13,066	1,229
Set-up and use/release of valuation allowance for receivables	8,265	3,850
Other	2,623	619
Financing costs of which:	3,741	4,689
<i>Foreign exchange losses of which:</i>	836	485
Foreign exchange losses at balance sheet date	-	-
<i>Other material items of financial income of which:</i>	2,905	4,204
Bank fees	2,616	2,379
Insurance	289	1,825

I. INCOME TAXES

The reconciliation of expected to reported income tax is shown in the following table:

Item a	2014			2013		
	Tax base b	Tax c	Tax in % d	Tax base e	Tax f	Tax in % g
Profit/(loss) before taxes of which:	49,335			116,168		
Expected tax		10,854	22%		26,719	23%
Tax non-deductible expenses	87,095	19,161		53,587	12,325	
Change in tax rate		-			(512)	
Non-taxable income	(6,891)	(1,516)		(8,514)	(1,958)	
Tax loss carried forward	-	-		-	-	
Total		28,499	58%		36,574	32%
Current income tax		37,595			37,133	
Deferred income tax		(9,096)			(559)	
Total income tax		28,499	58%		36,574	32%

J. OTHER ASSETS

In July 2008, Ringier Axel Springer, a.s. (hereafter: „Ringier”) filed an action against Zoznam, where they requested the Company to transfer the domain "bleskovky" and pay the contractual fine of EUR 166 thousand (five million SKK). In February 2011, the District Court dismissed the petition of Ringier. In October 2012, the Court of Appeal cancelled the decision of the Court of first instance and returned the matter for further proceeding to Bratislava V District Court, who confirmed Ringier’s claim. Zoznam has appealed this decision arguing that there were inconsistencies in the process resulting in Zoznam being deprived from its entitlement to act before court, resting in an inappropriate legal assessment of the matter and insufficiently ascertained facts of the case as well as in the court’s inappropriate factual findings based on the taking of evidence. In February 2009, Ringier filed another lawsuit amounting to EUR 4.6 million, in which they requested compensation of damages - the lost profit, as a result of withdrawal from the contract by the Company. In May 2009, the Court of first instance suspended the proceeding until a valid resolution on the first (above mentioned) lawsuit is issued. The lawsuit relating to the compensation of damage will be resumed only after the first lawsuit is validly resolved.

Management of the Company believes that it is not possible that above mentioned lawsuits will be terminated by laying an obligation to pay the contractual fine and the damage compensation, therefore, no provision was set-up in these financial statements

Many areas of Slovak tax law (such as transfer-pricing regulations) have not been sufficiently tested in practice, so there is some uncertainty as to how the tax authorities would apply them. The extent of this uncertainty cannot be quantified. The uncertainty will be reduced only if legal precedents or official interpretations are available. The Company’s management is not aware of any circumstances that may give rise to a future material expense in this respect.

K. ECONOMIC RELATIONS BETWEEN THE COMPANY AND ITS RELATED PARTIES

Transactions with related parties (except parent company and subsidiaries) are shown in the following table:

Related party	Transaction code	Value of transaction	
		2014	2013
		a	b
Zoznam Mobile, s.r.o.	03	166,107	168,766
Zoznam Mobile, s.r.o.	01	212,000	116,000
T-Mobile Czech Republic a.s.	03	38,245	38,117
PosAm, spol. s r.o.	03	-	12,243
DIGI SLOVAKIA, s.r.o.	03	74,320	25,000

Transactions with parent company and subsidiaries are shown in the following table:

Subsidiary/Parent company	Transaction code	Value of transaction	
		2014	2013
		a	b
Slovak Telekom, a.s.	03	501,623	736,952
Slovak Telekom, a.s.	01	349,918	341,797

Note:

Transaction code	Type of transaction
01	Purchase
02	Sale
03	Provision of services
04	Sales representation
05	Licence
06	Transfer
07	Know-how
08	Loan, borrowing
09	Other financial assistance
10	Guarantee
11	Other transaction

Selected assets and liabilities resulting from transactions with related parties are presented in the table below:

	31 December 2014	31 December 2013
Trade receivables	70,154	288,252
Total assets	70,154	288,252
Trade liabilities	8,388	23,367
Unbilled supplies	6,927	15,156
Total liabilities	15,315	38,523

L. POST-BALANCE SHEET EVENTS

After 31 December 2014, no significant events have occurred that would require recognition or disclosure in the 2014 financial statements.

M. CASH FLOW STATEMENT FOR THE YEAR

The Company has prepared the cash flow statement using the indirect method:

	2014 EUR	2013 EUR
Net profit (before deducting tax and extraordinary items)	49,335	116,168
Adjustments for non-cash transactions:		
Depreciation of non-current assets	680,375	557,553
Receivables write-off	13,066	1,229
Change in provisions for receivables	8,264	3,849
Change in provisions	102,953	(157,743)
Interest costs net	(255)	(434)
Loss / (gain) from the sale of non-current assets	-	-
Profit from operating activities before changes in working capital	853,738	520,622
Changes in working capital:		
Decrease (increase) of trade and other receivables and prepayments	(85,351)	(165,875)
Decrease (increase) of inventories	1	6,882
(Decrease) increase of payables and accruals	(20,709)	(79,380)
Operating cash flows	747,679	282,251
Cash flows from operating activities		
Operating cash flows	747,679	282,251
Interest received	255	434
Corporate income tax paid	(30,546)	(69,495)
Net cash from operating activities	717,388	213,190
Cash flows from investing activities		
Purchase of non-current assets	(697,429)	(578,985)
Receipts from the sale of non-current assets	-	-
Net cash from investing activities	(697,429)	(578,985)
Cash flows from financing activities		
Net cash from financing activities	-	-
Increase (decrease) of cash and cash equivalents	19,959	(365,795)
Cash and cash equivalents at the beginning of the accounting period	159,632	525,427
Cash and cash equivalents at the end of the accounting period	179,591	159,632

Cash

Cash consists of cash on hand, cash equivalents, cash in current bank accounts, an overdraft facility and cash in transit.

Cash equivalents

Cash equivalents are short-term financial assets that are readily convertible to a known amount of cash, and which are subject to insignificant risk of changes in value during the next three months after the balance sheet date (for example, term deposits with a maximum of a three-month notice, liquid securities held for trading, or preference shares that the accounting entity has acquired and which are due within three months after the balance sheet date).