







**Česká pošta**

**EDITORIAL**

## **ČESKÁ POŠTA BEARER OF GOOD NEWS**

In 2012, while the media was expecting the end of the world, Česká pošta invested in the future and enjoyed unprecedented growth. While the possible end of the ages became a media blockbuster, today only a few dozen articles can be found on this topic while the number of reports published last year on Česká pošta's joys and sorrows runs into the thousands. The post office is an integral part of people's lives – both of its employees and the general public. The two worlds meet and interact every day, through the media. This is demonstrated in the following pages, which are dedicated to all lovers of life and good news, which comes in many forms – including annual reports.

We wish you pleasant reading!

**Municipalities and cooperatives have already taken 60 post offices under their wing** e15.cz, 27 August 2012



...The original plan to shutter up to 1,500 village post offices in the Czech Republic has been put on hold. In about 30 municipalities, however, postal services are being provided by local councils. ... “We already have a municipal pub and a municipal store – now we’ll have a municipal post office as well...”

(Luboš Krátký, Mayor of Dlouhé Brtnice)

*Česká televize,  
Regional news program,  
27 November 2012*

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# DIRECTOR GENERAL'S STATEMENT

Annual reports are read from the end. The financial statements give important information about the Company's operations as well as the essential numbers. Quite specifically: In 2012, Czech Post maintained revenues of over twenty billion and achieved a positive result of CZK 306 million. This is the most important message Czech Post sends to the world. Let me briefly explain why I consider last year exceptionally successful and, in some ways, crucial for the Company's further development.

*Traditional postal services are losing their importance.* This is a global trend, just look around you. All national postal operators in Europe are facing a decline in revenues mainly from letters. There have been year-on-year declines in this segment in the range of 5–10% for the last couple of years; and speaking of figures, CZK 470 million disappeared from Czech Post revenue last year. We managed to compensate for this decline, even though costs were reduced only slightly.



*We are looking for new ways or – more precisely – new sources of revenue. Czech Post has always been financially independent from the state, and so it should remain in the future. It is a difficult path as the Company has been operating on a fully liberalised postal market this year. While the postal services need to focus on quality and a satisfactory portfolio offered to customers, other services must demonstrate invention, a certain ferocity and subsequently reliability.*

*The Post has been a support for Czech State. And it has never been any different. With the advent of electronic communications, the Company is still not only a trusted partner in the delivery of documents but also plays a key role as a provider of data boxes. As part of Czech Post development strategy a strong emphasis is put on providing IT services. Mainly to satisfy the needs of the State a separate branch that can responsibly provide tailored IT services to the Company owner was established in 2012. Direct support of the development of eGovernment is therefore a matter of course to Czech Post.*

The year 2012 was successful for Czech Post, but very challenging at the same time. It was necessary to complete the preparation of the full liberalisation of the postal market in all areas. We have

increased the performance in the delivery of parcels, and have become the market leader; the logistics network has undergone a fundamental restructuring; we upgraded our technology base; thanks to gradual establishment of alternative delivery networks; we have started to relieve the burden on our delivery officers who can now devote themselves to professional work and business activity. In this respect, we reflect the European trend.

It is worth bearing in mind that many postal operators in Europe, who are not directly subsidized by the state, are searching for ways to survive in the new conditions. This is, however, not the case for Czech Post, which found its own way. It does not have the size of Deutsche Post or the Finnish Itella but, as far as social desirability, importance and sound economic base are concerned, it is on the same level. Market liberalisation has set new rules and, each year, Czech Post will have to defend its position. It would not be possible without the hard work of staff and the support of our trade partners. For such a difficult and challenging year that 2012 proved to be, I would like to thank all those who in times of economic recession managed to push Czech Post forward to not only prepare it for the full liberalisation of the postal market but also for further development in the upcoming years.



**Petr Zatloukal**  
Director General  
of Česká pošta, s.p.

### **You've been working for the Post for five years now. How will things change during the next five?**

I don't know what the future holds, but I want the postal service to stand on three pillars: conventional services, logistics, and IT services. One thing is certain: traditional letter delivery services will continue to decline. Therefore, we will search for alternative duties for our mail carriers... This year I want to meet the targets set for us by our founder. That's the number-one goal. And we plan to finance everything – except for possible acquisitions – out of our own funds, not from loans. We have put together a five-year cash flow plan for this purpose. In terms of revenues, I definitely don't plan to fall into the red.

*excerpt from interview for E15,  
14 May 2012*

# REPORT OF THE SUPERVISORY BOARD

The Supervisory Board of Czech Post met at eleven ordinary meetings and one extraordinary meeting during 2012. It dealt with important issues at regular meetings of committees for finance and audit, Company strategy, human resources and safety matters. Throughout its activity, the Supervisory Board act in accordance with enterprise act no. 77/1997 Coll., on state-owned enterprises as amended, the deed of foundation and the statutes of the state-owned enterprise Czech Post.

Generally speaking, each Supervisory Board meeting was characterized by a constructive approach to solve a number of issues of individual agendas, special attention was paid to concrete steps towards the realisation of key documents – Strategy of Czech Post for 2012 and the Strategy of Czech Post in the medium term up to 2016 approved by the Company's Founder, the Ministry of Interior.

Great attention is therefore paid to final preparations for the liberalisation of the postal market

in particular, which from the operational side is mainly characterised by transformation of the logistics network, modernisation of the facilities and last but not least, another fleet renewal. In the business field it then carefully monitored all changes leading to better satisfaction of retail customers and corporate sectors, with great on improving services for government agencies.

Some regular themes of the Supervisory Board meetings were those related to the utilisation of



the Company's human resources and supervision of compliance with the collective agreement. Due attention was paid to maintaining transparent and positive relationship with the Founder of the Company, the postal market regulator and other government bodies that are relevant to the work of Czech Post.

Continuously, the Supervisory Board dealt with monitoring and evaluation of the economic results of the Company and their compliance with the approved financial plan. I am pleased that

today it can be said that although the Company went through elaborate preparation for liberalisation during continuing economic recession, it managed to act competitively achieving excellent financial results.

The Supervisory Board closely reviewed the financial statements as at 31 December 2012, prepared in accordance with Czech accounting standards, acknowledged the auditor's report issued by PricewaterhouseCoopers Audit, s.r.o., which is "unqualified", discussed the annual report of

Czech Post for 2012 and recommended that the Founder approves the financial statements and the annual report. According to the proposal submitted by management of the Company a decision on the allocation of the profit for the year 2012 was also recommended to the Founder.

**Jiří Maceška**  
Chairman of the Supervisory Board of Česká pošta, s.p.

**In Europe, the Bulgarians can afford to send the least number of letters out of their average monthly wage. ...What country has the most expensive stamps? ...The most expensive postal services in the world are in Norway. A stamp for a letter there costs the equivalent of CZK 31.50. Post offices charge a lot elsewhere in Scandinavia, too, according to a BBC ranking... After Norway, the highest prices in Europe are in Denmark, Switzerland, Finland, and the United Kingdom. The least expensive countries, in terms of sending letters, are Bangladesh, Thailand, Pakistan, and Vietnam. In the Czech Republic, a domestic letter costs CZK 10. In absolute terms, the country has the lowest cost of sending a letter within Europe.**

***aktualne.cz, 10 April 2012***

## Terms of office of current members of the Supervisory Board (“SB”)

Name and surname	Date of appointment/ election	Expiry of the term of office – original	Extension of the term
			of office to six years [subject to the new Rules of Procedure of the Supervisory Board of 29 August 2009]
			Expiry of the term of office – current
Petr Kužel	1 November 2006	1 November 2011	1 November 2012
Jiří Řehola	1 September 2008	–	1 September 2014
Jiří Maceška	1 July 2009	–	1 July 2015
Karel Koukal	23 September 2009	–	23 September 2015
Ivana Musilová	23 September 2009	–	23 September 2015
Štěpán Grochal	23 September 2009	–	23 September 2015
Soňa Lavičková	23 September 2009	–	23 September 2015
Jan Mládek	20 October 2009	–	20 October 2015
Vladimír Budinský	25 November 2010	5 November 2010	25 November 2016
Miroslava Oliveriusová	3 May 2011	–	3 May 2017
Lubomír Krejsa	25 January 2012	–	25 January 2018
Jan Sixta	12 March 2012	–	12 March 2018

## Changes in the Supervisory Board in 2012

25 January 2012	Radek Šmerda removed from the post of member of SB
25 January 2012	Lubomír Krejsa appointed to the post of member of SB – the SB has 12 members.
9 March 2012	Jaroslav Hruška removed from the post of member of SB
12 March 2012	Jan Sixta appointed to the post of member of SB – the SB has 12 members
1 November 2012	Mandate of member Petr Kužel expired – the SB has 11 members

## The Company’s Members of the Supervisory Board as at 31 December 2012

	Position
Jiří Maceška	Chairman
Karel Koukal	Vice-Chairman
Jan Mládek	Vice-Chairman
Jan Sixta	Vice-Chairman
Vladimír Budinský	Member
Štěpán Grochal	Member
Lubomír Krejsa	Member
Soňa Lavičková	Member
Ivana Musilová	Member
Miroslava Oliveriusová	Member
Jiří Řehola	Member

# PROFILE

## Mission and strategic goals

The mission of Czech Post is to be a trustworthy provider of quality services in the area of mediating information, payments and goods via both traditional and electronic means.

... A group of American economists came up with a way to test the performance of various countries and their post offices. They sent false letters to non-existent companies at made-up addresses in 159 countries... and then waited to see which letters got returned to sender. ...During the first 90 days letters came back from the Czech Republic, El Salvador, and Luxembourg, as well as from the USA. Letters sent to 16 countries simply disappeared, as if into the Bermuda Triangle...

*iDnes.cz, 9 August 2012*

Czech Post ("the Company", "the Post") 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 technology, changes in ways of communicating due to booming internet services, changing customer needs and the liberalisation of postal services. Czech Post intends to continue to work closely with the government through both its dense network of

branches as well as new channels. The Company intends to cooperate closely with the state administration via both its dense network of post offices and new channels. It has therefore been appointed as administrator of a unique system of data mailboxes and the Czech Interior Ministry's data networks. The Company considers improvement of its image in the eyes of the public to be essential. Aware of its social role and social responsibility it also wants to be seen as an attractive employer.

**Mafra and Ringier choose Česká pošta**  
*Marketing & Media, 27 August 2012*

*Česká pošta has hired 2,500 new letter carriers.  
Starting in October, it is taking up delivery of daily  
newspapers to subscribers...  
once again, after a 20-year hiatus.  
ČT24, Ekonomika,  
5 October 2012*



(dailies)

## Legal status of the Company

The Company is a legal entity in the meaning of section 18 of act no. 40/1964 Coll., the civil code, as amended. Its legal and ownership status is regulated by the state-owned enterprise act no. 77/1997 Coll., as amended. The Company 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. The present record is 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 Czech Post, effective from 16 June 1997 which was later amended.

During 2012, amendment No. 26 was approved which extended the business activity of Czech Post and a change in membership of the Supervisory Board was also made.

Amendment No. 27 was also approved which extended the business activity of Czech Post and referred to the decision on establishment of the ICT services branch. The ICT branch was established based on the decision of the Director General from 27 April 2012 in order to ensure the selected supplies and services in the field of information and telecommunication technology for public administration. In relation to this project, Appendix 2 dated 8 November 2012 was issued which changed the status of state enterprise Czech Post.

The Czech Telecommunications Office ("CTO") is the regulator for basic postal services and international mail prices. The ministry of finance regulates prices of certain domestic mail services.

As at 31 December 2012, the Interior Ministry of the Czech Republic acted as the Founder of Czech Post on behalf of the government.

## Management and supervision of the Company

### Director General

The Director General, as a statutory body of Czech Post, manages the Company's activities and acts on its behalf. The director general decides on all matters that do not fall, by the operation of law, under the competences of the Founder (section 12 of the state-owned enterprise act and the deed of foundation of the state-owned enterprise Czech Post).

### Supervisory Board

The Supervisory Board has twelve members. It supervises the performance of the activities of the Director General and the carrying out of the Company's business plan. Subject to the state-owned enterprise act no. 77/1997 Coll., as amended, eight members of the Supervisory Board are appointed and removed by the Founder; the remaining four members are elected and removed by the Company's employees. As at 31 December 2012, the Supervisory Board had all eleven members.

### Committees of the Supervisory Board

The Supervisory Board establishes committees of the Supervisory Board as its working bodies. Members of individual committees meet mainly for preliminary and detailed examination of documentation that is to be submitted to the Supervisory Board as a whole for further examination. Members of individual committees are elected and removed by the Supervisory Board.

### At present, the Committees of the Supervisory Board are as follows:

- Committee of the Supervisory Board for the Company's Strategy,
- Committee of the Supervisory Board for Finances and Audit,
- Committee of the Supervisory Board for Human Resources Development,
- Committee of the Supervisory Board for Classified Information,
- Committee of the Supervisory Board for ICT services provided to public administration.



## Statutory body and Management Board of the Company

The bodies of Czech Post in the meaning of section 11 of the state-owned enterprise act no. 77/1997 Coll., as amended, are its director general and the Supervisory Board.

### Members of the Management Board, i.e. Director General and his deputies, of the Company as at 31 December 2012:

Members of the Management Board	Position	Position established on	Registered in the Commercial Register on
Petr Zatloukal	Director General	25 May 2011	30 June 2011
Martin Elkán	Deputy Director General and Chief Executive of Sales and Marketing	1 June 2011*	30 June 2011*
Tomáš Ječný	Deputy Director General and Chief Executive of ICT and eGovernment	13 February 2012*	11 April 2012*
Richard Soldán	Deputy Director General and Chief Executive of Postal Operations and Logistics	13 February 2012*	11 April 2012*
Martin Horák	Deputy Director General and Chief Executive of Finance	1 December 2012*	10 January 2013*
Ladislav Tomeš	Deputy Director General and Chief Executive of Property Management	13 February 2012*	11 April 2012*

\* appointment to the position of Deputy Director General

During 2012 the following changes in the Management Board were recorded into the Commercial Register:

Members of the Management Board	Position	Position established on	Registered in the Commercial Register on	Position ceased on	Change recorded into the Commercial Register on
Radim Bureš	Deputy Director General	1 May 2012	10 May 2012	30 November 2012	10 January 2013
Jana Vošická	Deputy Director General and Chief Executive for Finance	13 February 2012*	11 April 2012*	30 November 2012*	10 January 2013*

\* appointment to the position of Deputy Director General

## Organisational structure as at 31 December 2012

### Czech Post

Director General

<b>Branch ICT Services</b> Executive Director	<b>Internal Audit and Risk Management</b> Executive Director	<b>Corporate Management</b> Executive Director	<b>Security</b> Executive Director	<b>Postal Technology</b> Chief Director	<b>Purchasing and Procurement</b> Chief Executive	<b>Human Resources Management</b> Chief Executive
<b>Sales and Service</b> Executive Director		<b>Ombudsman</b> Ombudsman	<b>Protection of Persons and Property</b> Executive Director	<b>Allocations and Payments</b> Executive Director	<b>Public Contract Preparation</b> Executive Director	<b>Collective and Social Relationships</b> Executive Director
<b>Projects</b> Executive Director		<b>Communication</b> Executive Director	<b>Postal Security</b> Executive Director	<b>Strategic Development and BI</b> Executive Director	<b>Central Purchasing</b> Executive Director	<b>Remunerations</b> Executive Director
<b>Communication Infrastructure</b> Executive Director		<b>Legislation</b> Executive Director		<b>Postal Technology</b> Executive Director	<b>Standardize and Promote the Purchase</b> Executive Director	<b>Personnel Information</b> Executive Director
				<b>Complaints</b> Executive Director	<b>Purchasing Strategy and Supply</b> Executive Director	<b>5 HR – Front Offices</b> Executive Director
						<b>HR Development</b> Executive Director
						<b>HR Processes – Back Office</b> Executive Director

<b>Finance</b> Chief Executive	<b>ICT and eGovernment</b> Chief Executive	<b>Sales and Marketing</b> Chief Executive	<b>Property Management</b> Chief Executive	<b>Operations support to Logistics and Procurement</b> Chief Director	<b>8 Regions</b> Executive Director
<b>Accounting and Taxes</b> Executive Director	<b>ICT Security</b> Executive Director	<b>Sales Coordination</b> Executive Director	<b>Administration</b> Executive Director	<b>Logistics Network Architecture</b> Executive Director	
<b>Controlling</b> Executive Director	<b>ICT</b> Executive Director	<b>Business Development</b> Executive Director	<b>Operations</b> Executive Director	<b>Regional support to Logistics Network</b> Executive Director	
<b>Treasury and Financing</b> Executive Director	<b>eGovernment</b> Executive Director	<b>Marketing</b> Executive Director	<b>Transport Management</b> Executive Director	<b>Investments</b> Executive Director	
	<b>ICT Support</b> Executive Director	<b>Regional and International Sales</b> Executive Director		<b>Logistics</b> Executive Director	
		<b>Corporate Sales</b> Executive Director		<b>Money Services Operation</b> Executive Director	
		<b>Alliance Partners</b> Executive Director			

## Regulatory framework of postal services

### National legislation and postal license

In April 2005, the Czech Telecommunication office became the national regulator for postal services. The main piece of legislation governing the powers and duties of this national regulator is the Postal services act no. 29/2000 Coll., as amended.

By its decision no. 76 026/2008-608 dated 5 December 2008, the CTO granted a postal licence to Czech Post. The decision also imposes the basic quality requirements on the Company as the licence holder. This decision, published in the Postal bulletin on 1 December 2008, endorses, inter alia, the duty to fulfil the obligations of the Czech Republic as a member of the Universal Postal Union in the position of a party to international postal

agreements in the meaning of the Acts of the Universal Postal Union; obligations of the Czech Republic as a member of the European Union, which apply to general service providers in the meaning of directive 97/67/EC of the European Parliament and of the council, on common rules for the development of the internal market of community postal services and the improvement of the quality of service, as amended; obligations to provide basic services to the blind free of charge, and other obligations.

By its resolution no. 1565 of 7 December 2005, the Czech government approved the governmental decree defining the scope of postal licence effective as at 1 January 2006. This decree, published in the Collection of Laws under No. 512/2005 Coll., limits the postal monopoly of the licence holder to mail containing documents that weigh no more than 50 g and cost a maximum of CZK 18.

### Liberalisation of postal markets within the European Union

The Postal Services Directive of 1997 (97/67/EC) marked the completion of the first stage of postal service harmonisation within the EU. The subsequent regulations led to further opening of postal markets to the competition. The Company currently operates within the liberalised environment with the exception of mail containing documents that weigh no more than 50 g and cost a maximum of CZK 18.

In 2007, Directive 97/67/EC of the European Parliament and of the Council was amended. The amended directive sets the deadlines for full liberalisation of the European postal market. The original deadline was extended by two years some EU member countries may extend it by a further two years.

The primary reason for this extension was the concerns of member states about adequate provision of general postal services under this directive, the Company will lose its limited monopoly over letter mail weighing up to 50 g by 1 January 2013. The present directive 2008/6/EC of 20 February 2008 amends directive No. 97/67/EC with regard to the full accomplishment of the internal market of community postal services. An amendment to the Postal Services Act No. 29/2000 Coll. was prepared by the ministry of Trade and industry in connection with full liberalisation of the Czech postal market in 2013. The bill was approved by the government and submitted to Parliament for approval. The Company was actively involved in the process and proposed a range of modifications and changes mainly with regard to securing an equal position on the liberalised postal market.

The legislation process was completed in June 2012 when the President of the Czech Republic signed the new act on postal services which became effective on 1 January 2013. Postal licence granted to Czech Post is valid until 2017 (five years).

The amended act on postal services led to abolition of Czech Post monopoly for domestic letter mail weighing less than 50 grams for the price of below CZK 18. It also gave a specific definition of postal services market, determined the scope of universal service and the mechanism for securing it within the Czech Republic.

- The change in price regulation and financing of universal service (basic services) is also being considered. In relation to the amended act, the Czech Telecommunications Office issued a set of implementing decrees which define the responsibilities of postal services providers and operators and conditions for securing public availability of basic services.
- Selected responsibly 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 a permanent provision of information on basic services and the manner of their utilisation,
  - offer postal services which are subject to the postal obligation, according to postal terms for affordable prices which allow to use the basic services to the extent reflected by the common needs,
  - giving unjustified preference to certain persons interested in basic services guaranteed by their postal licence or placing such persons at an unjustified disadvantage shall not be allowed,
  - allow at least one posting and one delivery to any individual or legal entity's address each working day (exemptions are set out in the implementing decree),
  - enable other operators to access the means of postal infrastructure and services connected with operating of postal infrastructure in a transparent and fair manner based on a written agreement.

## Subsequent events

As at 4 February 2013 Radek Šmerda was appointment by the Founder to the post of member of the Supervisory Body.

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 reported for the 2012 accounting period.

### How to have your cake and eat it, too

It's something of a fairy tale with a happy ending, about how a village in the middle of the Vsetín Highlands had its cake and ate it, too. In the autumn of 2010 the village, which has just 900 inhabitants, was shocked to learn that Česká pošta was to close its post office there, at the end of that year. ... And the village council was afraid that, if they didn't do something about it, the locals would really let them have it at the next elections. So they put their heads together and came up with a plan. They decided to open a pick-up point, hire someone to sit at the window, and at the end of each month issue Česká pošta an invoice for transactions.

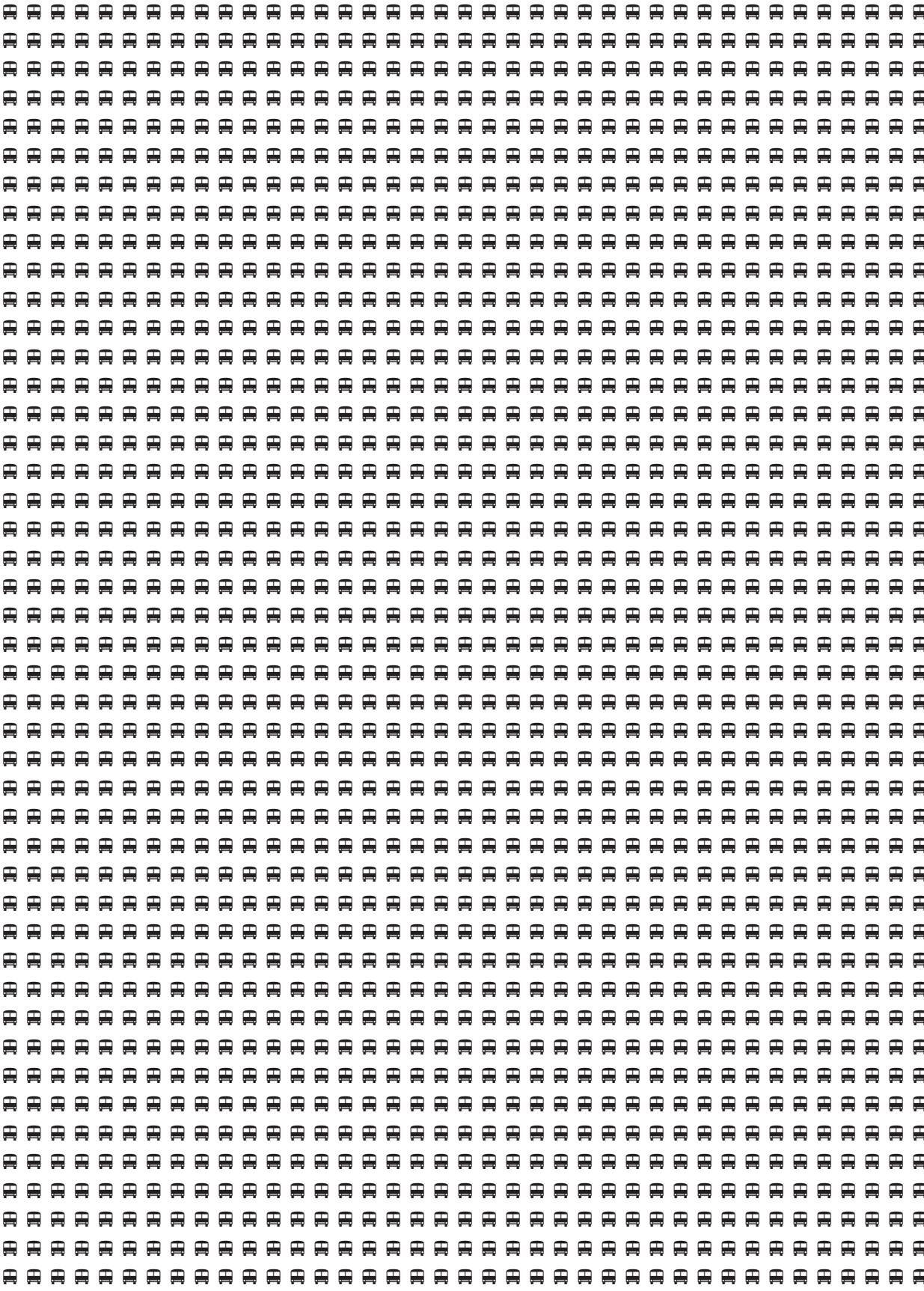
*Valašský deník, 22 March 2012*

RECORD PURCHASE OF NATURAL GAS-POWERED

# VEHICLES

The Czech Republic's biggest employer, Česká pošta, is buying 412 delivery vans that run on Compressed Natural Gas (CNG). Within four years, the postal service's CNG-powered fleet could expand to up to 2,900 vehicles – that's about half the fleet.

*Mladá fronta Dnes, 9 July 2012*



“If we were to replace 2,900 existing vehicles with CNG-fuelled ones over the next four years, the resulting savings on fuel would be as much as CZK 360 million,” explains Patrik Zeithaml, Director of Transportation at Česká pošta.

*Mladá fronta Dnes, 9 July 2012*

# ACTIVITY REPORT

## Economic position

Czech Post managed to maintain operating revenues above CZK 20 billion in 2012, recording CZK 20,183 billion.

Year on year revenues fell by CZK 595 million, which was mainly due to the national census of population and dwellings which took place between 2010 and 2011. This project generated revenues of CZK 596 million in 2011. Having eliminated this effect, the year-on-year revenues remained flat but their structure changed.

Revenues from postal operations decreased by CZK 303 million due to the continuous decline in revenues from traditional services (traditional letters, registered letter, postal money orders) which are being replaced by electronic forms of communication and payment.

This decline was partly offset by rising revenues from press distribution, packages, international shipments, etc.

At the same time, the Company recorded an CZK 299 million increase in revenues from third party services, primarily due to higher commissions for the operation of Poštovní spořitelna (Post Bank) and excellent pension scheme sales in the second half.

In 2012, revenues from electronic services (ICT) increased. The year-on-year increase by CZK 185 million can be primarily attributed to public administration communication infrastructure services and monitoring of unemployed services – DONEZ, EKIS project etc.



## Trends in key economic indicators

### Financial and operating indicators

	2008	2009	2010	2011	2012
Assets (in CZK million)	22,442	22,726	21,308	21,775	26,766
Equity (in CZK million)	9,630	9,979	10,010	10,159	10,281
Operating income (in CZK million)	19,970	20,280	20,530	20,778	20,183
Out of which: Income from sale of own products and services (in CZK million)	19,254	19,627	19,942	20,076	19,646
Operating costs (in CZK million)	19,212	19,740	20,332	20,412	19,932
Out of which: Staff costs (in CZK million)	13,082	12,895	12,801	12,741	12,425
Profit before tax (in CZK million)	365	661	263	419	306
Net profit (in CZK million)	293	554	214	338	261
Employees – full-time equivalent	36,332	34,948	34,374	33,202	32,163
Average monthly salary (in CZK)	20,565	21,500	21,353	21,538	21,884
Profit before tax/income from sale of own products and services	1.90%	3.37%	1.32%	2.09%	1.56%
Profit before tax/Assets	1.63%	2.91%	1.23%	1.92%	1.14%
Profit before tax/employees – full-time equivalent (CZK)	10,058	18,923	7,655	12,632	9,526

Also worthy mentioning is the impact of the changes in mobile phone top up services in relation to insolvency problems of Sazka during 2011. Topping up via Czech Post internal system (APOST) rather than Sazka terminals and sale of recharge coupons dominated in 2012. As a result, top up commissions grew by CZK 12 million whereas revenue from sales of products fell by CZK 193 million and cost of goods sold by CZK 183 million.

The operating costs fell year-on-year by CZK 480 million, mainly influenced by again the national census of population and dwellings which led to a decline in staff costs by CZK 316 million. The main reason for this decline was

however due to a reduction of staff by 1,039 FTE (-3.1%). The increase of an average salary by CZK 346 (+1.6%) and higher utilisation of agreements resulting from more extensive news and magazine distribution initiated an opposite trend.

The year-on-year material consumption fell by CZK 131 million (a one-off purchase of GPS equipment, PDA equipment etc.). Conversely, costs the contrary, cost of purchased services grew by CZK 192 million which is tightly related to subcontracts for the provision of Czech post services, i.e. communication infrastructure, monitoring of unemployed services, delivery of outbound international parcels etc.

Total fees paid and payable to the audit company for the statutory audit of financial statements and audit in accordance with IFRS for 2012 amounted to CZK 2 million, also total fees paid and payable to the audit company for the statutory audit of financial statements and audit in accordance with IFRS for 2011 amounted to CZK 2 million.

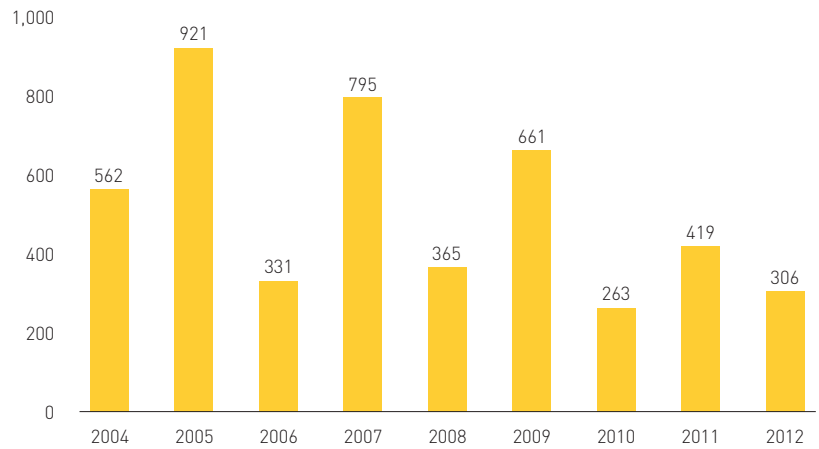
In 2012, the Company generated total profit before taxation equaling to CZK 306 million, CZK 113 million less than in the previous year. Profit after tax was CZK 261 million.

### Survey: People trust the post office; advertising there “works”

Česká pošta is trustworthy and positively perceived, and the effectiveness of its advertising channels is above-average. Out of various advertising formats considered in the survey, the best in terms of spontaneous and supported recognition were flyers, advertising cases, and posters. The survey was conducted by Médea Research for Media Master, a company that sells advertising space at branches of Česká pošta.

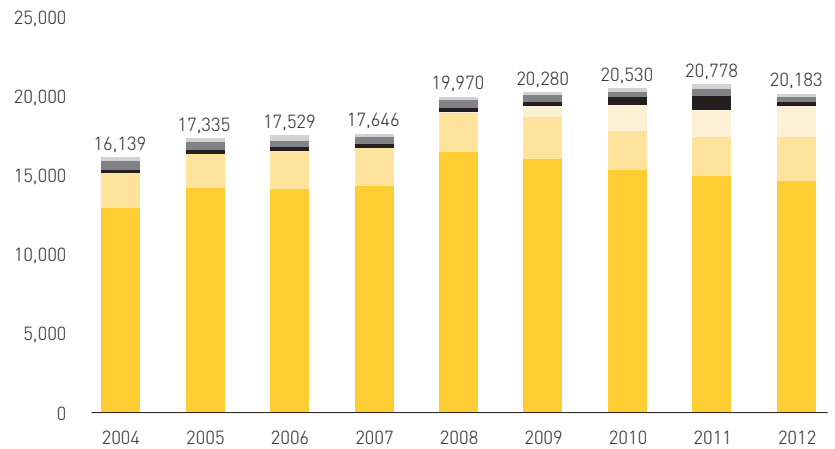
*tyden.cz, 23 August 2012*

**Profit before tax  
(in CZK million)**



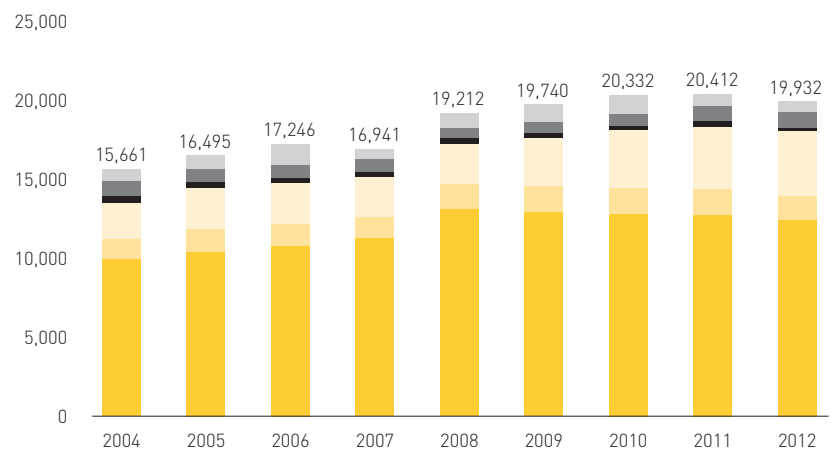
**Operating income  
(in CZK million)**

- Postal operations
- Agency services
- ICT services
- Other services incl. capitalisation
- Sale of goods
- Other income

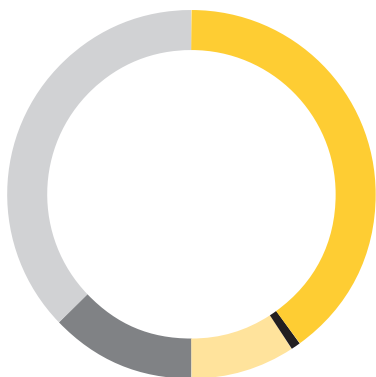


**Operating costs  
(in CZK million)**

- Staff costs
- Raw materials and consumables
- Services
- Cost of goods sold
- Depreciations
- Other operating costs

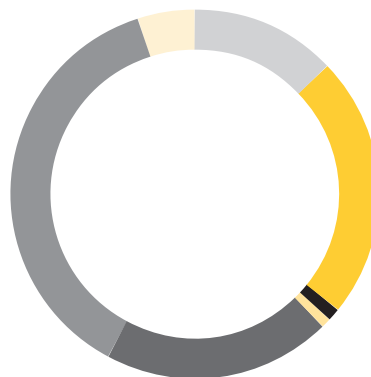


**Structure of assets in 2012**  
(in CZK million)



- Fixed assets
- Inventories
- Own receivables
- Own financial assets
- Entrusted financial assets and receivables

**Structure of liabilities and equity in 2012**  
(in CZK million)



- Registered capital
- Capital contributions
- Funds from profits
- Profit
- Own liabilities
- Entrusted liabilities
- Other liabilities

**“Five rolls please...  
and I’ve got a letter  
to pick up.”**

České Libchavy. “At the beginning, we were a bit embarrassed about it,” admits village Mayor Jan Krčmář. But he immediately adds that, now, people can pick up their mail at any time during the General Store’s opening hours, and even on Saturday. And that, he thinks, is a benefit.

*Orlický deník, 25 January 2013*



**The postal service announces another IT tender – this time valued at CZK 3 billion** The tender was officially opened in late September by the postal service through one of its units, which the Ministry of the Interior charged with providing centralized information and communications services to all ministries and other national government agencies.

*Lidové noviny, 23 October 2012*

011 0000 3000

## Investments and technical development

2012 was marked by continued extensive fleet renewal.

The Company bought 76 new delivery trucks, including 10 vehicles powered by natural gas (CNG). 11 sets of road tractors + semitrailers for use within the main transmission network were also bought. All these vehicles meet the Euro 5 emission standards. In the category of up to 3.5 tonnes vehicles 412 delivery vehicles running on CNG and 60 CNG-powered passenger cars were acquired under operating lease agreements. Czech Post operates a total of 482 CNG-powered vehicles being the largest operator of CNG-powered vehicles in the Czech Republic and thereby significantly contributes to the quality of the environment in towns and villages.

Within the renewed logistics network in relation to bulk delivery and posting, 12 depot units were opened in 2012:

- 1 in Prague Region (Praha 70 – Rudná u Prahy, logistic park)
- 3 in the region of Central Bohemia (Rakovník 70 – in a former parcel dispatching point, Příbram 70 and Mělník 70 – reconstructed former transport plant),
- 3 in South Bohemia (Pelhřimov 70 – lease of a customs building, Strakonice 70 and Havlíčkův Brod 70 – reconstructed former transport plant)
- 1 in the region of West Bohemia (Tachov 70 – in the former parcel dispatching point),
- 1 in the region of South Moravia (Vyškov 70 – purchase and renovation of the building),
- 3 in North Moravia (Jeseník 70 – Construction and reconstruction in the area of a former parcel dispatching point, Nový Jičín 70 and Opava 70 – purchase and renovation of the building).

On Monday, Česká pošta opened a new post office at Galerie Fénix, into which it merged three post offices in Prague's Vysočany city district. All told, the company plans to build around 50 branches around the new format this year.

*Pražský deník, 30 January 2012*

At the end of 2012, 39 out of 70 planned depots were in operation which act or will act as both the centralised delivery outlets (replacing about 530 parcel dispatching points) and client sites for posting and processing of bulk shipments from contract customers.

In 2012, there were contracts concluded with the successful bidders of tenders for the developer construction of 'turnkey' objects and subsequent transfer of ownership to Česká pošta, s.p. This relates to a total of 11 contracts. Acceptance of the first four finished objects took place in December 2012 and relates to the following depots: Lovosice 70, Trutnov 70, Znojmo 70 and Prostějov 70. It is expected that all 11 'developer' depots for which in 2012 contracts were signed, are to be launched in 2013.

#### **Mail handling technology within the logistic hubs (SPU)**

In 2012, a project launched in 2009 continued, under which five of the SPUs are to be equipped with new machines for automatic letter sorting. Modernisation of the system enables more accurate sorting of appropriate mail - to the level of delivery districts. This was followed by new technology being implemented in Olomouc 02 and Plzeň 02 SPUs, which results in there being three fully equipped SPUs at the end of the year. This equipment upgrade will facilitate manual sorting, reduce costs, improve time utilisation and ultimately increase the quality of services provided.

#### **Parcel handling technology within the logistic hubs (SPU)**

Operational technology problems arising from the current condition of automated parcel handling, such as a lack of space or inconsistent parameters of existing facilities (e.g. sorting of mail with the same maximum weight), led to the need for standardisation and implementation of machine technology for sorting parcels with higher technical parameters. By implementing machine technology, all prerequisites are in place for maintaining and improving the quality of services and optimising mail shipping and handling expenses.

In 2012, a project which aims to equip four SPUs with parcel sorting machines was continued - technical specification was prepared and a public tender for selecting a contractor was announced.

#### **Both historians and letter carriers are signed under an exhibition of unique historical photographs...**

“They know the city inside and out. They know every memorial a dog has ever marked, if you'll pardon the expression. When we were having a hard time identifying certain places, the letter carrier found them. One photograph was giving us no end of trouble – when we showed it to the letter carrier, she said: Yes, it's here, but the photograph is reversed, as if you were looking at a mirror image of it. One hundred years ago, they made a mistake when they were enlarging the photograph...”

*decinsky.denik.cz, 23 January 2012*

**GPS-equipped vehicles**

Following the successful installation of a GPS vehicle monitoring system, Fleetware system was installed on workstations of assigned in order to evaluate data and make analyses leading to optimisation of fleet operations.

This project seeks to optimise the use of the current fleet and to simplify administration in particular, it also has a positive contribution to driver safety (emergency button).

**Equipping premises with small automation and handling equipment**

The process of equipping premises such as post offices, depots, SPUs with small automation and handling equipment includes a phase of technical specifications, tendering stage and acquisition phase according to the operational needs for reconstruction and development.

Small automation includes: coin and banknote counter, banknote sorters, postage and stamp machines, strapping and packaging machines and customer card printers.

Handling equipment includes: various types of hand trucks for the handling of shipments, crates, sack trucks and pallet trucks.

Acquisition of small automation with a qualitatively higher specification contributes to the improvement in the quality of labour, elimination of human error and ultimately to the reduction in the physical demand and increased speed of handling postal products.

**Purchase and supply department**

The Purchase and supply department is an integral part of Czech Post. Its main duties are: securing centralised purchases, managing and securing supplies for internal customers and supporting and monitoring public tender announcements.

Czech Post announced cca. 400 tenders through the purchase and supply department ("NZ"). For each of them, the NZ department cooperated with a specialised division responsible for each tender, ensuring the best value for money of requested services, supplies of construction works.

**Significant public tenders**

The most important contracts of the past year in terms of scale, financial performance and importance for Czech Post are those of cleaning services, supply of uniforms and purchase of vehicles.

Within the tender for cleaning services, terms and conditions for the provision of cleaning services were unified for all regions bringing significant financial savings.

In respect of uniforms, Czech Post decided to change their design in 2011. The NZ division entered into a framework agreement with three major suppliers to supply uniforms. The newly tendered uniforms are modern and especially comfortable.

At first, motorised delivery officers were outfitted in 2012, followed by the counter staff. In 2013, the new uniforms will be handed out to e.g. post office managers and foot messengers.

Five above the limit public tenders for the purchase of vehicles to renew and develop its fleet park were announced by Czech Post through the ND division for renewing and developing its fleet park. Four of the five above the statutory limit contracts were concluded in 2012. Czech Post purchased 60 management cars, 240 officer cars, 412 light utility vehicles, 11 sets of road tractors with semitrailers, 35 larger utility cars for a total of CZK 300 million. The majority of the vehicles were acquired through operational leases.

### **Mediaservis cancels its newspaper delivery service; Česká pošta comes to the rescue**

Now that Mediaservis will no longer provide for delivery of newspapers and other periodicals, publishers are trying to quickly come to an agreement with Česká pošta. As a result the postal service is once again becoming a key player in this industry. It used to have a monopoly on newspaper delivery, which lasted roughly 200 years, but it ended in the early 1990s. The postal service already delivers newspapers and magazines to approximately half a million addresses – subject to a 7:30 a.m. delivery deadline, which is a complication for the post office – for example, the stack of newspapers for the Prague 1 city district, alone, has doubled in size.

“The competition cancelled its contracts with practically no warning, so today we’re delivering newspapers Republic-wide. It will be some time before we come to terms with it,” said postal service spokesperson Ivo Mravinac.

*ČT24, 2 October 2012*

### **Directives**

In the past year, the NZ division had to respond to the so called ‘great transparent amendment’ to Act No. 137/2006 Coll., On Public Procurement, which came into effect on 1 April 2012 amending the procedures and rules for procurement for both public and industry sector contracting authority. The response to this amendment was reflected in the publication of the following amended directives SM-3/2011 (below threshold sector contracts and procurement of small scale) and SM-4/2011 (below threshold and above threshold procurement by public authority and sector above threshold contracts).

### **Electronic auctions and e-tržišť (e-marketplace)**

Czech Post is adapting to new opportunities in public procurement, especially by computerisation. The most important tools for e-procurement include electronic auctions and e-marketplaces.

Electronic purchase auctions have been used by Czech Post since the beginning of 2011. The main advantage of electronic auctions is that they save time and money and increase the transparency of the process. In 2012, 19 electronic auctions were carried out.

Since July 2012, Czech Post has been actively using the electronic marketplace as a tool for the selecting of suppliers for tenders for goods supplies and certain services with an estimated value of up to CZK 300,000. Over the past year, the electronic marketplace led to better centralisation and savings of around 22.41% with 52 procurements issued.



## Sales activities

For Czech Post, 2012 was a year of preparation for market liberalisation.

Except for the implementation of customer relationship management in the corporate environment, which started in late 2011 and which has already proved effective in the first functionality testing stages, other extensive preparations for such a historic transition for the Czech Post. Some of the key changes were for example defining the conditions of mail posting in 2013, which means posting in the fully liberalised market. A new pricing strategy has been developed, followed by product innovations. This combination made negotiations with customers successful and it can be said that Czech Post has not lost a single key customer.

The Marketing division, in cooperation with sales department, has introduced extensive innovations to the product portfolio and supplementary services so that Czech Post can maintain its leading position on the market and sets trends for future development.

In addition, further optimisation of the sales segment organisation in Czech Post headquarters took place in 2012. All those changes will lead to more effective sales activity, especially in light of the aforementioned liberalisation.

## Customers

From today's perspective, our entrance onto the morning delivery market can be described as successful. We can, however, expect further improvement in this matter in 2012. We have been distributing nearly 100% of the daily newspapers in the Czech Republic since October as well as the majority of magazines. Distribution has therefore come back to where it originated.

Despite the natural decline in posted mail, we succeeded in maintaining the annual growth in the corporate customers' segment thanks to the aforementioned acquisitions. Innovation introduced to the parcel portfolio also proved to be the right move. During 2012, new parcel portfolios were implemented by all major online stores. This let us gain a bigger market share in this segment.

In the segment of retail customers we have started projects that will hopefully bring Czech Post closer to today's customer. The PostShops project introduced at selected post offices, where customers can not just look at but also touch both postal and complementary assortment as well as purchase some candy. At the end of the year, eight PostShops have been opened. We have also opened an on-line shop at [www.postshop.cz](http://www.postshop.cz). Along with these activities, we continuously develop postal as well as non-postal services to be purchased at post office counters.

We have succeeded in showing customers the benefits of value-added services, and have increased the share of such services in total sales.

**Post office moving into shopping centers**  
New branches bring new comfort to customers.  
They'll be open all weekend long!

*Ústecký deník, 5 January 2012*



## Services on behalf of alliance partners

From the perspective of Czech Post, 2012 was extremely successful as far as provision of services on behalf of alliance partners is concerned:

- Sales plans were met for major products.
- Revenues grew significantly.

A complex amendment to the contract with s ČSOB, a. s. for Post Bank services was concluded. The new amendment means increase in revenues for Czech Post and higher motivation in terms of sales and its quality. The most visible improvement relates to commencing reconstruction of 100 existing specialised counters and construction of 50 new ones.

On the investment side, a construction of 80 specialized counters with comprehensive insurance services of Česká Pojišťovna was completed. Czech Post can now offer the same services and products that Česká Pojišťovna sells at their own premises.

A new contract with a long-time partner – lottery company Sazka, a.s. was concluded, which together with the current calm situation around Sazka contributed towards an increase in sales from this area. In the second half, Czech Post began to sell lottery tickets from two new partners – Tipsport and Fortuna. They sold unexpectedly well before the year end.

Both the offered supplementary pension insurance schemes saw record high sales – ČSOB Penzijní fond stabilita, a.s., and Penzijní fond České pojišťovny, a.s. Due to changes in legislation, a multiple increase in sales was recorded in November mainly as compared to previous months.

The total revenue from sales of building savings schemes were similar to expected figures, better results were achieved with Raiffeisen stavební spořitelna, a.s., than Českomoravská stavební spořitelna, a.s.

The range of services is made complete by appropriate services provided on behalf of other alliance partners, such as Western union PES, s.r.o. with an offer of money transfers; Home Credit a.s. with a portfolio of credit products; and Pražská plynárenská, a.s. with customer services provided on behalf of this Prague-based gas company.

### How did you come to work for the postal service?

I like to work with people, so it more or less came naturally... When an angry person comes in and yells, and you can tell they just came to the post office to get the bile out of their system, it ruins your day. You try to remain calm and polite, but the people are really mean sometimes. I've been working here for ten years now, and I've lost my temper only three times – it really takes a lot to make me angry. But the kinder clients definitely prevail and I, too, try hard to be kind.

### What's the farthest a letter from your post office has gone?

The Dominican Republic, the United States. From us, letters go out to the whole world.

*Excerpt from interview with Lenka Raunerová, teller window employee in Pilsen, for Plzeňský deník, 4 August 2012*

## Postal services

### Structure of the services provided

#### Obligatory services

##### Domestic

Mail	Money orders
Ordinary Letters Parcels Mail for the blind	Cash – account Money order A
Registered Letters Parcels Mail for the blind	Account – Cash Money order B
Insured Letters Parcels	Cash – Cash Money order C Money order D

##### Outbound

Mail	Money orders
Ordinary Mail Printed matter bag Mail for the blind	Cash – account Money order Z/A
Registered Mail Printed matter bag Mail for the blind	Cash – Cash Money order Z/C
Insured Letters Parcels	
Standard Parcels	

**Obligatory services 2012****At post Office**

Domestic  
 Outbound  
 Additional

**International****On delivery****Agency**

Radio fees  
 Television fees  
 Pensions  
 Czech POINT  
 ISDS

**Non-obligatory services 2012****At post Office**

**Domestic**  
 Parcel delivery To hand  
 Parcel delivery to Post office  
 EMS  
 Express Parcel Delivery  
 Mail order Parcel  
 Commercial letter

**Outbound**  
 EMS  
 Express Commercial Parcel  
 Commercial letter

**Additional****Other**

**Sales**  
 POSTFAX  
 RIPM  
 Press mail  
 Oversize Parcel delivery

**Philately**

**Lotteries**

**Postservis**

**Electronic services**  
 Certification authority  
 REP  
 Hybrid mail  
 Central address  
 Postal data message

**Others****Agency**

**Express financial services**

**SIPO**

**Betting, Lotteries**

**Highway stickers**

**Duty stamps**

**Telecommunication services**

**Banking services**

**Supplementary pension**

**Building saving schemes**

**Insurance schemes**

**Others**

**On delivery**

## Traditional postal services

### Letters

The general downward trend in the volume of letters is continuing; the rate of this decline in the case of ordinary written correspondence is 9% annually and 5% for registered letters but is slowing compared to the previous period.

### Direct Mail

Direct mail services grew, in Commercial correspondence, by less than 2% and by 8% in the area of delivery information and promotion brochures, reflecting municipal and presidential elections and inactivity of some companies on the brochure market. The largest increase of 17% was noted in the field of press mails which significantly affected in the last quarter by gaining new orders from SEND Předplatné spol. s r.o. The direct mail portfolio consists of new support from RIPM products through geomarketing instruments, which helps optimise of brochure distribution plans according to customers orders.

### Preparations for the liberalisation of the postal market in 2013

2012 was the year of preparation for the expected liberalisation of the postal market. Projects were realised, including mandatory adaptation of the product portfolio so it is in accordance with the requirements of the new law on postal services and implementing regulations. Projects also include optional adaptation which prepares the products for a fully released postal market in 2013. An extensive communications campaign was completed in preparation for postal market liberalisation.

At the beginning of November 2012 an advertising campaign was launched with the purpose of keeping existing customers. The communication included rational data expressing the position of Czech Post on the postal market and the quality of services provided.

B2B segment was targeted for advertisements in newspapers and magazines; pictures of our letter carriers were published in regional press. A printed advertisement was supplemented by Czech Post's new television spot, the first in the history of Czech Post, which was transmitted on more than 20 TV channels. The aim of this campaign was to strengthen the image of Czech Post as a reliable and trustworthy partner.

For direct support of sales, comprehensive marketing material for a new product portfolio was prepared. The portfolio presented a range of postal services as "Mail menu" and reflected the slogan "We do not want to feed you boring numbers, but we have a huge number of arguments."

The internal communication in the Postal newspapers published a series of articles about campaign and liberalisation. Pictures of our letter carriers from the advertising campaign were also used in our wall calendar.

### Head of Česká pošta: In the future, the Post will take passengers

„Our delivery vehicles visit nearly every village in the Czech Republic three times a day. Why not take advantage of that and take, say, seven schoolchildren to school or an elderly lady to the doctor? I myself hail from a village of 200 inhabitants, and you hardly ever see a bus there. Of course, it's not my intention for us to compete with other passenger transport companies. You see, as long as we're making the trip to those small villages anyway, why not try to cut down on costs a little and help people at the same time?," said Zatloukal for Lidové noviny.

*Finanční noviny, 20 October 2012*

### Parcels

Since January 2012, all the new products from parcels portfolio were fully launched after a successful evaluation of the previous pilot operations: parcel delivery to hand, parcel delivery to post office, express parcel delivery and oversize parcel delivery. With the implementation of the new parcels portfolio, the possibility of posting commercial parcels for retail customers and posting by contracted customers was cancelled and transferred during the year in the "parcel delivery to hand" option.

In 2012, volumes of parcels in the segment of basic services decreased by 17% year-on-year. This decrease was fully offset by the increase in the number of parcels in the category of other postal services, which reached 10% year-on-year. Parcels in this category are normally carried in a mode D+1. Newly implemented products such as "parcel delivery to hand" and "parcel delivery to post office" in the category of other postal services have reached the same or an even better evaluation in the area of successful delivery compared to the original products of this category. International parcel together with the foreign service EMS recorded a 37% increase compared to 2011. This increase was primarily caused by the introduction of parcel consignment in selected European countries.

### The campaign "The Great Parcel Revolution"

In 2012 Czech Post launched the largest media campaign in the history: this campaign should introduce new parcel services and enhance the general awareness of the Post Office's actual status. Cartoon parcels were everywhere in the whole country – the hundreds of TV spots were transmitted over the main TV channels. The "outdoor campaign" has used over 200 billboards, a hot air balloon. An internet banner campaign was conducted and supplemented by advertising in magazines. The campaign was immediately reflected in the volume of parcels posted which realised 100% of the revenues planned for the other parcel services for 2012. In the period when the television campaign was running (from April to May 2012), the volume of daily posted parcels reached the same level as in the Christmas period. During the campaign, knowledge of name "parcel delivery to hand" tripled, and the name "parcel delivery to post office" even quadruple. "Parcel delivery to hand" and "parcel delivery to post office" were not however the only products introduced in the new parcel portfolio of Czech Post; "oversize parcel delivery" and "express parcel delivery" were also part of the marketing communication.

The results clearly confirmed that the advertising campaign was visible and effective and led to better usage of postal services.

One of the positive evaluations of the advertisement was the opinion that the ad was attractive and different from others and that the brand represented by the main characters was very well integrated with the advertisement. The advertisement reinforced the comfort of services and the sense of security which positively affects brand building. The proof of the success of the campaign "The Great Parcel Revolution" is the fact that it was nominated for the prestigious Effie 2012 award which recognised the most effective advertising campaigns in the year.

In autumn 2012 the campaign "The Great Parcel Revolution" was transferred on the internet. On partners' websites, the usage of Czech post services during Christmas time was recommended for e-shop players.

### Money services

#### Postal money services

Postal money services are an integral and essential part of obligatory postal services provided by the Company. Volumes of postal money orders, or tools allowing the customer to send cash or transfer cash to an account, decreased by 9% in 2012 compared to the previous year.

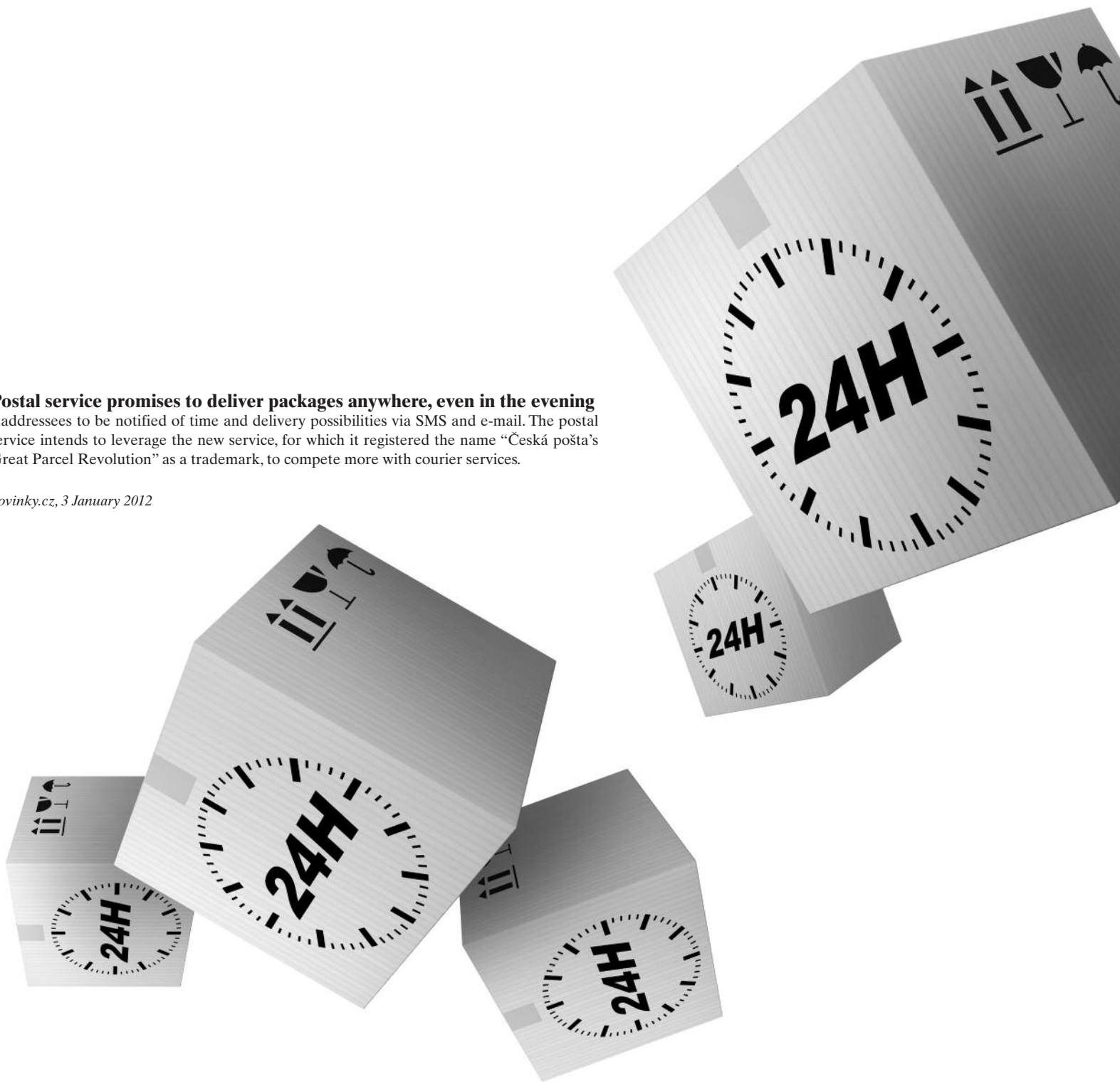
#### SIPO

Volumes of SIPO transactions (multiple direct debit payments via the Company's payment system) have followed a steady downward trend due to them being replaced by similar types of services. The total number of SIPO statements issued by the Company in 2012 was 2% lower than in 2011. This was compensated by the increasing number of transactions per statement which grew by 9% to 4.29 when compared year-on-year. The share of electronic SIPO transactions of the total number (electronic and cash) of SIPO transactions was almost 51% in 2012.

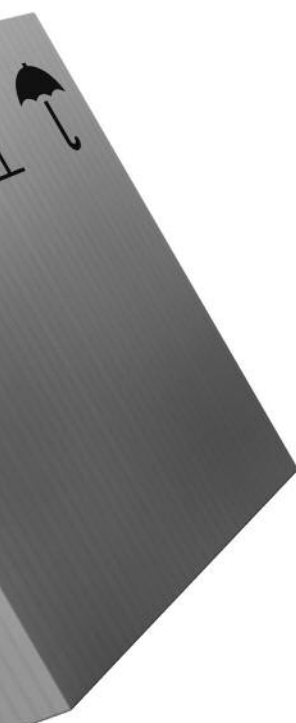
**Postal service promises to deliver packages anywhere, even in the evening**

...addressees to be notified of time and delivery possibilities via SMS and e-mail. The postal service intends to leverage the new service, for which it registered the name “Česká pošta’s Great Parcel Revolution” as a trademark, to compete more with courier services.

*novinky.cz, 3 January 2012*







**Česká pošta to start  
delivering packages according  
to customers' wishes**

Starting from this coming Monday, customers of Česká pošta will be able to choose not only the place, but also the manner in which their packages will be delivered – the postal service has launched a new portfolio of package delivery services.

*nasepenize.cz, 3 January 2012*

## Quality of service

In 2012, the Company was supposed to provide its services at least at a level of quality stipulated by the regulator's requirements set by the CTO. Quality and customer satisfaction is monitored by means of regular surveys focusing on the quality of mail delivery. These are conducted both by the Company's internal inspection mechanism and by an independent subject. The following table illustrates the results of the surveys carried out in 2012.

### Complaints

#### Complaints regarding the delivery of mail:

In 2012, there were 173 complaints filed concerning delivery (including those concerning failure to deliver confirmation) per 1 million posted mail items and money orders handled within the basic postal services.

The number of complaints which have been considered to be justified were 94 per 1 million.

#### Complaints regarding the damage or partial loss of mail:

As regards complaints about damaged or partial loss of mail, the Company recorded 61 claims per 1 million posted items, of which 44 complaints were considered justified.

### Delivery time for standard letter mail in 2012 (as measured by an independent agency)

Monitored sample volume (pcs)		Days lapsed after the day of posting (%)	
		1 day	2 days
Within the region	7,615	95.77	99.51
Outside the region	21,646	93.87	99.28
Total	29,261	94.37	99.34

#### Complaints regarding the delivery of mail or money orders per 1 million mail items/money orders:

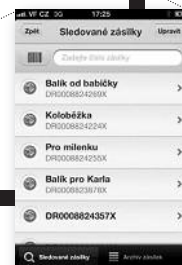
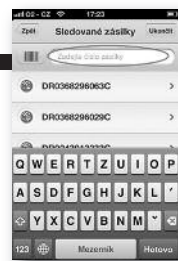
Total number of complaints	173
Justified complaints	94

#### Complaints regarding the damage or partial loss of mail per 1 million items

Total number of complaints	61
Justified complaints	44

Waiting passively for a long-expected letter to arrive in your mailbox, or arguing with the letter carrier over whether you were home or not when he or she came by, will be things of the past – provided, of course, that you own a smartphone. Česká pošta has launched a mobile app for tracking registered letters and packages in real time. ... It can also find the nearest post office based on the smartphone's current coordinates.

*aktualne.cz,  
9 February 2012*



## Postal network

As at the end of 2012, one outlet served 3,071 persons (compared to 3,067 in 2011). The number of people served by one mail box increased from 467 to 471 compared to 2011.

14 post offices (incl. 13 depots) and 29 service Points/Partners were set up and 49 post offices and 2 service points were closed down in 2012.

## Postal terminals in 2012

Total outlets	3 403 (incl. Partners and service Points)
<b>Post offices</b>	<b>3,277</b>
Out of which: Specialised outlets	29
Postal agencies	14
Partners	15
Service Points	68
Remote counters	21
Mobile post offices	-
Mail boxes	22,349
P. O. boxes (rented)	34,797
<b>Delivery areas (letter mail)</b>	<b>8,691</b>
Out of which: Delivery areas with car service	3,275

## Electronic services

### Czech Post smart phone application

For owners of smart phones running on either iOS (iPhone) or Android, the Company developed a new application .

The application “Czech Post” which offers quick and easy access to the services such as track and trace or post office finder.

In addition to information on delivery or pickup locations, this application allows customers to get information about the nearest post office and services offered there and let them find a needed postcode. A map of the route will be displayed or they can be navigated directly to the final destination. The popularity of this application has been shown by 30,000 downloads in 2012.

The development of mobile applications is currently being closely connected with the Track & Trace service; in the future, however, it will be related to the IWF, i.e. interactive web form enabling its users to change package orders or give feedback on services. Within the package order changes, a user will be able to change the delivery date, choose from an afternoon or morning delivery or chose a post office to which mail will be delivered. Service evaluation feedbacks will let both the sender and the addressee share their positive or negative opinion on posting or delivery of each item.

The application is available in both Czech and English and can be downloaded free of charge from the Company’s website or from the main websites of the platforms (the App Store and the Android Market).

Currently, the Company is working intensively on the second generation of its mobile application.

### Letter carriers can’t deliver mail and danger lurks for village residents, too

Dogs in Lhota are giving Česká pošta employees cause for concern. “In the past we had trouble delivering mail to one gentleman. He had no mailbox on his perimeter fence, and inside the fence a dog was loose. In such a case, the letter carrier has no obligation to deliver mail,” warned postal service spokesperson Marta Selicharová.

*denik.cz, 31 March 2012*

## eGovernment services

### Czech POINT

Czech POINT services were provided by 974 outlets of the Company. They represent 15 percent of the overall number of all Czech POINT contact places. The Company's share in total volume of executed transactions exceeds 50%.

Czech Post's customers could obtain certified information from a range of public administration information systems at Czech POINT outlets. The stable biggest demand was for extracts from the criminal register, real estate register and commercial register. Czech POINT outlets also accepted applications and notices concerning the data mailbox information system (applications for a mailbox set-up, etc.).

The Company expanded the portfolio of Czech POINT services with extracts from the corporate criminal register and extracts from basic registers.

### Verification of documents and signatures

In addition to traditional services available at many other Czech POINTs, the Company also offers official verification of the authenticity of the signatures (legalisation) and document authentication (verification), which are the fastest growing services at the contact points.

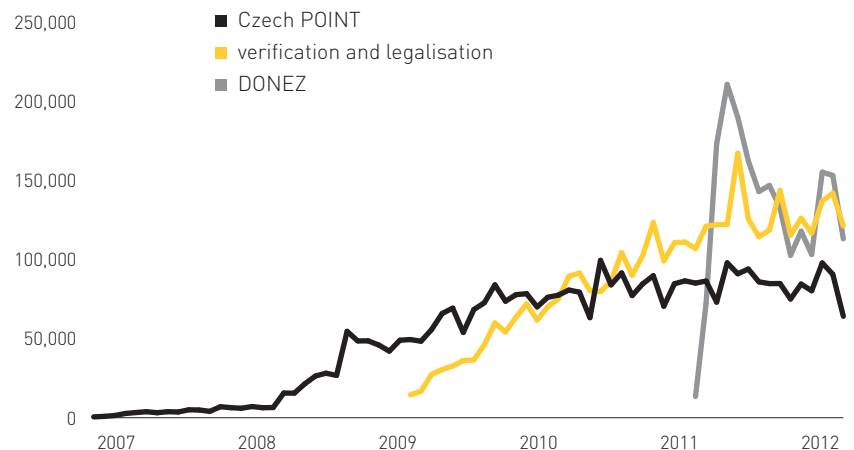
### DONEZ (Attendance of unemployed)

In cooperation with the Labour Office of the Czech Republic, the Company's outlets in the Czech POINT network have been providing so-called DONEZ services. DONEZ is a monitoring device of the Labour Office. Certain unemployed have a duty to sign on at Czech POINT terminals at appointed post offices, approx. twice a week at any time within the post office's standard opening hours. As at the end of 2012, the DONEZ system included around 15 thousand unemployed.

### Czech POINT volume of transactions

Over 4.3 million transactions were processed by the Czech POINT network in 2012, or 70% more than in the previous year. Of which, Czech POINT services represent 1 million, DONEZ 1.7 million and document and signature verification, 1.6 million of transactions.

Monthly Czech POINT transactions (incl. verifications and legalisations)



**Data Mailbox Information system**

Two and a half years after its launch, the data mailbox information system ('ISDS') went through further improvements in order to make it more attractive and useful for its users.

**Data Mailbox redesign**

The ISDS system has had a new, more modern, more user-friendly design since July 2012. The following new features have been introduced:

- The user portal does not contain the data safe anymore. Data messages which were kept within the data safe are now kept together with other data messages.
- Creation of Mail Data Messages ('PDZ') and free data messages has been unified. The type of a data message can be now chosen at creation of such by simply choosing from different 'message types'.
- When working with the data mailbox portal installation of the 602XML Fillers is no longer required which significantly improves user-friendliness of data mailboxes.

**Change of business model**

At the end of 2012, Czech Post became an exclusive holder of SW and ISDS databases licences. Effective from 1 January 2013, the business model of ISDS operation has changed. The change relates to a transfer from a pay-per-transaction model to a fully subscribed model.

**Statistical data**

502 627 data mailboxes had been set up by the end of 2012, or 50 thousand more than in the previous year. A total of 45.7 million data messages were sent in 2012. Public authorities accounted for more than 40.3 million, and legal entities for 4.7 million out of the total data messages sent. The remaining messages (692 thousand) were sent by individuals or entrepreneurs. The volume grew by 30 percent year-on-year. A massive (72%) increase was recorded in the segment of messages from senders other than public authorities.

**Additional data mailbox services**

The Company offers a range of supplementary services to ISDS. Data mailbox users can use several additional services for increased security and ease of use when working with data messages.

**Postal Data Message**

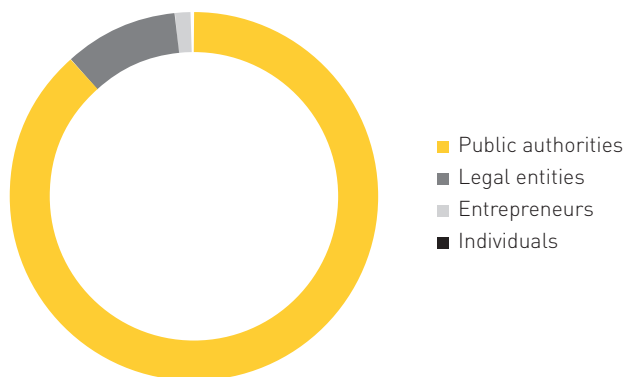
Postal data message is a service in the data mailbox information system which can be used by individuals, entrepreneurs and legal entities for the purposes of communicating with each other. Postal data message suits any situation where the communicating parties need guaranteed and conclusive proof of document delivery. Postal data messages 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 any other users, without limitation to the content of messages.

**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.

In relation to the redesign of ISDS in 2012, Data Safe underwent some significant improvements. Besides graphic changes the variability of the service has been improved, users can now choose from six types of service. Other innovations include the introduction of other payment methods, users can now pay by credit card or by using the on-line transfer through e-banking or standard bank transfer.

**Volumes of data messages by senders in 2012**



During 2012, the number of Postal Data Messages users tripled. More than 24 thousand data mailbox users have enabled themselves to receive Postal data messages which is a growth by 46%.

**Safe key**

The Safe Key to Data Mailbox is a new product enabling higher degree security access to data mailboxes. It also allows its user to attach certified electronic signatures to electronic documents (data messages). It is an action pack containing a commercial and a qualified certificate issued by the Certification Authority PostSignum plus a USB token iKey 4000 including the service software for safe storage of private keys and certificates. A certificate saved on the USB token means increased safety against data being misused compared to saving it onto a personal computer. This device also blocks any attempt at copying the private key from the token if lost by the holder and a special code (PIN) is required for access.

**SMS notification and authentication**

The SMS alerts notification service is 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 less messages to 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 Premium SMS.

The options users can use to log into their mailbox now include further solutions enhancing the security of access to data mailboxes via a web interface.

**Czech Post electronic marketplace – Procurement centre**

The Procurement Centre is an online application, a so called e-marketplace, which enables electronic procurements in procurement procedures.

E-marketplace is a fully electronic system, where all actions taken by both the contracting authority and the suppliers are registered electronically.

Czech Post's e-procurement marketplace Centre was implemented on the basis of a concession procedure called "Operator selection to ensure the establishment and operation of electronic marketplaces of public administration". The concession contract ref 34060/2011-32 was concluded with the Ministry of Regional Development on 30 September 2011, where Czech Post as the operator is obliged to establish and ensure the normal operation of the e-marketplace. The system was launched on 1 November 2012.

Obligation to use the electronic marketplace depends on the type of authority, subject to contract and its estimated value. Using it is mandatory for central government bodies and subordinate organisations for selected commodities and scope. Using it is optional for other public and subsidized authority, town, village, or grant recipients. The obligation shall apply to public contracts which are the subject to listed standardisable commodities. Through the marketplace small scale and beneath limit contracts entered in a simplified beneath limit procurement and procurements placed under a framework agreement with several candidates according to §92 paragraph 3 of Public Procurement Act.

**A flawless eavesdropping device at the Main Post!  
A long-eared bat**

Eavesdropping devices have been installed at more places than just Prague's City Hall. Today, Česká pošta employees found a spy with crack eavesdropping technology right in one of the offices of the Main Post! It was a long-earned bat. The rare bat was taken into custody by the Prague Animal Rescue Service, which is operated by the Czech Union for Nature Protection.

*ecomonitor.cz, 22 March 2012*

### **Certification authorities – Postsignum**

The scheme provides two types of certificate: commercial certificates that can be used for encryption and unscrambling or for user authentication, and qualified certificates that can be used for electronic communication with public authorities.

Another key product is a qualified time stamp which is a valuable addition to the electronic signature. It provides reliable information about the time the document was created and it allows the user to prove the existence of electronic data at a certain time.

45,451 commercial certificates and 142,033 qualified certificates were issued in 2012, which represents a 53% and 9% increase in the annual volume of commercial certificates and qualified certificates, respectively. The certificate authority issued the average of over thirteen million time stamps per month which means a year-to-year increase by 43%.

The total revenues in 2012 still exceeded those generated in 2011, thus confirming the leading position of the Company on the market.

Early in 2012 the distribution network was expanded by introducing so called customer registration authorities, when part of the service is done by customers themselves, provided that there are trained employees who provide certification services to other customer's employees.

Apart from basic certification services, customers can purchase supplementary services and products via on-line electronic purchase system. These include products for safe storage of private keys, SW products for electronic signing of documents and their archiving.

## **ICT**

The database centre was build in accordance with the new ICT strategy of Czech Post. The centre provides space for Czech Post's own ICT technologies and for additional capacity for the implementation of housing services for third parties – clients of Czech Post.

In 2012 the staff working in the ICT operation section moved all the technologies of the backup database centre from the building rented from the company T-Systems to Czech Post's own premises in order to reduce operating cost for rent. Annual operating costs allocated to the operation of the backup database centre were reduced by 50%. The project was very challenging from both the technology and the logistic site. The 107 server, network and other devices were dismantled, moved and mounted. This action had no impact on the operations of Czech Post. Presently, all Czech Post operations connected to ITC technologies are provided in Czech Post's own database centres which improves the quality of ICT services especially in the field of management and control.

In 2012, the first phase of Czech Post's connection to the internet project was completed - new Internet node. The project represented the overall modernisation of Czech Post internet connection and broadening of telecommunication services specified primarily for connection of Partner type post. The upgrade of Czech Post database centre at the same time started with the aim to flexibly use modern communication technologies and reduce dependence of the existing telecommunication operator.



## International operations and relations

### The Company in the global postal network

The basic framework of the Company's international relationships results from the Czech Republic's membership in the Universal Postal Union (UPU).

As a public postal operator, the Company must maintain and develop postal traffic interconnecting all 191 UPU member states.

In 2012, the Company paid a great deal of attention to the preparation of the 25th Universal Postal Union congress in Doha with the participation of business representatives. "New world, new strategies" this main theme of the congress appropriately reflects the huge changes in the current postal sector and the need for global postal operators to adapt to the new reality which is the change in communication.

The international postal network is interfaced with the Company's network via its exchange post offices in Prague, Brno and Olomouc. International postal operation is liberalised in the Czech Republic which means that other operators may enter the segment and create a competitive environment. Slovak Post has remained the most important foreign business partner of the Company in the long term.

### Successes in international operations

The EU membership of the Czech Republic has led to further duties of a public postal operator, i.e. 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.

As the table shows, the Company was successful in fulfilling these requirements in 2012. The quality of service targets, set by the directive, were accomplished both in terms of speed (delivery time D+3) and reliability (delivery time D+5). 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 2012 – inbound	Actual 2012 – outbound
D+3	85% of mail	92.0%	92.4%
D+5	97% of mail	98.7%	98.6%

\* D means the day of posting, D+3 means delivery within three working days after the day of posting and D+5 means delivery within five working days after the day of posting

#### Česká pošta launches new advertising and, for the first time, it's not animated

Ogilvy&Mather has prepared a new ad campaign for Česká pošta. Its objective is to reinforce public perception of the company as a provider of quality postal services for one and all. The campaign will highlight new features in the product portfolio and in addition to television spots it also includes press advertising and below-the-line activities.

*ihned.cz, 15 November 2012*

## Marketing Communication

In terms of the communication activities of the Czech Post, 2012 was probably the most powerful in recent history.

Preparation for groundbreaking changes in the postal market of letter mail and the ever increasing competition on the parcel market have led to implementation of activities aiming to strengthen the Company's leading position in the two key segments of the postal market.

The Great Parcel Revolution – after many years the first Czech Post's television advertising campaign – kicked off in the spring of 2012 to introduce the two flagship products of the new parcel portfolio – Parcel Delivery To Hand which offers customers a delivery to any chosen address and Parcel Delivery To Post Office for delivery to the post office selected by the recipient, e.g. the one close to work. In addition to television advertising, other mass media advertising and non-traditional means were used, such as a hot air balloon.

The autumn campaign to strengthen the brand image before the letter mail market liberalisation in 2013 was the second largest advertising campaign in 2012. TV advertising spots with the slogan "Only Czech Post will deliver your letters just as reliably to big cities as to the most remote places in our country" was so well prepared that it was even appreciated by some advertising experts.

Towards Christmas, which is the high season for the Company, Czech Post reminded its customers about the two new products Parcel Delivery To Hand and to the Post office by organising a consumer contest.

Smaller-scale advertising campaigns were launched for other services and products of the Company, such as verification of documents and signatures, additional services for data mailboxes, mobile applications, selected issues of postage stamps, new e-shop or sale of vignettes.

As shown later by a conducted research, new services and intensive promotion activities contributed to the sudden shift in positive Czech Post brand perception. In order to strengthen the relationship between the public and Czech Post, the Company decided to become an advertising partner of the country's most popular sport – football. It chose to partner the top football cup championship – The Czech Post Cup – even small local clubs are able to participate in it, so it has both a local and nationwide effect.

The Company did not fail to keep up with development and accessibility of data services for mobile phones and developed its own mobile application which enables its users to track their mail online, find the nearest post office or a needed postcode.

The Company is aware of its obligations arising from the basic quality requirements set out by the Czech Telecommunications Office – up-to-date catalogues describing services offered by the Company as well as new booklets 'How to wrap and address mail properly' (beyond the compulsory scope) were made available for use at any post office.

## Call centres

2012 was a historical year for our call centres, mainly for the following three reasons:

- First of all our call centres moved to a new location. The Company's own premises reconstructed for the needs of the Census project in 2011 were used instead of office space leased from private companies. This led to significant savings of operational expenses for rent.
- A transition to new technology developed by Cisco Systems, Inc was of particular importance. The state-of-the-art technology is based on VoIP. Cisco Unified Communications Manager system is used for voice services is not only used by the call centre itself but also ICT call centre unit and SIPO division. Cisco Unified Email Interaction Manager (CEIM) application being part of the system has been introduced for group e-mail handling.
- The long planned operational call centre of Czech Post concept was commenced. Its practical application means a significant step in the dynamic management and operations of the call centre and it is an important prerequisite for future quality improvement of services provided to internal and external customers.

## Human resources

### Significant effects on the employment

2012 was the last year before the full liberalisation of the postal market which was planned for 1 January 2013. Czech Post used it to complete the administration and IT rationalisation and to optimise the logistics networks, especially by creating depots and centralising services.

There were also minor changes made in the branch network. The least effective post offices were replaced by operations: Partner or Service Point. This action resulted in closing some of the post offices which is reflected in the decreased number of employees and reduction in personnel costs.

As at 1 July 2012, the new Branch of ICT services was established in accordance with decision No. 224 of the Government of the Czech Republic from 4 April 2012. The Branch's mission is to provide services for state (public) administration.

### Employee structure

Due to the above stated, in comparison to 2011 the number of employees was reduced by 1,039 persons (i.e. 3.1%). The majority of staff made redounded includes: postmen, support (especially administrative) and logistics personnel.

### The number of employees in 2012 according to professional groups

Of the total number of employees (FTE), 78% were professional staff (postmen, counter clerks, logistics personnel, operations background), 10% were support staff (experts, coordinators, support – e.g. transport – IT, professional officers, accountants, professionals and so-called services – e.g. warehouse workers, maintenance workers porters etc.), 11% were management, 1% were traders.

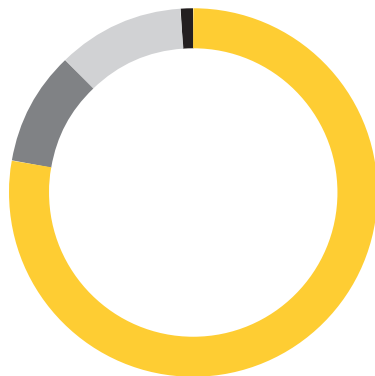
### The number of employees in the operating sector in 2012 according to extended professional groups

Of the total number of employees in the professional operation group: 44% were postman, 34% were counter clerks, 11% were logistics personnel, 11% were operations background.

The full-time equivalent number of employees in 2012 was 32,163.

The number of employees in 2012 according to professional groups

- Management
- Traders
- Professional staff
- Support staff



The number of employees in operating sector in 2012 according to extend professional groups

- Postmen
- Counter clerks
- Logistics personnel
- Operations background



## Salary and social policy

In 2012, in the area of remuneration, the Company was focused on the following:

- Application of results-based pay as the toll for work performance management, in particular to achieve the strategic and business goals and for customer support.
- Application of tasks-based pay for staff in alternative delivery network, which motivates employees to deliver parcels with high quality and also lets record the economic benefits of the project.
- Revision of model positions within the project Setting of the system qualification and revision of model positions.

The average monthly salary in 2012 amounted to CZK 21,884; it grew by CZK 346 (1.61%) compared to the previous year. Average additional monthly income of employees beyond the level of salary in 2012 amounted to CZK 1,238 per employee. This income includes supplementary pension insurance benefits, life insurance, meals, recreation, rehabilitation, culture, etc.

These benefits were funded from social costs and the Company's fund for cultural and social needs. In addition to these financial benefits, employees also received other, non-monetary benefits. These included mainly an additional week of holiday, a work week that is 2.5 hours shorter than the average and wage compensation for selected personal reasons.

## Social dialogue

Dialogue with the social partners is an important part of Czech Post's communication. The content of the dialogue with business partners include issues related to economic, social, wages, labour, safety and other conditions governing labour relations. The communication process is implemented on the basis of regular meetings and providing information in an agreed scope. In February 2012, the Company signed Amendment No. 1 of Collective Agreement. The Amendment includes the agreement with Trade Union on the increased number of employees in the operations area, increase of premiums and financial contribution to meals (also in the domestic business trips).

### Česká pošta keeps promise it gave customers in autumn of last year

Back then, the postal service's management in the Ústí Region announced that a post office located in a shopping center in the regional capital would be open for business even on Sundays.

*ČRo Sever, 9 January 2012*

The social dialog in 2012 was carried out in atmosphere of mutual respect and trust which the contributed to preserving social harmony in the Company.

## Professional training and development

Employee trainings were mainly focused on sales support in relation to the Company's strategy to increase revenues from sales of products and the development of managerial skills of the management employees in the operations and logistics department.

As part of professional trainings programme, cashiers and counter assistants of the Company were trained in accordance with Act No. 136/2011 Coll. on the circulation of banknotes and coins. Those employees were also trained in the area of selling government bonds and pension saving schemes.

During 2012, implementation of the new adaptation process system was finalised within the whole Company.

In 2012, the project 'Setting a system of qualification and revision of types of positions' continued. The project has two main aims: the first involves (i) setting the European standard of qualifications for typical postal activities and (ii) updating qualification requirements for individual types of positions in accordance with the set standard, needs of the Company and labour market. The second is to verify the types of positions in individual structural units with regards to the work performed and, if necessary, to reassess the intensity of the work and to set the level of salary accordingly. As at of 31 December 2012, 97% of planned and 75% of typical positions were verified, respectively.

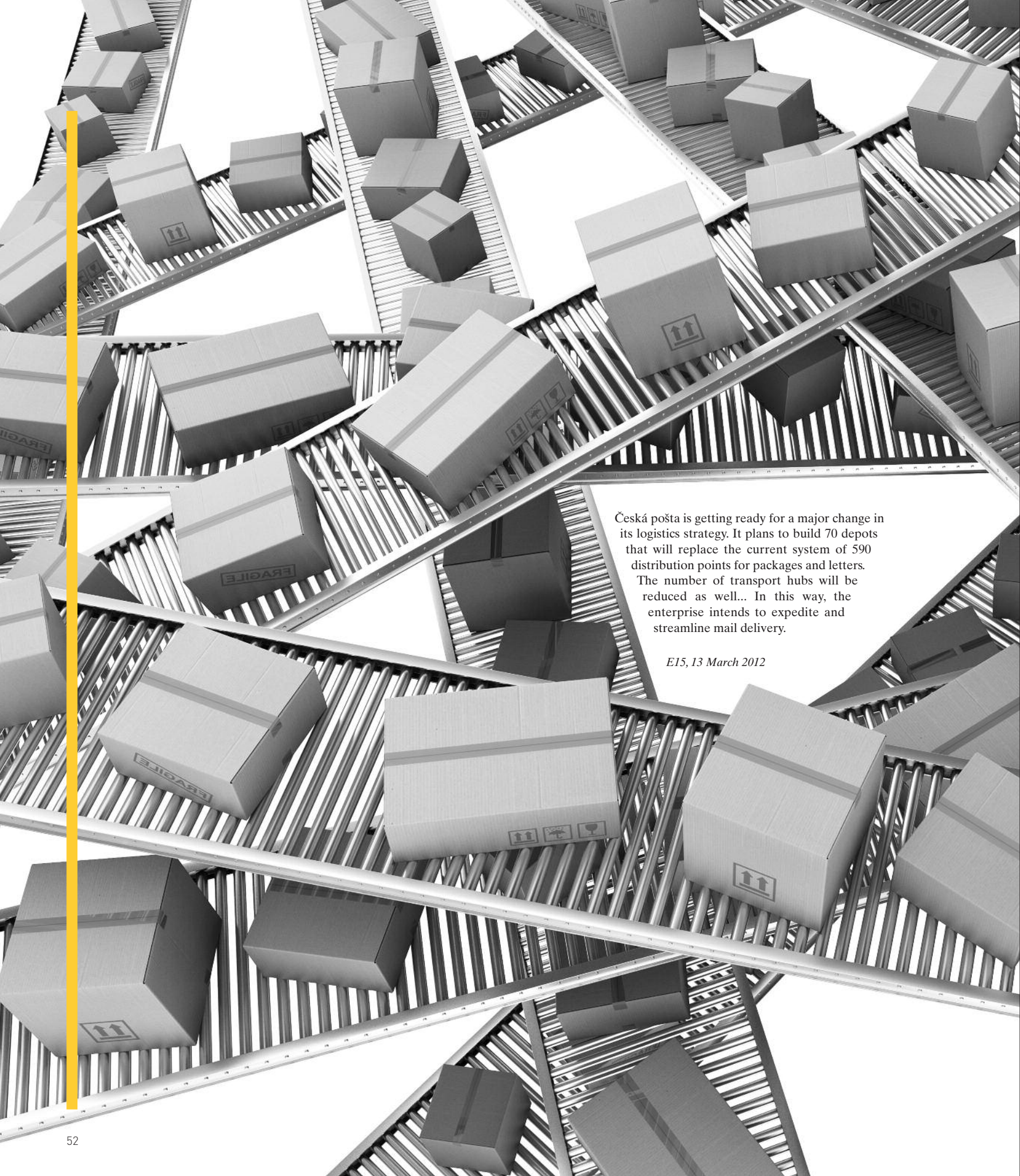
During 2012, preparations for another annual staff evaluation took place. It will be held early in 2013. Based on the results of the evaluation process, individual managers can decide about modifications to scale wages or extension of employees' work contracts.

## Occupational medical services

During last year, occupational medical services (PLS) were revised which each employee is obliged to carry out according to law (formerly known as occupational preventive care). The aim was to implement new legal requirements effective from 1 April 2012 and introduce an effective manageable process. The idea is to achieve a higher quality in the area of occupational safety and to eliminate increased costs in the maximum possible volume and to enhance corporate social responsibility.

The solution is to centralise and utilise computerisation from ordering appointments to data input to the maximum possible extent. PLS is provided by two contractors who cooperate with physicians, so that they guarantee consistent quality and availability.





Česká pošta is getting ready for a major change in its logistics strategy. It plans to build 70 depots that will replace the current system of 590 distribution points for packages and letters. The number of transport hubs will be reduced as well... In this way, the enterprise intends to expedite and streamline mail delivery.

*E15, 13 March 2012*





## Security

Within postal services, Czech Post offers financial services which are activities with higher risk exposure, which due to its diversity cannot be compared with any other financial institution. Providing basic safety requirements for smooth operation of these services and protection of both workers and clients of Czech Post is the basic task of the Security Policy department.

### Innovations in security at offices

Security Policy department was dealing with requirements for smoothly conducting activities with higher risk exposure (financial services – handling of money at counters, transport of cash etc.) by providing security measures in objects so that all valid standards for safe handling and storage of cash are met:

- Security improvements continued in small outlets which are often targets of assaults. Following the project which was designed and test run in 2011, those outlets were equipped with small camera systems.
- The newly opened and refurbished post offices were continually equipped with time-lock cash registers, mobile safes and security switches with a number of security features.
- Gradual replacement of security equipment was realised within the Company.
- Gradual replacement of ten-year-old PZTS (security alarm and emergency systems) was carried out and CCTV at TOP 100 and TOP 1000 offices as well as specialised outlets (SPUs, administration buildings etc.).

### Crisis planning

Crisis planning (CP) in a general sense includes a range of management activities, analysis and assessment of security risks as well as planning, organising, implementing and controlling activities performed in connection with preparation for possible crisis situations (KS) described in Act No. 240/2000 Coll., Crisis Act, and Act No. 222/1999 Coll., on Ensuring Defence of the Czech Republic.

Czech Post as the subject of the critical infrastructure under the Act on crisis management, as amended (see Act No. 240/2000 Coll. §2 letter k) prepared a "Crisis Preparedness Plan for critical infrastructure entities" (hereinafter PKPSKI) including emergency preparedness plans of 155 elements of critical infrastructure.

On 18 September 2012, the final audit by the Ministry of Trade and Industry was carried out and the conclusion was that the processing of PKPSKI documentation required no further adjustments and it was recommended for approval by the statutory body of the Company. PKPSKI was approved by the signature of the Director General of Czech Post on 2 October 2012.

In relation to the approved PKPSKI in order to ensure preparedness and crisis management within the scope applicable to the Company at the threat of a crisis situation in the Czech Republic after the announcement of a state of risk or a state of emergency or a state of danger or state of war and following the decision RO-302/2012/DG ("Rules for management of crisis situations") with a signature of the Director General of Czech Post, dated 30 January 2013 the "Status of the task force of Czech Post," and "Rules of Procedure of the task force of Czech Post" were approved.

The following extraordinary events of crisis character (MUKCH) were noted in 2012. The occurrence was lower than in previous years:

- MUKCH represented by technological failures related mostly to water network faults and faults in the electrical system.
- In the category of hazardous shipments it was mainly related to damage of the packaging of chemical substances leakages from parcels and explosives threats.
- An extraordinary incident was caused by weather conditions when heavy rain caused flooding of a post office, and severe frost which led to a hydrant bursting at the back of the building.
- In the area of crime an incident of selling adulterated alcohol occurred. It was sold by an entrepreneur who sent it through an online store.



## Internal audit

In 2012, the internal audit performed its activities in accordance with the requirements set by the international standards for the Professional Practice of internal auditing and the Company's internal audit statute.

This position in the organisational structure warrants the independence of internal auditors from the audited activities and organisational units. The required objectivity of audit activities that are conducted by internal auditors is also guaranteed by strict compliance with the provisions of the internal audit statutes and the code of ethics for internal auditing.

The supervision of the activity and results of the internal audit were the responsibility of the internal audit committee as an advisory body to Director General. Members of the committee meet to discuss the results of all internal audits and submit them to Director General.

The primary basis for the activities conducted by internal audit in 2012 was the internal audit activities plan approved by the Director General. The plan included 18 audits and 1 monitoring. The plan was fulfilled on a timely basis. Three other audits were carried out as requested by the Management Board of the Company.

The results of each audit were contained in the final audit report. Each report contained adequate recommendations on how to remedy the defects found. All findings were discussed with the chief executive of the audited organisational unit and submitted for examination to the internal audit committee and finally the Director General. Approved recommendations from each audit were included in a corrective measures plan which sets concrete tasks with time limits and the names of chief executives responsible for removing the defects found. By realising each corrective measures plan, there were improvements applied to the quality of the Company's administration and management, its activities and products offered improvement of internal management and controlling system or risk management process and their potential elimination. The quality and benefits of internal audits were assessed by internal users as being considerable and the quality and understandability of audit reports was satisfactory and the audits contributed towards improving the Company's processes and operations.

Apart from audit and monitoring services, the internal audit also provided consultancy and cooperation to other chief executives and organisational units and collaborated with the external auditor, mostly in the area of information in respect of the results of the audit activities that were conducted.

In relation to the understanding of international standards, internal audit also performed other activities, such as assessments of the management and control systems, levels of risk control, evaluation and communication of the results of audit services, implementation of the Internal audit quality assurance and improvement programme, professional education of auditors, etc.

### **Hurrah, off we go to the package machine**

No more waiting in long lines at the post office, or for the letter carrier to ring the doorbell at home, when you're supposed to be somewhere else. Česká pošta is coming out with new services designed to make life easier, especially for people with jobs and other pressing duties. One of these, called Balíkomat (the Package Machine), enables people to pick up packages from self-service lockers at any time of the day or night.

*Český rozhlas Ostrava,  
9 February 2012*

## Risk management

Overall, the internal audit activities carried out throughout 2012 contributed towards:

- securing functionality of the Company's new products,
- improved quality of the services provided by the Company,
- constant fulfilment of the quality and security requirements on certified services,
- cost-cutting in respect of compulsory audits and certain other activities,
- improved level of the audited processes and activities,
- better efficiency of the management activity and cooperation between organisational units of the Company,
- identification of the causes of risks and measures leading to their elimination,
- stronger preventative measures against fraud and damage,
- assured guidance in control activities, and
- better efficiency of the managerial and professional control.

In 2012, the quality assurance and improvement programme was also prepared. As part of its annual evaluation, its results supported the statement: "Conforms with the International Standards for the Professional Practice of Internal Auditing" in the meaning of standard no. 1321. The total realisation of the program is 98% which, according to set criteria, represents to a very good quality of internal audit.

The risk management system plays an integral role in the management process of the Company. Its aim is to assume responsibility for creating necessary conditions for conscious risk acceptance and efficient management of business risks which elevate and exist in the dynamic external business environment and extensive internal changes of the Company. The aim is to contribute towards managing existing risks, identifying new ones and minimising their effect on the Company's operations.

Individual activities related to risk management are consistently set out in the guidelines on risk management and guidelines for risk management in the ISMS. Tasks described in this control documentation are mainly secured by the owners of risks in cooperation with the risk management department of internal audit and risk management. The Risk Management Department is responsible for mentoring, for creating conditions necessary for effective and efficient risk management and its organisation. Risk management itself is, in accordance with the usual practice and internal control documentation of the Company, secured by each risk owner.

In 2012, the Company identified and achieved the following goals in the area of risk management:

- performing detailed assets identification (for each risk),
- updating risk owners in accordance with organisational changes,
- implementing and performing controls of origin and development of risk causes and monitoring of influence of those causes on risk evaluation,
- providing new owners of risks with information on development of risk within their responsibility and support in the process of their evaluation,
- providing support with identification and evaluation of new risks at occurrence,
- providing support to organisational units within ISMS at implementation of guidelines, and
- publishing of the Company's book of risks as at 31 December 2012.

The Company's Book of Risks for 2012 was prepared by the Risk Management Department based on updated information on risks throughout the year; identification and revaluation of all risks in collaboration with the identified risk owners. A total of 54 risks were identified and managed within the Company as at 31 December 2012, with impact values ranging between CZK 50 thousand and more than CZK 100 million and incidence rates ranging from very low to very high. There was a decrease in the number of significant risks compared to 2011 due to measures taken for their effective management. As at the end of 2012, 13 risks were classified at the level of remaining risks, 39 at the level of acceptable risks, and 2 at the level of significant risks. None of the risks identified within the Company in 2012 achieved the level of critical risks. The Book of Risks contains individual risk cards and maps divided into categories, as well as a separate chapter on significant risks with the obligatory plans for managing them.

The cooperation between individual risk owners and the Risk Management Department in 2012 can be considered successful. After each organisational or personnel change, an update of risk owners was always conducted and all necessary support was given to new risk owners in order to acknowledge them with individual risks including help with possible revaluation of those risks. For all risks identified within the Company, the effectiveness of measures taken was systematically monitored including their influence on the new evaluations of such risks. Reports on risk management status and measures taken, especially for significant risks, were presented to the Company's management and Supervisory Board throughout the year.

**In Liberec, the Česká Pošta Hockey Cup 2012 showcases the most promising up-and-coming talents in Czech hockey**

With financial assistance from their general partner, Česká pošta, on 26–29 December 2012 the Liberec White Tigers will hold the 2012 Česká Pošta Hockey Cup, one of the biggest youth hockey tournaments in the Czech Republic. The tournament, which includes two categories – for younger and older players, respectively – will be held in two halls in Liberec: Tipsport Arena and Svijanská Arena. All told, ten of the Czech Republic's top teams will participate.

*RTM TV, 21 December 2012*

# HELP WITH DEBT TIPS

## **Česká pošta to offer assistance to those in debt**

...through a new service entitled  
Residential Debt Collection (DINO). ...

“It’s an attempt to help the weak, to  
ensure that certain strong players don’t  
take advantage of their situation,” said  
Minister of Finance Miroslav Kalousek.

*novinky.cz, 18 October 2012*

## Environmental protection

The operations of Czech Post only have a very slight impact on the environment. Emissions from the operation of trucks and passenger cars as well as from the operation of stationary combustion sources represent the main effects.

The Company's strategy in respect of the ecology primarily focuses on compliance with legislation in all areas of environmental protection with a view to precluding environmental hazards and minimising any ecological risks.

These activities are then apparent mainly in the introduction of alternative fuels for fleet. There was a significant increase in the number of vehicles that are designed to burn CNG in 2012.

In order to reduce the energy performance of buildings and the production of emissions, windows were replaced in 12 buildings in 2012.

One extraordinary situation arose in 2012 in connection with the operation of Czech Post when an area was polluted with leaking fuel. The resulting pollution was at a local level and a proper remediation was realised in the affected area.

### Electric cars find a place in city logistics

Česká pošta has begun delivering mail in Prague using a Peugeot iOn electric car. The car is on loan for operational testing from ČEZ, which also provided one charging station. In other countries, electric cars are already seeing widespread deployment in mail delivery. Certain employees of Česká pošta in Prague can look forward to driving an electric car on a daily basis – while delivering mail in the vicinity of the company's headquarters on Jindřišská Street.

*Logistika, 4 September 2012*

## Philately

### Stamps in 2012

In 2012, Czech Post, acting on behalf of the stamp issuer, i.e. the Ministry of Trade and Industry of the Czech Republic, issued a total of 29 commemorative stamps with first day covers and commemorative handstamps, of which three stamps came out as souvenir sheets printed from steel plates.

Czech Post produced the traditional issues including some old favourites in the area of stamp design, such as Tradition of Czech Stamp Design, Personalities, Beauties of Our Country, Europe, For Children, Works of Art on Postage Stamps. In the 20th annual competition to choose the most beautiful Czech stamp in 2012, the public voted for the most beautiful stamp and chose "800 years since the publication of the Golden Bull of Sicily by King Frederick II" with the face value of CZK 49. The stamp was designed by graphic designer Oldřich

Kulhánek and engraved by Miloš Ondráček. In second place there was a stamp with the name Jan Kupecký – Self-portrait with family, which is an engraved transcription by Martin Srba of the eponymous painting. Third place goes to the unusual and technically perfect Virgin Mary of Svatý Hostýn. In addition to the four colour offset printing, there are also three colours engraved from steel plates – we would like to especially mention the golden colour which is characteristic for panel icons.

### Commemorative stamps in 2012 (in CZK)

Tradition of Czech Stamp Design: Josef Liesler	10
Personalities: Jiří Trnka (1912–1969)	10
150th anniversary of the establishment of Sokol	14
Beauties of Our Country – Kuks	14
Beauties of Our Country – the statue of Matyáš by B. Braun in Kuks	18
150th anniversary of Union of Czech Mathematicians and Physicists	10
Personalities: Johann Gregor Mendel (1822–1884)	20
500 years of Hebrew printing in Prague	25
100th anniversary of Czech scouting	21
Europe – a common theme: An invitation to publishing country	20
Technical monuments: Bata channel	10
Prague castle – Tintoretto	30
70th anniversary of the massacre at Lidice	20
70th anniversary of the Ležáky massacre	10
100th anniversary of the coronation of the statue of Virgin Mary of Svatý Hostýn	21
Summer Olympics and Summer Paralympics in London 2012	20
Plant growing – beauty of orchids	10
Plant growing – beauty of orchids	14
Plant growing – beauty of orchids	18
Plant growing – beauty of orchids	20
Traveller Alberto Vojtěch Frič (1882–1944)	10
800 years since the publication of the Golden Bull of Sicily by King Frederick II.	49
World post day – Postal Museum in Vyšší Brod	26
Legends of the Masaryk circuit in Brno – František Štátný (1927–2000)	18
Legends of the Masaryk circuit in Brno – Louis Chiron (1899–1979)	25
Works of Art on Postage Stamps: Kamil Lhoták (1912–1990)	26
Works of Art on Postage Stamps: František Kupka (1871–1957)	2 x 30
Works of Art on Postage Stamps: Jan Kupecký (1667–1740)	32

### Česká pošta reports that the world's automobiles are in high demand at post offices

Stamps that will definitely catch your eye await you in the "Václav Zapadlík – the world's automobiles" stamp book. The unique stamp book is selling extraordinarily well, with demand running especially high among collectors and lovers of historical automobiles.

*Parlamentní listy,  
3 November 2012*

### Definitive stamps and postal stationeries

A total of seventeen definitive stamps, eight commemorative postcards, eight picture cards and special New Year envelope with prepaid stamp were issued by Czech Post in 2012.

The biggest success was the first place in the competition WIPA GRAND PRIX 2010 which was awarded to an offset definitive stamp "Postal Museum in Prague" with the nominal letter value "A". The stamp was designed by the Slovak author, Professor Dušan Kállay and drawn by designer and engraver Miloš Ondráček.

Another major achievement was the third place in the category of stamps with the theme "music around the world". It was given to Marina Richterová and her stamp "W. A. Mozart" with nominal letter value "E".

Furthermore, Czech Post issued the last two stamps from the very successful self-adhesive issue Quatrefoil – "Quatrefoil in the service of the King" (to the eponymous movie). Subsequently, the booklet "Václav Zapadlík – World Cars" began a new series of stamp booklets. It includes six stamps with the nominal value "E" (the actual value of CZK 20) that will continue in coming years.

### Personalised stamps

A pilot project of "Personalised stamps" was launched in August 2012. They are intended for private entities that want to have their own theme on a stamp.

Personalised stamp is a personalised literal definitive stamp which consists of an optional image of the client and a part containing fixed mandatory attributes. These are the name of the state Czech Republic, micro text CZECH POST • CUSTOM STAMP and literal expression of the nominal value of stamp in the form of symbols – A (the actual price for Ordinary domestic letters – standard to 50 grams) or E (the actual price for Priority ordinary letters abroad to 20 grams – European countries).

From August to December, Czech Post accepted 11 orders and issued 66 personalised stamps in the total amount of CZK 2,130,599.

### Commemorative handstamps

In 2012, Czech Post prepared and used a total of 59 commemorative handstamps. In addition to traditional handstamps such as Christmas, Easter, and Valentine's Day, commemorative handstamps to celebrations, anniversaries and philatelic events were issued – such as the Tribute to Bedřich Husa – 86 years, Blessing of New Bells, Harley-Davidson Club Prague, Dana Zátopková and etc. Several handstamps were also issued for the traditional trade fair "Collector".

The handstamp with motive of Boží Dar-Jesus with a dove designed by Maria Svobodová became the winner of the annual most beautiful commemorative handstamp for the fourth time. The winning handstamp received 365 from a total of 1,291 votes.

Further, a total of 33 commemorative stickers for registered letters (R-stickers) and 27 APOST stickers with an additional print were issued.

### The post office will cancel stamps using an Olympic-themed hand stamp

The cancellation will use the motif of a rubber boot, which was the Czech team's symbol at this year's Olympics. Each year, Česká pošta prepares a number of hand stamps to honor various occasions, including accomplishments of the nation's athletes. Of course, there is a rule according to which no living persons, except the President and the Pope, may appear on a postage stamp. Up until this year, however, there was also a rule that the postal service would issue at least one stamp commemorating a sport in which Czech athletes achieved worldwide renown, and this stamp would then be cancelled with a special hand stamp commemorating the particular event. In this way, athletes such as Aleš Valenta, Kateřina Neumannová, and Martina Sáblíková have appeared on postage stamps.

*Finanční noviny, 17 August 2012*

## Postal Museum

The Postal Museum, which houses almost 500 years of mementos of the organised postal industry in the Czech Republic, entered its 94th year of existence as a fixed, integral part of Czech Post, state-owned enterprise.

A Czech stamp won the Grand de l'Exposition WIPA in Vienna, the most widely recognized international postage stamp design competition in the world. The winning entry was a stamp entitled "Postal Museum" by Slovak artist Dušan Kallay, whose design was engraved by Miloš Ondráček. Lichtenstein came in second, and Slovakia was third. "The Czech Republic's victory in the competition underlines the high quality of postage stamp design in our country. While a number of competing postal services entered miniature sheets, which are much harder to produce, we won the competition with an ordinary postage stamp..." said Břetislav Janík, Česká pošta's Director of Stamp Design.

*Právo, 10 October 2012*

It contributes to the Company's marketing activities, promotes stamp design and represents the Company both locally and internationally. The Postal Museum is a member of the International Association of Transport and Communications Museums (IATM), an active member of the Conference of European Communications Museums (CECOMM) and, as one of eleven selected postal museums worldwide, belongs to the Club Elite de la Philatelie de Monte Carlo, Monaco. In the Czech Republic, it participates in the work of the Association of Museums and Galleries, and collaborates with the Union of Czech Philatelists, including, among other things, within the framework of the Union of Czech Philatelists' Association of Friends of the Postal Museum.

The museum has long-term exhibitions in Prague and in its branch in Vyšší Brod, where the history of post and telecommunications, from their very beginnings up until the present day, is presented in the abbey of the former Cistercian Monastery in a space of approximately 1,800 square meters. Apart from temporary exhibitions, held in Prague as well as in Vyšší Brod, it participated in a number of exhibitions both in the Czech Republic and abroad. By law, it is entrusted to approve the export of articles from the field of the history of the postal industry and stamp design, and serves as a Czech centre for stamp exchange within the framework of the UPU. One of the museum's important functions is the provision of library and consultancy services to researchers, students and the Company's employees.

## Exhibitions

### Temporary exhibitions at the Postal Museum in Prague

- "Jaroslav Němeček – The Čtyřlístek Comics Not Only on Stamps"  
23 November 2011–  
26 February 2012
- "Promotion of post office of the First Czechoslovak Republic"  
29 February 2012–22 April 2012
- "Post office by Tomáš Vosolsobě"  
25 April 2012–17 June 2012
- "Václav Sivko – Pavel Sivko. Landscape graphics – stamp and graphic design"  
20 June 2012–  
16 September 2012
- "Post office and postal banking in the Czech Republic"  
19 September 2012–  
25 November 2012
- "Kamil Lhoták – On the bike, on the motorcycle and up in the air"  
28 November 2012–  
3 February 2013

A commemorative postcard with additional print marked each of these events, and a commemorative handstamp was available at a temporary post-office counter set up to mark the occasion.

### Temporary exhibition at the Postal Museum in Vyšší Brod

- "14th Annual Exhibition of Artwork by Students at the Kaplice-Based Elementary School of Arts in Vyšší Brod"  
14 June 2012–  
2 September 2012



### Exhibitions – external collaboration within the Czech Republic

- “First Ladies - Fate, Mission, Ordeal?”; Central Bohemia Museum in Roztoky, 30 September 2011–15 March 2012
- “Ferdinand I. Dobrotivý and art of his time”, Prague Castle Administration, The Prague Castle, 1 June 2012–9 September 2012
- “Monarchy”, The National Museum’s new building, 13 December 2012–9 June 2013
- “Lidice is alive”, The National Archives of the Czech Republic, Prague 4 – Chodovec, 11 May 2012–27 June 2012
- “Cistercians’ Plasy in 2012”, The monastery in Plasy, 12 June 2012–17 June 2012
- “Illustrator Cyril Bouda”, Regional Museum in Žatec, 21 June 2012–30 September 2012
- Exhibition of work of art by Viktor and Maria Stretti, The monastery in Plasy, 27 September 2012–30 September 2012
- “Prague Castle Photographic Archives”, Museum of Beskydy in Frýdek-Místek, 20 September 2012–28 October 2012
- “Oldřich Kulháněk – stamp design and graphic arts/Martin Říha – photographs from workshops”; Museum of Krkonoše in Jilemnici, 5 October 2012–11 November 2012
- “Zdeněk Ziegler – For eyes only”, Museum Kampa in Prague, 6 September 2012–7 October 2012

### Social events in the Postal Museum

- dedication ceremony for the stamp for the 150th anniversary of the founding of the Union of Czech Mathematicians and Physicists, 7 March 2012
- announcement of the results of the 2011 most beautiful Czech stamp awards held by Czech Post, state-owned enterprise, magazine Filatelie and the Právo daily magazine, 29 March 2012
- inauguration of monograph “Oldřich Kulháněk: Stamp design”, 23 March 2012
- Prague Museum Night, 9 June 2012–10 June 2012
- event to celebrate the 94th anniversary of establishment of the Postal Museum, 18 December 2012

### Collaboration with the Union of Czech Philatelists

- 6th Day of Czech Philately; 8 November 2012: the leading designers of Czech stamps Miloš Ondráček, Václav Fajt and Martin Srb signed their autographs, dedication ceremony for the publication “Postal clothing in the Czech lands”, guided tours, presentations

### Collaboration with dedicated Czech Post departments

#### Marketing

- selection and scanning of background documents (photographs, maps, imprints of handstamps) for preparation of a new-style design of refurbished post offices
- intranet magazine DOMINO used for regular updates of information on the Postal Museum’s activities.
- cooperation at the exhibit “Art For Peace” in the vestibule of the main post office at Jindřišská street in Prague
- handover of visual materials for the production of Christmas promotional items of Czech Post

#### Stamp Design and PostFila

- handover of outline drawings and graphic designs prepared for new Czech stamps and commemorative postcards

#### Communication

- collaboration on the preparation and holding of a 2012 Summer Postal Detective Competition that took place in the period from 1 July to 31 August 2012
- informational articles about the history of post office and activities of Postal Museum published in Poštovní Noviny

### Collaboration outside the Company

Postal Museum of Slovenská pošta, a.s. – searching and scanning of original designs of Czechoslovak stamps for the needs of Slovenská pošta, a.s.

### Film and media collaboration

- Czech Television’s ČT24 – interview dedicated to the most beautiful stamp of the world
- Czech Television’s ČT24 – interview dedicated to the history and present of Christmas postcards
- Czech Television’s ČT24, TV Metropol, Czech Radio’s ČRo 2 and Czech Radio’s ČRo Leonardo – interview dedicated to the exhibition “Promotion of post office of the First Czechoslovak Republic”
- Czech Television’s ČT1 – interview dedicated to postal services through pneumatic tube
- Czech Television’s ČT1 and ČT24 – news report dedicated to the exhibition “Kamil Lhoták – On the bike, on the motorcycle and up in the air”
- TV Metropol and Czech Radio’s ČRo 2 – interview dedicated to the exhibition “Post office and postal banking”
- daily newspaper Právo – visual and text information for an article dedicated to New Year’s postal books
- weekly magazine Naše rodina – visual and text information for an article dedicated to the exhibition “Kamil Lhoták – On the bike, on the motorcycle and up in the air”
- movie Něžné vlny – handover of visual materials (interiors of post office)

## Publications

- Kramář, J.: Čechami a Moravou za starými poštami (pokračování z roku 2011). In: PTN Echo, No. 3–4/2012, p. 22–23.
- Kramář, J.: Dragoun, Václav (heslo ve slovníku). In: Biografický slovník českých zemí. Historický ústav AV ČR 2012, p. 353–354.
- Kramář, J.: Dvouseletý příběh Napoleonových saní (1812–2012). In: Přísně tajné, No. 5/2012, p. 136–141.
- Kramář, J.: Poštovní odívání v československé a české známkové tvorbě. In: Filatelie, No. 12/2012, p. 2–6.
- Kramář, J.: Poštovní muzeum a jeho sbírkotvorná činnost v letech 1939–1970. In: Paginae historiae, č. 20/1. Národní archiv, Praha 2012, p. 131–174.
- Kramář, J.: Poštovní odívání v českých zemích. II. svazek 25. dílu Monografie československých a českých poštovních známek a poštovní historie. Pofis, Praha 2012.
- Kramář, J. – Mach, P.: Zámka České pošty vyhrála Grand Prix de l'exposition WIPA Vídeň 2012. In: Geodetický a kartografický obzor, No. 3/2013, p. 66–67.
- Kramář, J., Kavka, T., Jahoda, M., Říha, M.: Klenoty Poštovního muzea. 33 příběhů sbírkových předmětů. Česká pošta, s.p., Praha 2011.
- Jahoda, M.: Dvůr na cestách. In: Ferdinand V. Dobrotivý a umění jeho doby (katalog výstavy). Správa Pražského hradu, Praha 2012, p. 68–69.
- information on temporary exhibition and events of Postal Museum published in the magazine Filatelie and Poštovní noviny

## Lectures

- "Postal uniforms in the Czechoslovak and Czech stamp design" – lecture on the 6th Day of Czech Philately, 8 November 2012
- Guided tours of Postal Museum for students of primary and secondary schools

## Services for researchers

### Research in stamp design and philately

- A total of 1,468 sets of Czechoslovak and Czech Republic stamps including documentation related to production processes (graphic designs, colour test stamps, engraved transpositions and printing plates) were available for study by visiting researchers in the Postal Museum's study room.
- number of research visits: 38
- Consultancy was also provided by means of electronic mail and phone.
- additional imprints of commemorative handstamps on cards: 7

### Research in Post and Telecommunication History

- Researchers could visit the Postal Museum's study room or contact museum staff via email or by phone. The study room offered documents and photographs from the museum's collections, books and telephone directories.
- Number of visiting researchers and research activities: 255
- Hoffman, P.: "Dějiny státní autobusové dopravy v Českých zemích a na Slovensku" – provision of pictures and documents for the 2nd volume (Postal Buses 1915-1933).
- Králík, J.: "Automobily a motocykly" – Provision of pictures and consultancy
- Padevět, J.: – provision of pictures and documents for a publication dedicated to Prague's addresses where resistance fighters were arrested during the Protectorate of Bohemia and Moravia
- Míka, Z. – provision of pictures and documents related to the history of Prague's streets
- Kalinová, G. provision of pictures and documents associated with postal workers buried at Malostranský hřbitov in Prague 5

## Postal Museum's collection

New acquisitions: 2,397 inventory numbers  
Total inventory according to the Act No. 122/2002 Coll.: 11,797 units (inventory numbers)

### Donations

13 donations

### Purchases

- postal parcel truck, 1950's of 20th century
- diploma – graphics "Čestné uznání III. stupně ministerstva spojů a ústředního výboru Svazu zaměstnanců spojů Stavební správě spojů Praha za výsledky v celostátním socialistickém soutěžení v I. čtvrtletí 1957" by Emil Kotrba
- women's postal uniforms parts from 1960's – 1970's of 20th century: three blue hats called 'garrison cap' (two in summer and one in winter modification) from 1970's of 20th century, two gray-blue jackets from 1963 to 1975 and one light blue shirt – Model 1975
- flintlock pistol, 18th century
- graphics "Die kleine Post – La petite Poste". Original etching by Hieronyma Benedicti, Vienna, Artaria, circa 1790

### Maintenance of collections and repositories

Updated list of collectable items on display and in offices of the Postal Museum in Prague and in the depository of Postal Museum in Ostrovec.

### Restoration and conservation

Three-dimensional collectable items: 10  
Stamp designs and outline drawings: 34  
Steel engravings and printing plates: 187

### Digitisation

Seals and dies: 340 inventory numbers  
Digitisation was conducted in the necessary order in the following sub-collections of documents: Graphic Design, Drawings, Reproductions; Mail-coach Transportation; Photographic archives of the Ministry of Post and Telegraph Offices; Photographic documentation of the Ministry of Communications; Correspondence, Post Office Yearbooks; Patents and Circulars; Post Offices; Postal Savings Bank; Postmarks Archived by the Institute of Postal History.

### Promotion

- A big postal detective story – a traditional competition for visitors of exhibition in Postal Museum in Vyšší Brod
- Preparation of documentation and selection of pictures for the representative publication of Postal Museum “Klenoty Poštovního muzea. 33 příběhů sbírkových předmětů”
- Conclusion of a marketing agreement with Era Postal Savings Bank
- Conclusion of a marketing agreement with Fairlife Marketing GmbH from Linz which promotes leisure activities in Upper Austria and Southern Bohemia. Postal Museum provided visual and written materials to catalogue Grenzgenil, which will promote free of charge the branch of Postal Museum in Vyšší Brod in years 2013–2014.
- Promotional magnets with motives of collectable items of Postal Museum
- Launching of the English language version of Postal Museum’s webpage

### Visitors and revenues

Postal Museum in Prague (paying visitors): 2,547  
Visitors of Postal Museum in Prague with free entry (openings, Czech Post employees, AMG card holders, Ice Prague, Bambiriáda, Prague Museum Night, social events): approximately 2,500  
Postal Museum in Vyšší Brod (paying visitors): 7,553  
Visitors of Postal Museum in Vyšší Brod with free entry: approximately 650  
Total paying visitors: 10,100  
Total visitors: 13,250

The number of visitors to all of the Postal Museum’s exhibitions increased by 2,033 or 18% compared to 2011. A slight decrease (by a 5.6%) occurred at the Postal Museum in Vyšší Brod, especially due to an ongoing decline in attendance of cultural heritage events in the region and a large drop of attendance in July caused by weather. Conversely, Prague exhibition entitled Prague Museum Night, which took place from 9 to 10 June, attracted a record number of visitors. The exhibition was attended by 1,002 visitors in six hours.

Revenues from valuables and goods in the shop of Postal Museum shop in Prague and at the branch in Vyšší Brod: CZK 1,887,129. The projected amount of revenues was exceeded by CZK 387,129.

### Postal ombudsman

In 2012, the ombudsman was contacted by 1,221 customers of Czech Post.

This year, she settled 122 appeals, of which 54 requested examination of the results of a previous complaint or claim handling procedure. The ombudsman confirmed the previous decision of Czech Post in 37 cases, while in the remaining 17 cases she upheld the customer’s view. A total of 68 appeals concerned new cases without previous standard examination.

17 cases led to the 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 in 2012 was CZK 141,061, out of which CZK 43,165 (around 31%) was paid out in 2012.

An old lady spent nearly a week lying helpless on the floor in her house in the Svitavy area, unable to get up by herself. In the end she was rescued by the letter carrier, who heard her calls for help...

*iDnes.cz, 23 March 2012*

# BRANCH ENTER- PRISE

Česká pošta, s.p. (Czech Post) is a state-owned enterprise as defined by The State-owned Enterprise Act no. 77/1997 Coll., as amended ('State-Owned Enterprise Act'), in relation to which the Interior Ministry acts as the Founder.

In accordance with the Czech Parliament resolution dated 4 April 2012 No. 224 on Information on the provision of selected services of information and communication technologies used by the public administration (the "Government Resolution No. 224"), Czech Post is selected to provide supplies and services of information and telecommunication technologies without public procurement as set out by the exemption for so-called internal announcements according to §18 paragraph 1 point. e) Act No. 137/2006 Coll., Public Procurement, as amended (the "Public Procurement Act").

The legitimacy of this procedure was assessed by the Office for the Protection of Competition ("the Office"). As part of individual negotiations, a requirement for the functional separation of the supplier's unit subject to the procurement performance was raised. This procedure is documented in previous correspondence between the contracting authority and the Office.

On the basis of ongoing consultation and comments from the chairman of the Office, where appropriate risks were addressed as well as the need for their elimination through concrete measures and procedures in order to apply the "in-house" exception, the contracting authority moved on to amend the basic documents of Czech Post. In order to eliminate risks and objections in the area of public procurement, business competition and state support, Czech Post initiated the establishment of a specialized branch and with a change made to its Statute, Articles of Incorporation and Rules of Organisation, Czech Post adopted at all levels of a set of effective and internally binding administrative and organisational measures which ensure that the services described in Government Resolution No. 224 and requested by Czech Post without a public tender, on the basis of §18 paragraph 1 point. e) of the Public Procurement Act will be on the factual, legal, personnel, material, financial, organisational and functional side strictly separated

from other activities of Czech Post, especially from those of postal and other commercial character. For this purpose the branch ICT services (or 'OZ ICT'), (full title: Czech Post, State-owned Enterprise, Branch Enterprise ICT Services), was established based on the Director General decision from 27 April 2012 (RO-100/2012/DG).

The basic premise of the establishment Branch Enterprise ICT Services of Czech Post, ('ČP OZ') is adoption of the model present in many EU States (Austria, Denmark), where a state-owned organisation that provides ICT services to the central state authorities was established.

A similar trend can be observed at some large organisations of the commercial sector, such as ČSOB and KBC ICT Services, ČEZ a ČEZ ICT etc.

When procuring ČP OZ, the state authorities can apply the procedure set out in §18 paragraph 1 point. e) Act No. 137/2006 Coll., on public procurement, as amended, which allows state authorities to save time spent on procurement with demonstrating the economic benefits. Ways of achieving economic benefits are listed in Annex 1.

With the increasing importance of eGovernment and electronic communication in general, ICT projects in public administration are increasing in importance from

the safety point of view. The number of projects and operated systems has a critical impact on the operation and safety of the state: Bearing this trend in mind, the risk that a commercial entity will implement sensitive entirely on its own will increase. For ICT projects and systems working with personal data, as well as for projects dealing with the state's critical infrastructure, it is necessary to always carefully analyse the ownership structure of the supplier when implementation is to be done by a commercial entity (including any changes in the duration of the contract) so that national security interests are not put at risk. Based on the Czech Parliament resolution No. 935 from 22 December 2010 the government approved draft decree No. 432/2010 Coll. dated 22 December laying down the criteria for determining the elements of critical infrastructure (e.g. ITS). Government Regulation No. 432/2010 Coll. is shown in Appendix 9.

Given the dynamic development of the ICT market it is also necessary to take into account the risk of the supplier or operator of critically important public service information system getting into economic difficulties which can have a major negative impact on the system.

ČP OZ responds to both these risks. As an entity fully controlled by the state, it eliminates the security risk from the leaking of sensitive information to the

owners, whose interests are not consistent with the security interests of the Czech Republic. With regard to its statute and the organisational structure, ČP OZ is largely resistant to market fluctuations.

ČP OZ is therefore naturally intent on developing and strengthening its current focus on "sensitive" government ICT projects, both in the area of operation and development of the critical infrastructure of the state and hosting or housing systems containing personal data. To further develop this strategic goal, ČP OZ intends to obtain relevant security certification.

One of the main causes of failure of ICT projects of the public sector is uncontrolled project management. On the public authorities' side, they often lack sufficient competence and capacity; commercial entities often lack sufficient understanding of the internal organisation, processes and objectives of public administration. ČP OZ therefore intends to further develop the quality for managing ICT projects administered by the state. These capacities will be based on both adequate expertise and experience in managing ICT projects and detailed knowledge of the environment and the public sector environment. Vendor management skills as specific disciplines will also be further developed.

### **Mission**

The mission of ČP OZ is to be a high-quality and reliable supplier of comprehensive ICT services.

### **Vision**

ČP OZ's vision is to become a strategic partner of government entities ('the Customers') in the implementation of ICT projects and a high-quality and reliable supplier of ICT services, to contribute towards the improvement of quality and effectiveness of public administration's operations and to collaborate on the development of eGovernment of the Czech Republic to the satisfaction of customers and citizens.

Although ČP OZ's financing is strictly separate, it will contribute to increase revenue and improve the positive economic result of Česká pošta, s.p. within its activities. The aim of ČP OZ is to contribute to the overall development and operations of the Company.

# FINAN CIALSTAT EMENTS

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# **INDEPENDENT AUDITOR'S REPORT**





## Independent auditor's report

### to the Founder of Česká pošta, s.p.

We have audited the accompanying financial statements of Česká pošta, s.p., identification number 47114983, with registered office at Politických vězňů 909/4, Praha 1 ("the Company"), which comprise the balance sheet as at 31 December 2012, the income statement and cash flow statement for the year then ended and notes, including a summary of significant accounting policies ("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 controls 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 2012, its financial performance and its cash flows for the year then ended in accordance with Czech accounting legislation.

11 March 2013

*PricewaterhouseCoopers Audit s.r.o.*

represented by partner

*Věra Výtvarová*

**Věra Výtvarová**

Statutory Auditor, Licence 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

## Balance sheet as at 31 December 2012

(CZK million)

Ref. a	ASSETS b	31. 12. 2012			31. 12. 2011	
		Gross 1	Provision 2	Net 3	Net 4	
	<b>TOTAL ASSETS</b>	<b>39,018</b>	<b>12,252</b>	<b>26,766</b>	<b>21,775</b>	
	<b>a this include entrusted resources</b>	<b>9,905</b>	<b>-</b>	<b>9,905</b>	<b>5,138</b>	
<b>B.</b>	<b>Fixed assets</b>	<b>22,681</b>	<b>12,109</b>	<b>10,572</b>	<b>10,027</b>	
<b>B. I.</b>	<b>Intangible fixed assets</b>	<b>2,114</b>	<b>1,497</b>	<b>617</b>	<b>516</b>	
B. I. 1.	Software	1,656	1,361	295	251	
	2. Royalties	2	1	1	1	
	3. Other intangible fixed assets	167	131	36	34	
	4. Intangible fixed assets in the course of construction	289	4	285	230	
<b>B. II.</b>	<b>Tangible fixed assets</b>	<b>19,927</b>	<b>10,612</b>	<b>9,315</b>	<b>8,910</b>	
B. II. 1.	Land	783	-	783	780	
	2. Constructions	9,698	4,279	5,419	5,466	
	3. Equipment	8,014	6,239	1,775	1,780	
	4. Other tangible fixed assets	4	-	4	4	
	5. Tangible fixed assets in the course of construction	1,423	94	1,329	875	
	6. Advances paid for tangible fixed assets	5	-	5	5	
<b>B. III.</b>	<b>Long-term investments</b>	<b>640</b>	<b>-</b>	<b>640</b>	<b>601</b>	
B. III. 1.	Investments in subsidiaries	25	-	25	18	
	2. Other long-term investments in securities	615	-	615	583	
<b>C.</b>	<b>Current assets</b>	<b>16,244</b>	<b>143</b>	<b>16,101</b>	<b>11,620</b>	
<b>C. a</b>	<b>this include entrusted resources</b>	<b>9,905</b>	<b>-</b>	<b>9,905</b>	<b>5,138</b>	
<b>C. I.</b>	<b>Inventories</b>	<b>308</b>	<b>55</b>	<b>253</b>	<b>212</b>	
C. I. 1.	Raw materials	226	46	180	140	
	2. Finished goods	82	9	73	72	
<b>C. II.</b>	<b>Long-term receivables</b>	<b>14</b>	<b>-</b>	<b>14</b>	<b>13</b>	
	1. Trade receivables	3	-	3	3	
	2. Other receivables	11	-	11	10	
<b>C. III.</b>	<b>Short-term receivables</b>	<b>2,823</b>	<b>88</b>	<b>2,735</b>	<b>2,745</b>	
<b>C. III. a</b>	<b>this include entrusted resources</b>	<b>296</b>	<b>-</b>	<b>296</b>	<b>346</b>	
C. III. 1.	Trade receivables	1,689	63	1,626	1,724	
	1. a this include entrusted resources	296	-	296	346	
	2. Receivables-managing and controlling parties	18	-	18	-	
	3. Receivables from shareholders and co-ventures	2	-	2	-	
	4. Taxes and state subsidies receivable	145	-	145	182	
	5. Short-term advances paid	124	-	124	118	
	6. Estimated receivables	770	-	770	672	
	7. Other receivables	75	25	50	49	
<b>C. IV.</b>	<b>Financial assets</b>	<b>13,099</b>	<b>-</b>	<b>13,099</b>	<b>8,650</b>	
<b>C. IV. a</b>	<b>this include entrusted resources</b>	<b>9,609</b>	<b>-</b>	<b>9,609</b>	<b>4,792</b>	
C. IV. 1.	Cash in hand	4,176	-	4,176	4,108	
	1. a this include entrusted resources	4,176	-	4,176	4,026	
	2. Cash at bank	8,173	-	8,173	3,339	
	2. a this include entrusted resources	5,433	-	5,433	766	
	3. Short-term investments	750	-	750	1,203	
<b>D. I.</b>	<b>Other assets</b>	<b>93</b>	<b>-</b>	<b>93</b>	<b>128</b>	
D. I. 1.	Prepaid expenses	91	-	91	122	
	2. Accrued income	2	-	2	6	

(CZK million)

Ref. a	LIABILITIES AND EQUITY b	31. 12. 2012 6	31. 12. 2011 7
	<b>TOTAL LIABILITIES AND EQUITY</b>	<b>26,766</b>	<b>21,775</b>
	<b>a this include entrusted resources</b>	<b>9,905</b>	<b>5,138</b>
<b>A.</b>	<b>Equity</b>	<b>10,281</b>	<b>10,159</b>
<b>A. I.</b>	<b>Share capital</b>	<b>3,588</b>	<b>3,588</b>
A. I. 1.	Share capital	3,588	3,588
<b>A. II.</b>	<b>Capital contributions</b>	<b>6,057</b>	<b>5,861</b>
A. II. 1.	Other capital contributions	6,037	5,868
A. II. 2.	Assets and liabilities revaluation	20	(7)
<b>A. III.</b>	<b>Reserve fund and other reserves</b>	<b>375</b>	<b>372</b>
A. III. 1.	Legal reserve fund	359	359
A. III. 2.	Statutory and other reserves	16	13
<b>A. IV.</b>	<b>Profit / (loss) for the current period</b>	<b>261</b>	<b>338</b>
<b>B.</b>	<b>Liabilities</b>	<b>15,916</b>	<b>10,874</b>
<b>B. a</b>	<b>this include entrusted resources</b>	<b>9,905</b>	<b>5,138</b>
<b>B. I.</b>	<b>Provisions</b>	<b>782</b>	<b>935</b>
B. I. 1.	Other provisions	782	935
<b>B. II.</b>	<b>Long-term liabilities</b>	<b>272</b>	<b>225</b>
B. II. 1.	Deferred tax liability	272	225
<b>B. III.</b>	<b>Short-term liabilities</b>	<b>14,831</b>	<b>9,682</b>
<b>B. III. a</b>	<b>this include entrusted resources</b>	<b>9,874</b>	<b>5,106</b>
B. III. 1.	Trade payables	12,182	7,277
B. III. 1. a	this include entrusted resources	9,874	5,106
B. III. 2.	Liabilities – subsidiaries / controlling parties	1	1
B. III. 3.	Liabilities to employees	544	532
B. III. 4.	Liabilities for social security and health insurance	326	334
B. III. 5.	Taxes and state subsidies payable	81	80
B. III. 6.	Short-term advances received	44	14
B. III. 7.	Estimated payables	1,232	1,102
B. III. 8.	Other payables	421	342
<b>B. IV.</b>	<b>Bank loans and overdrafts</b>	<b>31</b>	<b>32</b>
<b>B. IV. a</b>	<b>this include entrusted resources</b>	<b>31</b>	<b>32</b>
B. IV. 1.	Short-term bank loans and overdrafts	31	32
B. IV. 1. a	this include entrusted resources	31	32
<b>C. I.</b>	<b>Accruals and deferred income</b>	<b>569</b>	<b>742</b>
C. I. 1.	Accruals	3	129
C. I. 2.	Deferred income	566	613

## Income statement

(CZK million)

Ref. a	DESCRIPTION b	Accounting period		
		31. 12. 2012 1	31. 12. 2011 1	
	I.	Sales of goods	283	452
A.		Cost of goods sold	22	381
	+	Gross profit	61	71
	II.	Sales of production	19,663	20,002
	II. 1.	Sales of own products and services	19,646	20,076
		2. Change in inventory of finished goods and work in progress	-	[92]
		3. Own work capitalised	17	18
B.		Cost of sales	5,585	5,519
B.	1.	Raw materials and consumables	1,518	1,644
	2.	Services	4,067	3,875
	+	<b>Added value</b>	<b>14,139</b>	<b>14,554</b>
C.		Staff costs	12,425	12,741
C.	1.	Wages and salaries	9,092	9,359
	2.	Emoluments of board members	12	8
	3.	Social security and health insurance costs	2,988	3,041
	4.	Other social costs	333	333
D.		Taxes and charges	106	92
E.		Depreciation of fixed assets	976	956
	III.	Sale of fixed assets and raw materials	6	2
	III. 1.	Sale of fixed assets	6	2
F.		Net book value of fixed assets and raw materials sold	2	1
F.	1.	Net book value of fixed assets sold	2	1
G.		Increase / (decrease) in operating provisions	[143]	108
	IV.	Other operating income	231	322
H.		Other operating charges	759	614
	*	<b>Operating result</b>	<b>251</b>	<b>366</b>
	V.	Income from long-term investments	11	11
	V. 1.	Income from investments in subsidiaries and associates	11	11
	VI.	Income from short-term investments	14	25
	VII.	Interest income	45	32
	VIII.	Other financial income	32	38
I.		Other financial expense	47	53
	*	<b>Financial result</b>	<b>55</b>	<b>53</b>
J.		Tax on profit or loss on ordinary activities	45	81
J.	1.	- current	3	81
	2.	- deferred	42	-
	**	<b>Profit or loss on ordinary activities after taxation</b>	<b>261</b>	<b>338</b>
	***	<b>Net profit/(loss) for the financial period</b>	<b>261</b>	<b>338</b>
	***	<b>Net profit/(loss) before taxation</b>	<b>306</b>	<b>419</b>

## Cash flow statement for the year ended 31 December 2012

(CZK million)

		2012	2011
P.	Cash and cash equivalents as at the beginning of the financial period	8,650	8,386
P.	out of which entrusted resources	4,792	4,538
Z.	Net profit on ordinary activities before tax	306	419
A.1	Adjustments for non-cash movements:	803	1,241
A.1.1	Depreciation/amortisation of fixed assets and lost investment projects	995	965
A.1.2	Changes in provisions	(143)	108
A.1.3	Profit from disposal of fixed assets	(4)	(1)
A.1.4	Net interest income	(45)	(32)
A.1.5	Other non-cash movements	-	201
A*	Net cash flow from operating activities before tax, changes in working capital and extraordinary items	1,109	1,660
A.2	Working capital changes:	4,726	(236)
A.2	out of which entrusted resources	4,817	254
A.2.1	Changes in receivables and prepayments and accrued income	53	(441)
A.2.1	out of which entrusted resources	50	(106)
A.2.2	Changes in short-term payables, accrued expenses and deferred income	4,713	238
A.2.2	out of which entrusted resources	4,767	360
A.2.3	Changes in inventories	(40)	(33)
A**	Net cash flow from operating activities before tax and extraordinary items	5,835	1,424
A**	out of which entrusted resources	4,817	254
A.4	Interest received	45	32
A.5	Income tax on ordinary activities paid and additional taxes for previous periods	(24)	(49)
A***	Net cash flow from operating activities	5,856	1,407
A***	out of which entrusted resources	4,817	254
B.1	Acquisition of fixed assets	(1,246)	(978)
B.2	Proceeds from the sale of fixed assets	5	2
B***	Net cash flow from investing activities	(1,241)	(976)
	Cash flows from financing activities		
C.1	Changes in equity:	(166)	(167)
C.1.1	Direct payments from reserves	(166)	(167)
C***	Net cash flow from financing activities	(166)	(167)
F.	Net increase/(decrease) in cash and cash equivalents	4,449	264
F.	out of which entrusted resources	4,817	254
R.	Cash and cash equivalents as at the end of the year	13,099	8,650
R.	out of which entrusted resources	9,609	4,792

# NOTES TO THE FINANCIAL STATEMENTS

## 1. General information

### 1.1. Introductory information about the Company

Česká pošta, s.p. ("the Company" or "the Czech Post") 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 government of the Czech Republic. 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 2012 and 31 December 2011, 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. The Company as at 31 December 2012 has its registered office at Prague 1, Politických vězňů 909/4, the Czech Republic. The Company's identification number is 47114983 and it is written in the Commercial Register of the Municipal Court in Prague, section A, insert no. 7565. Česká pošta is a business entity pursuant to the State-Owned Enterprise Act No. 77/1997 Coll., as amended.

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

The main business activities of the Company are as follows:

- a) postal services provision,
- b) international postal operations provision,
- c) provision of services of central buying place for government (public) administration.

The corporate bodies of the Company are the General Director and the Supervisory Board. The General Director 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 2012 was as follows:

**Czech Post**  
Director General

<b>Branch ICT Services</b> Executive Director	<b>Internal Audit and Risk Management</b> Executive Director	<b>Corporate Management</b> Executive Director	<b>Security</b> Executive Director	<b>Postal Technology</b> Chief Director	<b>Purchasing and Procurement</b> Chief Executive	<b>Human Resources Management</b> Chief Executive
<b>Sales and Service</b> Executive Director		<b>Ombudsman</b> Ombudsman	<b>Protection of Persons and Property</b> Executive Director	<b>Allocations and Payments</b> Executive Director	<b>Public Contract Preparation</b> Executive Director	<b>Collective and Social Relationships</b> Executive Director
<b>Projects</b> Executive Director		<b>Communication</b> Executive Director	<b>Postal Security</b> Executive Director	<b>Strategic Development and BI</b> Executive Director	<b>Central Purchasing</b> Executive Director	<b>Remunerations</b> Executive Director
<b>Communication Infrastructure</b> Executive Director		<b>Legislation</b> Executive Director		<b>Postal Technology</b> Executive Director	<b>Standardize and Promote the Purchase</b> Executive Director	<b>Personnel Information</b> Executive Director
				<b>Complaints</b> Executive Director	<b>Purchasing Strategy and Supply</b> Executive Director	<b>5 HR – Front Offices</b> Executive Director
						<b>HR Development</b> Executive Director
						<b>HR Processes – Back Office</b> Executive Director



<b>Finance</b> Chief Executive	<b>ICT and eGovernment</b> Chief Executive	<b>Sales and Marketing</b> Chief Executive	<b>Property Management</b> Chief Executive	<b>Operations support to Logistics and Procurement</b> Chief Director	<b>8 Regions</b> Executive Director
<b>Accounting and Taxes</b> Executive Director	<b>ICT Security</b> Executive Director	<b>Sales Coordination</b> Executive Director	<b>Administration</b> Executive Director	<b>Logistics Network Architecture</b> Executive Director	
<b>Controlling</b> Executive Director	<b>ICT</b> Executive Director	<b>Business Development</b> Executive Director	<b>Operations</b> Executive Director	<b>Regional support to Logistics Network</b> Executive Director	
<b>Treasury and Financing</b> Executive Director	<b>eGovernment</b> Executive Director	<b>Marketing</b> Executive Director	<b>Transport Management</b> Executive Director	<b>Investments</b> Executive Director	
	<b>ICT Support</b> Executive Director	<b>Regional and International Sales</b> Executive Director		<b>Logistics</b> Executive Director	
		<b>Corporate Sales</b> Executive Director		<b>Money Services Operation</b> Executive Director	
		<b>Alliance Partners</b> Executive Director			

The top management of the Company as at 31 December 2012 were as follows:

Members of the top management	Position	Appointed on	Written into the Commercial Register on
Ing. Petr Zatloukal, MSc., MBA	General Director	25 May 2011	30 June 2011
Ing. Martin Elkán	Deputy of the General Director and Chief Director of Trade and Marketing Division	1 June 2011*	30 June 2011
Ing. Tomáš Ječný	Deputy of the General Director and Chief Director of ICT a eGovernment Division	13 February 2012*	11 April 2012*
Richard Soldán	Deputy of the General Director and Chief Director of Postal Operations and Logistics Division*	13 February 2012*	11 April 2012*
Ing. Martin Horák	Deputy of the General Director and Chief Director of Finance Division	1 December 2012*	10 January 2013*
Ing. Ladislav Tomeš	Deputy of the General Director and Chief Director of Property Management Division	13 February 2012*	11 April 2012*

\* date of appointment to the position of Deputy of the General Director

The following changes in the top management of the Company were also registered into the Commercial Register in 2012:

Members of the top management	Position	Appointed on	Written into the Commercial Register on	Terminated on	Removed from the Commercial Register on
Mgr. Radim Bureš	Deputy of the General Director	1 May 2012	10 May 2012	30 November 2012	10 January 2013
Ing. Jana Vošická	Deputy of the General Director and Chief Director of the Finance Division	13 February 2012*	11 April 2012*	30 November 2012*	10 January 2013*

\* date of appointment to the position of Deputy of the General Director

Changes in the top management of the Company, which occurred between the balance sheet date and the date of preparation of the financial statements, are disclosed in Note 25 – Subsequent events.

On 10 May 2012 the establishment of the Company's ICT služby branch (full name: Česká pošta, s.p., Odštepny závod ICT služby) was entered into the Commercial Register, with the registered office at Olšanská 1951/4, Prague 3. The Branch's Director is Ing. Ivo Rosypal – appointed on 1 May 2012, entered into the Commercial Register on 10 May 2012.

The main business activities of the Branch are as follows:

- supply, development and operation of information and communication technology systems and related services, 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 Information systems of public administration Act No. 365/2000 as amended and Electronic operations and authorised document conversion Act No. 300/2008;
- provision of services of central buyer place for government (public) administration.

Members of the Supervisory Board as at 31 December 2012 were as follows:

<b>Name</b>	<b>Position</b>
Ing. Jiří Maceška	Chairman
Karel Koukal	Vice-Chairman
Ing. Jan Mládek, CSc.	Vice-Chairman
Mgr. Jan Sixta	Vice-Chairman
Ing. Vladimír Budinský, MBA	Member
Ing. Soňa Lavičková	Member
Ing. Lubomír Krejsa	Member
Ivana Musilová	Member
Ing. Jiří Řehola	Member
Ing. Miroslava Oliveriusová	Member
Štěpán Grochal	Member

Members of the finance and audit committee of the Company as at 31 December 2012 were as follows:

<b>Name</b>	<b>Position</b>
Ing. Jan Mládek, CSc.	Chairman
Ivana Musilová	Member
Ing. Miroslava Oliveriusová	Member

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

The holder of the postal licence has:

- a) a duty to secure the general availability of basic postal services on the whole territory of the Czech Republic,
- b) a right to operate postal services, i.e. deliver mail and/or money remitted by money order.

The CTO, as the postal regulator, sets basic quality requirements for the Company, concerning, e.g. density of service points, opening hours of premises, methods of delivering to addressees, delivery speed, handling complaints, etc. These quality requirements are assessed on an annual basis by the CTO. The requirements are assessed on a yearly basis in the Report on the fulfilment of tasks of Česká pošta, s.p. in the area of basic services published by the CTO ("the CTO Report"). The CTO Report for 2012 has not been published as at the date of the Company's financial statements.

The deficiencies identified in the CTO Report for 2011 (e.g. short opening hours, etc.) are being resolved 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.

## 2. Basis of preparation

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 2012. 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

Valuation methods applied by the Company during preparation of the financial statements for 2012 were as follows:

### 3.1. Intangible fixed assets

Acquired intangible fixed assets are recorded at cost, which include costs of acquisition and related costs.

Intangible fixed assets with a unit cost more than CZK 60 thousand are amortised using the straight-line method over their estimated useful lives in accordance with the Company's amortisation plan (i.e. over 4 years).

Intangible fixed assets with a unit cost less than CZK 60 thousand are expensed upon acquisition and carried only in the operational evidence and 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 activation 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 recorded at cost, which include costs of acquisition, transportation costs and other related costs. Loan interest is not included by the Company 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 an expert opinion or on market prices of comparable fixed assets in terms of their wear and tear and performance. 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. The Company considers the entire accounting unit to be a cash-generating unit.

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 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. Tangible fixed assets with a unit cost above CZK 40 thousand are depreciated using the straight-line method over their estimated useful lives. The estimated useful lives of tangible assets are as follows:

	<b>Years</b>
Buildings, halls and constructions	20–45
Plant, machinery and equipment	4–15
Motor vehicles	6–20
Furniture and fittings	10–20
Handling equipment	6–20
Computers and related equipment	3–5

### **3.3. Investments in controlled entities/subsidiaries and investments in associates**

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. In case it is necessary to take any reduction value into account, the Company recognises a provision. Investment with the controlling interest companies (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 owned, represent debt securities held to maturity and the 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 and available-for-sale.

Debt securities that the Company 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 by the Company for an indefinite period of time, which may be sold in response to the Company's liquidity requirements, are classified as available-for-sale. These investments are included in non-current assets unless the Company's 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 investments as at the time of purchase and the classification are 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-trading securities is based on the Company's management estimates based on 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.

### 3.6. Short-term financial assets

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

Trading securities 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.

### 3.7. Inventories

Purchased inventories are stated at acquisition cost. In case it is necessary to take any reduction value into account, the Company recognises a provision. Cost includes all costs related with its acquisition (mainly transport costs). The weighted average cost method is applied by the Company for all disposals.

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

### 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.

Item "State-tax receivables" includes also a provision for income tax, in case this provision is lower than advances for the income tax paid.

### 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 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 in separate rows in the balance sheet. The Company charges an agreed commission for performing the specific transactions, which is recognised in accruals within its own resources.

### 3.10. Share capital

The Company's financial position and funds are being managed in accordance with the State-Owned Enterprise Act No. 77/1997 Coll., as amended. Pursuant to this Act, the registered capital of a state-owned enterprise corresponds to the business capital to which the enterprise 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 businesses.

In addition, the Company creates a reserve fund from profit, which has now reached 10% of the share capital.

The Company creates a cultural and social fund ("CSF"). The creation and use of this fund is being managed in accordance with paragraph 16 of Decree No. 114/2002 Coll., in connection with Decree No. 310/1995 Coll.

### 3.11. Provisions and 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.

The item "Provision for income tax" also includes advances paid for income tax, in case these advances are lower than the provision for income tax.

Long-term and short-term liabilities are recorded at their nominal values.

Short-term and long-term 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 operational leases are not capitalised to fixed assets. The leases are recorded as expenses evenly over the life of the lease. Amounts payable in future periods but 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 sales of goods to customers and are stated net of discounts and value added tax.

Sales of postal services realised as 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 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, 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 account 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

The Company provides its employees with contributions to pension and health insurance in accordance with the principles set out in the collective agreement. Regular contributions are made to the state to fund the national pension plan.

The Company creates a provision for employee benefits, in which the following types of employee benefits are reflected:

- work jubilee bonuses,
- life jubilee bonuses,
- employee retirement bonuses.

The above-mentioned types of employee benefits are classified as follows:

- work and life jubilee bonuses are recognised as other long-term employee benefits,
- employee retirement bonuses are recognised as employee benefits incurred on the employee's retirement, that are paid based on the defined benefits plan.

Employees may claim these benefits when they have worked for the Company for a certain period of time and, in the case of bonuses paid on the employee's retirement, when the statutory retirement age is reached, or in the case of work and life jubilee bonuses. The fixed amount paid on the employee's retirement depends on the number of years spent with the Company, but is independent of the growth in salary. The total amount of retirement payments of the Company equals the long-term employee benefits as at the balance sheet date, and is calculated using a method of planned annual appreciation of employee benefits, including the related social and health insurance costs. Gains or losses from adjustments and changes of the actuarial estimates are recognised in the profit and loss account.

The Company creates a provision for untaken holidays and work and life jubilees. 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 controlling or 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 a controlling, proportional or significant influence.

Material transactions and outstanding balances not only related to main postal services with related parties are disclosed in Note 21 – Related party transaction.

**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 has prepared a cash-flow statement using the indirect method.

**3.20. 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.

**3.21. Changes of the accounting methods and estimates**

In 2012, the Company established the calculation of estimated receivables/payables related to international operation. The impact of this change on comparable data would be a decrease of CZK 40 million for estimated receivables and an increase of CZK 8 million for estimated payables. The comparable period has not been changed due to immateriality.

In 2011, the Company changed the classification of changes in the fair values of securities when these changes are recorded in equity in the relevant year.

## 4. Intangible and tangible fixed assets

### 4.1. Intangible fixed assets

#### Acquisition cost

(CZK million)	Opening balance	Additions	Disposals	Closing balance
Software	1,489	167	–	1,656
Royalties	2	–	–	2
Other intangible fixed assets	152	15	–	167
Intangible fixed assets in the course of construction	230	242	[183]	289
<b>Total in 2012</b>	<b>1,873</b>	<b>424</b>	<b>[183]</b>	<b>2,114</b>
<b>Total in 2011</b>	<b>1,560</b>	<b>560</b>	<b>[247]</b>	<b>1,873</b>

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	Additions	Disposals	Closing balance of accumulated amortisation	Impairment	Closing balance
Software	(1,238)	(123)	–	(1,361)	–	295
Royalties	(1)	–	–	(1)	–	1
Other intangible fixed assets	(118)	(13)	–	(131)	–	36
Intangible fixed assets in the course of construction	–	–	–	–	(4)	285
<b>Total in 2012</b>	<b>(1,357)</b>	<b>(136)</b>	<b>–</b>	<b>(1,493)</b>	<b>(4)</b>	<b>617</b>
<b>Total in 2011</b>	<b>(1,252)</b>	<b>(107)</b>	<b>2</b>	<b>(1,357)</b>	<b>–</b>	<b>516</b>

## 4.2. Tangible fixed assets

## Acquisition cost

(CZK million)	Opening balance	Additions	Disposals	Closing balance
Land	781	3	(1)	783
Buildings	9,529	194	(25)	9,698
Plant, machinery and equipment	4,179	498	(73)	4,604
Motor vehicles	2,324	74	(132)	2,266
Furniture and fixtures	635	27	(15)	647
Other movable assets	542	-	(45)	497
Works of art	4	-	-	4
Tangible fixed assets in the course of construction	974	1,259	(810)	1,423
Advances paid for tangible fixed assets	5	-	-	5
<b>Total in 2012</b>	<b>18,973</b>	<b>2,055</b>	<b>(1,101)</b>	<b>19,927</b>
<b>Total in 2011</b>	<b>18,641</b>	<b>1,562</b>	<b>(1,230)</b>	<b>18,973</b>

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 amortisation and net book value

(CZK million)	Opening balance	Additions	Disposals	Closing balance of accumulated amortisation	Impairment	Closing balance
Land	-	-	-	-	-	783
Buildings	(4,018)	(230)	14	(4,234)	(45)	5,419
Plant, machinery and equipment	(2,860)	(442)	73	(3,229)	(86)	1,289
Motor vehicles	(1,894)	(143)	130	(1,907)	-	359
Furniture and fixtures	(518)	(17)	15	(520)	-	127
Other movable assets	(542)	-	45	(497)	-	-
Works of art	-	-	-	-	-	4
Tangible fixed assets in the course of construction	-	-	-	-	(94)	1,329
Advances paid for tangible fixed assets	-	-	-	-	-	5
<b>Total in 2012</b>	<b>(9,832)</b>	<b>(832)</b>	<b>277</b>	<b>(10,387)</b>	<b>(225)</b>	<b>9,315</b>
<b>Total in 2011</b>	<b>(9,181)</b>	<b>(849)</b>	<b>198</b>	<b>(9,832)</b>	<b>(231)</b>	<b>8,910</b>

Depreciation of intangible and tangible fixed assets also includes the net book value of disposals of assets in the amount of CZK 8 million.

Based on 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 2012 and 2011 respectively, the Company did not receive any material fixed assets free of charge.

In 2012 and 2011, besides the lien in favour of PCS – Praha Center s.r.o. created in relation to the post office building at Jindřišská, Prague 1 under an agreement dated 16 April 1997, which is in force until 31 March 2042, the Company has another 277 (2011: 268) minor liens (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 power producers and distributors.

In 2012, the Company received an investment subsidy in the amount of CZK 2 million. In 2011, the Company did not receive any investments subsidies.

#### 4.3. Long-term financial assets

As at 31 December 2012 and 31 December 2011, 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 out of the total 33,124 shares of a nominal value of CZK 1 thousand.

	2012	2011
Share (%)	51.03%	51.03%
	(CZK million)	(CZK million)
Total assets	97	96
Equity	91	90
Net profit for the financial period	1	1
Acquisition cost of the shares	18	18
Nominal value of the shares	17	17
Intrinsic value of the shares	46	46
Dividends received	-	-

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

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Financial information for this company was taken from the financial statements not yet 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 2012 and 31 December 2011.

The Company also exercised a significant influence in ABAS CiT Management s.r.o. with its registered office at Gorkého 3037/3, Moravská Ostrava, in which it held 100% of the shares. The shares were transferred as at 31 August 2012.

	2012	2011
Share (%)	100%	-
	(CZK million)	(CZK million)
Total assets	12	17
Equity	(14)	(29)
Net profit for the financial period	(31)	(28)
Acquisition cost of the shares	7	-
Intrinsic value of the shares	(14)	-

The acquisition price of the share includes two instalments out of a total of five in total as at 31 December 2012, while the last instalment should be paid in 2016 at the latest.

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

Financial information for this company was taken from the financial statements not verified by the auditor. The Company provided this company with a short-term purposeless loan. The limit amount of this loan amounted to CZK 20 million as at 31 December 2012. As at 31 December 2012 ABAS CiT Management s.r.o. drew a loan in the amount of CZK 14 million.

Other long-term investments as at 31 December 2012 comprise:

- a) state debenture maturing in 2016, available-for-sale investment, valued at fair value of CZK 403 million (2011: CZK 387 million);
- b) state debenture maturing in 2023, available-for-sale investment, valued at fair value of CZK 212 million (2011: CZK 196 million).

These state debentures were issued by the Ministry of Finance of the Czech Republic.

The Company reclassified its investments from long-term financial assets to the off-balance sheet records based on the probable permanent devaluation of 233,630 shares of IPB, a.s. (currently IP Exit, a.s.) at a total nominal value of CZK 23 million, purchased at the acquisition cost of CZK 40 million and zero net book value.

## 5. Inventories

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

## 6. Receivables

As at 31 December 2012 and 31 December 2011, receivables due after more than 5 years amounted to CZK 2 million and CZK 1 million, respectively and outstanding overdue receivables amounted to CZK 317 million and CZK 224 million, respectively. Outstanding overdue receivables are not secured. In 2012 and 2011, the Company wrote off its receivables in the amount of CZK 11 million in both years, 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 21 – Related party transactions. The estimated receivables and payables primarily comprise transactions related to international postal operations, balances of these transactions as at 31 December 2012 amounted to CZK 496 million and to CZK 526 million as at 31 December 2011. Operating records on incoming and outgoing mail so far not confirmed by individual postal offices were recorded as estimated and payables with the double entry in operating expenses and income, based on operating statistics.

## 7. Provisions

Provisions reflect a temporary decrease in the value of assets (disclosed in Note 4 – Fixed assets, 5 – Inventories and 6 – Receivables).

Provisions as at: (CZK million)	Balance as at 1 January 2011	Charge	Release	Balance as at 31 December 2011	Charge	Release	Balance as at 31 December 2012
Tangible fixed assets	–	–	–	–	4	–	4
Long-term financial assets	147	93	(9)	231	6	(12)	225
Inventories	49	7	–	56	3	(4)	55
Receivables – other	35	30	(9)	56	35	(29)	62
<b>Total tax non-deductible provisions</b>	<b>231</b>	<b>130</b>	<b>(18)</b>	<b>343</b>	<b>48</b>	<b>(45)</b>	<b>346</b>
Receivables – legal	22	8	(10)	20	18	(12)	26
<b>Total tax deductible provisions</b>	<b>22</b>	<b>8</b>	<b>(10)</b>	<b>20</b>	<b>18</b>	<b>(12)</b>	<b>26</b>
<b>Total</b>	<b>253</b>	<b>138</b>	<b>(28)</b>	<b>363</b>	<b>66</b>	<b>(57)</b>	<b>372</b>

Legal provisions are being created pursuant to the Reserves Act 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 ČSOB, 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 13 – Bank loans and overdrafts].

The Company's deposits on saving accounts amounted to CZK 7,996 million and CZK 3,310 million as at 31 December 2012 and 31 December 2011, respectively.

The Company's guarantees/letters of credit, which are drawn under a general agreement on the provision of financial services made with Komerční banka, a.s up to a limit of CZK 430 million as at 31 December 2012 were as follows:

Type of guarantee/ letter of credit	Creditor	Subject	Valid until	Amount (CZK million)
Letter of credit receivable	Trade Impex s.r.o.	Purchase of machinery	3 January 2013	16
Non-payment	Ministry of Local Development of the Czech Republic	Proposal offer	5 April 2013	2
Payment	Customs Directorate in Prague	Customs debt	20 March 2013	4
Payment	HCEPP II Rudná s.r.o.	Rental agreement	10 May 2014	2
Payment	Czech Directorate of Highways and Roads	Fulfilment of obligations in respect of the electronic toll system	6 May 2014	7
Payment	State Fund of Transport Infrastructure	Distribution and sales of vignettes proving the fee payment for highways and expressways use	16 March 2014	10
Payment	CONTERA Investment III s.r.o.	The lease of rent for commercial space	14 August 2014	1

Short-term securities and ownership interests as at 31 December 2012 and 31 December 2011 were as follows:

Issuer	Type	2012 (CZK million)	2011 (CZK million)
Ministry of Finance CR	state bond (CR)	–	203
PPF banka a.s.	short-term depository notes	750	1,000
<b>Total</b>		<b>750</b>	<b>1,203</b>

## 9. Equity

As at 31 December 2012 and 31 December 2011, share capital amounted to CZK 3,588 million.

Other capital funds mainly comprise of contributions from profit for investment purposes 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 2012 and 2011:

(CZK million)	Share capital	Other capital funds	Revaluation differences from revaluation of assets and liabilities	Legal reserve fund	Other funds	Net profit for the financial period	Total
<b>As at 1 January 2011</b>	<b>3,588</b>	<b>5,840</b>	<b>-</b>	<b>359</b>	<b>9</b>	<b>214</b>	<b>10,010</b>
Profit contribution and movements between funds	-	43	-	-	171	(214)	-
Decrease (e.g. fund utilisation)	-	(15)	(7)	-	(167)	-	(189)
Net profit for the current period	-	-	-	-	-	338	338
<b>As at 31 December 2011</b>	<b>3,588</b>	<b>5,868</b>	<b>(7)</b>	<b>359</b>	<b>13</b>	<b>338</b>	<b>10,159</b>
Profit contribution and movements between funds	-	169	-	-	169	(338)	-
Revaluation difference	-	-	27	-	-	-	27
Fund utilisation	-	-	-	-	(166)	-	(166)
Net profit for the current period	-	-	-	-	-	261	261
<b>As at 31 December 2012</b>	<b>3,588</b>	<b>6,037</b>	<b>20</b>	<b>359</b>	<b>16</b>	<b>261</b>	<b>10,281</b>

Profit for 2011 was distributed in 2012 according to the founder's approval.

## 10. Provisions

(CZK million)	Balance as at 1 January 2011	Charge	Release/use	Balance as at 31 December 2011	Charge	Release/use	Balance as at 31 December 2012
Social and health insurance	95	154	(95)	154	138	(154)	138
Untaken holiday	140	169	(140)	169	196	(169)	196
Employee benefits	190	-	(12)	178	2	(9)	171
Severance provision	336	124	(336)	124	78	(124)	78
Non-claimable component of salaries	-	236	-	236	181	(236)	181
Other	116	6	(48)	74	18	(74)	18
<b>Total tax non-deductable provisions</b>	<b>877</b>	<b>689</b>	<b>(631)</b>	<b>935</b>	<b>613</b>	<b>(766)</b>	<b>782</b>
Repair provision	60	-	(60)	-	-	-	-
<b>Total tax provisions</b>	<b>60</b>	<b>-</b>	<b>(60)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total</b>	<b>937</b>	<b>689</b>	<b>(691)</b>	<b>935</b>	<b>613</b>	<b>(766)</b>	<b>782</b>

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.

The Company creates a provision for employee benefits resulting from a collective agreement (see also Note 3.17 – Employee benefits).

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.

A provision for compensation for salaries payable to employees who would have to leave was created in connection with the plan of gradual cuts in jobs. This plan was approved by the Management Board and announced to the Company's employees and unions.

Other provisions were primarily created to cover risks known as at 31 December 2012 and probable loss from ongoing litigations and out-of-court disputes and related obligations.

## 11. Long-term liabilities

Long-term liabilities are represented by the deferred tax liability as at 31 December 2012 and 31 December 2011, which is described in Note 15 – Income tax.

## 12. Short-term liabilities

The Company's overdue short-term liabilities as at 31 December 2012 and 31 December 2011 amounted to CZK 48 million and CZK 49 million, respectively.

The Company had no liabilities due after more than 5 years as at 31 December 2012 and 31 December 2011. The Company had no short-term or long-term liabilities bearing a security or lien in favour of a creditor as at 31 December 2012 and 31 December 2011.

Liabilities to related parties are described in Note 21 – Related party transactions.

The estimated payable particularly consists of costs associated with international postal operations, where balances of transactions as at 31 December 2012 amounted to CZK 488 million and CZK 450 million as at 31 December 2011. Estimated payables also included uninvoiced 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 23 – Entrusted resources).

Payables in respect of social insurance and health insurance amounted to CZK 326 million as at 31 December 2012 and to CZK 334 million as at 31 December 2011. These payables comprise unpaid wages for December 2012 and December 2011 respectively, which were paid at the beginning of 2013 and 2012.

The Company did not recognise any unpaid tax liabilities payable to the relevant tax authority as at 31 December 2012 and 31 December 2011.

## 13. Bank loans and overdrafts

### 13.1. Denominated in Czech crowns

Bank	Terms and conditions	Account	Overall limit (CZK million)	31 December 2012 (CZK million)	31 December 2011 (CZK million)
KB, a.s.*	Global credit line	Own resources	150	-	-
ČSOB, a. s.	Bank overdraft	Own resources	100	-	-
ČSOB, a. s.	Bank overdraft	Entrusted resources	1,600	-	-

\* it can be used in foreign currency in the appropriate consideration

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 2012 and 31 December 2011, the overdraft from Komerční banka, a.s. was not used.

The bank overdraft from ČSOB, a. s. was not used as at 31 December 2012 and 31 December 2011. This overdraft is secured by pledge on the Company's receivables from ČSOB, a. s. created under a contract for provision of services by the Company to ČSOB, a. s.

### 13.2. Denominated in EUR

Bank	Terms/Conditions	Overall limit	2012		2011	
		(EUR million)	(EUR million)	(CZK million)	(EUR million)	(CZK million)
ČSOB, a. s.	Bank overdraft EURIBOR 3M + 0.1% p.a. – entrusted resources	5	1.2	31	1.2	32

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

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

## 14. Accruals and deferred income

Accruals consist particularly of accrued compensation for agency services.

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

## 15. Income tax

<b>(CZK million)</b>	<b>2012</b>	<b>2011</b>
Net profit before taxation	306	419
Non-taxable income	(51)	(128)
Difference between accounting and tax depreciation	(105)	(196)
Tax non-deductible expenses	(83)	233
of which:		
– Changes of impairments	2	112
– Changes of provisions	(152)	58
– Other (e.g. previous prepaid expenses, representation expenses, shortages and losses)	67	63
Gifts	(2)	(2)
Taxable income	65	326
Income tax rate	19%	19%
Calculated income tax	12	62
Tax relief (persons with disability or partial disability)	(8)	(9)
Current tax	4	53
Underpayments from the previous period	(1)	28
Income tax expense	3	81
of which:		
– from ordinary activities	3	81

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

<b>Deferred tax item</b>	<b>2012</b>			<b>2011</b>		
	<b>Basis</b>	<b>Deferred</b>	<b>Deferred</b>	<b>Basis</b>	<b>Deferred</b>	<b>Deferred</b>
	<b>(CZK million)</b>	<b>tax asset</b>	<b>tax liability</b>	<b>(CZK million)</b>	<b>tax asset</b>	<b>tax liability</b>
		<b>(CZK million)</b>	<b>(CZK million)</b>		<b>(CZK million)</b>	<b>(CZK million)</b>
Difference between accounting and tax net book value of fixed assets	(2,533)	–	(481)	(2,407)	–	(457)
Provisions	318	60	–	343	65	–
Other reserves	782	149	–	879	167	–
Total	(1,433)	209	(481)	(1,185)	232	(457)
<b>Net deferred tax liability</b>			<b>(272)</b>			<b>(225)</b>

## 16. Leases

The Company leases fixed assets, which are not recorded in the balance sheet accounts (see Note 3.12 – Leases and Note 17 Assets and liabilities not recorded in the balance sheet).

The assets leased by the Company in the form of operational lease amounted to CZK 65 million as at 31 December 2012 and CZK 29 million as at 31 December 2011.

The Company recorded no financial leases as at 31 December 2012 and 31 December 2011.

## 17. Assets and liabilities not recorded in the balance sheet

The Company recognises particularly stamps, vignettes and lottery tickets, which are valuables in nature evidences, in operational evidence as at 31 December 2012 and 31 December 2011. Furthermore, the Company recognised leased and low-value assets that are not included in the balance sheet, and all probably permanently devalued investments containing 233,630 shares of IPB, a.s. (currently IP Exit, a.s.) at a total nominal value of CZK 23 million and the acquisition cost of CZK 40 million in its operational records.

<b>(CZK million)</b>	<b>2012</b>	<b>2011</b>
Valuables incl. stamps and lottery tickets	10,121	9,152
Vignettes	4,109	4,059
Leased assets – operational lease	512	260
Securities	40	40
Low-value tangible assets	2,390	2,538
Low-value intangible assets	114	119

The structure of the contracted future obligations from operating lease is presented in the table below (CZK million):

	<b>31 December 2012</b>	<b>31 December 2011</b>
Due within 1 year	79	47
Due between 1 to 5 years	244	117
Due after 5 years	–	–
<b>Total</b>	<b>323</b>	<b>164</b>

## 18. Contingent liabilities

The Management Board is not aware of any material contingent liabilities of the Company as at 31 December 2012.

## 19. Revenue analysis

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

(CZK million)	2012			2011		
	Domestic	Foreign	Total	Domestic	Foreign	Total
Sales from postal operations	13,451	1,198	14,649	13,735	1,217	14,952
Sales of agency services	2,768	–	2,768	2,469	–	2,469
Sales of goods without communication infrastructure	253	–	253	452	–	452
Other revenues from operations activities, inc. activation, communication infrastructure and data mailboxes	2,513	–	2,513	2,905	–	2,905
<b>Total revenues from the ordinary activities</b>	<b>18,985</b>	<b>1,198</b>	<b>20,183</b>	<b>19,561</b>	<b>1,217</b>	<b>20,778</b>

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 2012 and 2011, the Company received subsidies for operating purposes in the amount of CZK 2 million and CZK 9 million respectively. These revenues are part of Other operating revenues.

## 20. Employees

Breakdown of staff costs:

	2012		2011	
	Total number of employees	Out of which: Management	Total number of employees	Out of which: Management
Average number of employees	32,163	7	33,202	5
<b>(CZK million)</b>				
Wages and salaries	9,092	41	9,359	33
Social and health insurance	2,988	3	3,041	5
Social security costs	333	–	333	–
<b>Total staff costs</b>	<b>12,413</b>	<b>44</b>	<b>12,733</b>	<b>38</b>

Staff costs of the Company's Management are disclosed without competing clauses.

Besides the above-mentioned staff costs, members and former members of statutory and supervisory bodies received bonuses in the total amount of CZK 12 million and CZK 8 million in 2012 and 2011, respectively.



## 21. Related party transactions

Apart from the bonuses disclosed in Note 20 – Employees, in 2012 and 2011, members and former members of the Company's statutory and supervisory bodies and the Company's managers did not receive any loans, guarantees, advance payments or other benefits besides the collective agreement. They did, however, have access to Company's cars that are made available for both business and private purposes by management. During the year, the Company executed several transactions with related parties within its ordinary business activities. The transactions recognised in 2012 and 2011 and the related receivables from and liabilities to related parties are as follows:

2012	Sales (CZK million)	Purchase (CZK million)	Receivables (CZK million)	Payables (CZK million)
<b>Subsidiary</b>				
Poštovní tiskárna cenin Praha a.s.	1	30	–	1
ABAS CiT Management s.r.o.*	1	–	18	–
<b>Other related parties</b>				
Czech Television and Czech Radio	245	2	–	7
Government ministries	1,698	1	230	50
Czech Social Security Administration	524	2,156	–	7,237
Municipal and local authorities	286	67	17	241
State Fund of Transport Infrastructure	118	1	27	466
<b>Total</b>	<b>2,873</b>	<b>2,257</b>	<b>292</b>	<b>8,002</b>

\* The shares were transferred as at 31 August 2012.

2011	Sales (CZK million)	Purchase (CZK million)	Receivables (CZK million)	Payables (CZK million)
<b>Subsidiary</b>				
Poštovní tiskárna cenin Praha a.s.	1	34	–	1
<b>Other related parties</b>				
Czech Television and Czech Radio	246	2	–	12
Government ministries	1,608	2	432	55
Czech Social Security Administration	554	2,198	–	2,347
Municipal and local authorities	418	58	14	328
State Fund for Transport Infrastructure	105	1	30	520
<b>Total</b>	<b>2,932</b>	<b>2,295</b>	<b>476</b>	<b>3,263</b>

Receivables/revenues to (from) Poštovní tiskárna cenin Praha a.s. relate mainly to the provision of rental services, Liabilities/ then cost related mainly to purchase/ consumption of raw materials.

Receivables to ABAS CiT Management s.r.o. are mainly related to the loan provided to this company.

## 22. Fees paid and payable to the audit company

Total fees paid and payable to the audit company for the statutory audit of financial statements and audit in accordance with IFRS for 2012 and 2011 amounted to CZK 2 million.

## 23. Entrusted resources

The entrusted resources analysis as at 31 December 2012 and 31 December 2011 is as follows:

(CZK million)	31 December 2012	31 December 2011
<b>ASSETS</b>		
Short-term receivables	296	346
Cash in hand	4,176	4,026
Cash in bank	5,433	766
<b>Total</b>	<b>9,905</b>	<b>5,138</b>
<b>LIABILITIES</b>		
Short-term payables	9,874	5,106
Short-term bank loans	31	32
<b>Total</b>	<b>9,905</b>	<b>5,138</b>

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 2012 and 2011, the Company received advance payments in the amount of CZK 6,900 million and CZK 2,011 million from the Czech Social Security Administration for 2012 and 2011 for pension payments, respectively.

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

## 24. Cash-flow statement

As at 31 December 2012 and 31 December 2011, the Company did not consider the used overdraft facilities as cash equivalents for the purpose of the cash-flow statement (see Note 13 – Bank loans and overdrafts).

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


(CZK '000)	31 December 2012	31 December 2011
Cash on hand	4,176	4,108
Cash in bank	8,173	3,339
Cash equivalents included in short-term investments	750	1,203
<b>Total cash and cash equivalents</b>	<b>13,099</b>	<b>8,650</b>

## 25. Subsequent events

As at 4 February 2013 JUDr. Radek Šmerda was appointed as a Member of the Supervisory Board by the founder.

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 2012.

11 March 2013



**Ing. Petr Zatloukal, MSc., MBA**  
 Director General  
 Česká pošta, s.p.



# **INDEPENDENT AUDITOR'S REPORT**



## Independent auditor's report

### to the Founder of Česká pošta, s.p.

We have audited the financial statements of Česká pošta, s.p., identification number 47114983, with registered office at Politických vězňů 909/4, Praha 1 ("the Company") for the year ended 31 December 2012 disclosed in the annual report on pages 72 to 105 and issued the opinion dated 11 March 2013 and disclosed on page 70.

### Report on the Annual Report

We have verified that the other information included in the annual report of the Company for the year ended 31 December 2012 is consistent with the financial statements. The General Director is responsible for the accuracy of the annual report. Our responsibility is to express an opinion on the consistency of the annual report with the financial statements based on our verification procedures.

### Auditor's Responsibility

We conducted our verification procedures in accordance with the International Standards on Auditing and the related application guidance of the Chamber of Auditors of the Czech Republic. Those standards require that we plan and perform the verification procedures to obtain reasonable assurance about whether the other information included in the annual report which describes matters that are also presented in the financial statements is, in all material respects, consistent with the relevant financial statements. We believe that the verification procedures performed provide a reasonable basis for our opinion.

### Opinion

In our opinion, the other information included in the annual report of the Company for the year ended 31 December 2012 is consistent, in all material respects, with the financial statements.

21 June 2013

*PricewaterhouseCoopers Audit s.r.o.*

**PricewaterhouseCoopers Audit, s.r.o.**

represented by partner

*Věra Výtvarová*

**Věra Výtvarová**

Statutory Auditor, Licence No. 1930

# CONTACT DETAILS

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Registered office  
Identification Number  
Tax identification number  
Registration court  
Company's registration number  
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Prague information centre  
E-mail address  
Data mailbox ID  
Website

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Orlí 655/30, 663 00 Brno  
Poštovní 1368/20, 728 60 Ostrava

# ABBREVIATIONS USED

APDO	Automated parcel delivery outlet
Bp	Percentage point
CADR – IS VZ	Central Address – Official Site of Public Contracts
CCTV	Closed circuit television system
CMS	Shared services centre
ČNB	Czech National Bank
CNG	Compressed natural gas
CPP	Crisis Preparedness Plan
CTO	Czech Telecommunication Office
Czech POINT	National network of submitting and verifying information terminals
D+3	Delivered by the third day after posting
D+5	Delivered by the fifth day after posting
DG	Director General
DHM	Small-value tangible assets
DNM	Small-value intangible assets
DONEZ	Sign-on system for job seekers
EMS	Express Mail Service
ES	European directive
EU	European Union
EVO	Electronic bulletin board for municipalities
FKSP	Fund for cultural and social needs
GDP	Gross domestic product
GECOMM	Conference of European Communications Museums
GPS	Global positioning system
HW	Hardware
IATM	International Association of Transport and Communications Museums
ICT	Information and communication technologies
ISDS	Data Mailbox Information System
ISO	International Organisation for Standardisation
ISVS	Information system of the Czech public administration
ITSM	IT service management
KS	Crisis situations
LAN	Local area network

OVZ	Other public contracts
PC	Personal computer
PDZ	Postal data message
PES	Monitoring of operational and financial processes at post offices
PM	Postal Museum
PostEurop	Association of European public postal operators
QCA	Qualified certification authority
REP	Registered electronic post
RIPM	Distribution of information and promotional materials
RZPS	Distribution of promotional and information materials
SB	Supervisory Board
SČF	Union of Czech Philatelists
SIPO	Multiple direct debit payments via the Company's payment system
SME	Small and medium-sized enterprises
SMS	short message service
SPU	Logistic hub
SW	Software
TP	Severe disability (applies to holders of extraordinary benefits card)
UNEX	Quality of service measurement system for public postal operators
USB	universal serial bus
VAT	Value added tax
VCA	Public certification authority
ZOH	Winter Olympic Games
ZUŠ	Elementary School of Art



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