

Annual Report 2011

Stredoslovenská vodárenská prevádzková spoločnosť, a. s.



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Basic Information

Commercial name:

Stredoslovenská vodárenská prevádzková spoločnosť, a. s.

Legal form:

Joint-Stock Company

Company seat:

Partizánska cesta 5, 974 01 Banská Bystrica

Identification number (IČO): 36 644 030

VAT Identification Number (DIČ): SK 2022 1022 36

Share capital:

34 000,- eur

Business Register of District Court Banská Bystrica, Section: Sa, Insert No.: 840/S

Date of incorporation:

01. 01. 2006

Scope of business

- operation of public water supply systems of 1st – 3rd category,
- operation of public sewerage systems of 1st – 3rd category,
- consulting, technical and expert assistance regarding production, treatment and distribution of drinking and industrial water, operation of water supply systems, sewerage systems and wastewater treatment plants,
- cleaning water and sewerage pipelines,
- inspection of sewerage systems by instrumental technique,
- detection of hidden water leaks by correlation and electro-acoustic technique,
- demarking of water supply systems, sewerage systems, armatures and determination of contact points to connect instrument technique,
- measurement of wastewater volumes in measuring objects and sewerage systems with determination of immediate or cumulative flow by instrument technique,
- physical, chemical, radiological, microbiological and hydrobiological analysis of drinking water, industrial water and wastewater, including technological analyses of water,
- realization of water resistance tests of water industry facilities,
- undertaking in the area of waste treatment other than dangerous waste,
- execution of technical inspections of pipelines,
- repairs and installations of water meters,
- designing, solving and evaluating of hydrogeological research, engineering and geological research, and geological research of the environment,
- production of electricity in small hydro power plants with capacity up to 5 MW,
- distribution of electricity,
- purchase of goods to sale to other trade license holders (wholesale),
- purchase of goods to sale to end consumers (retail),
- mediation activities in the area of trade and services,
- elaboration of documentation and projects for simple constructions, small constructions and transformation of these constructions,
- realisation of simple constructions, small constructions and transformation of these constructions,
- realisation of constructions and their transformation,
- execution of water management and engineering constructions,
- realisation of site manager activities,
- realisation of supervision activities,
- engineering activities in construction industry,
- supply and installation of chlorine and dosing equipment for chemicals,
- repairs, service, maintenance and execution of professional inspections and professional testing of chlorine and dosing equipment for chemicals,
- renting machines, instruments and equipment,
- public procurement,
- domestic road freight transportation,
- renting real estates,
- repairs and service of all types of pumps,
- execution of revision and pressure tests of stable pressure vessels,
- repair, installation, maintenance and service of electric appliances,
- execution of expert inspections and expert tests of assigned electrical appliances,
- organisation of courses, trainings and seminars,
- realization of courses, trainings and seminars,
- fire prevention services,
- accommodation services in accommodation facilities with catering services.

The Company does not have any organisational units abroad.



Company Profile

Statutory Bodies of the Company as at 31 December 2011

Board of Directors

Chairman of the Board of Directors
Philippe Guitard

Members of the Board of Directors

Etienne Petit
Ing. Peter Martinka
Ing. Róbert Tencer
JUDr. Soňa Šáľiová

Supervisory Board

Ing. Pavol Badinský
Tomáš Paclík
Ing. Jozef Barabas
Rostislav Čáp
Ján Kováčik
Zdeněk David

Management Board of the Company

Chief Executive Officer
Ing. Peter Martinka

Chief Financial Officer
Ing. Peter Dobrý

Chief Operating Officer
Ing. Robert Javorčík

Chief Sales Officer
Ing. Mária Vicianová

Directors of Plants

Plant 01 Banská Bystrica
Plant 02 Lučenec
Plant 03 Prievidza
Plant 04 Rimavská Sobota
Plant 05 Veľký Krtíš
Plant 06 Zvolen, Žiar nad Hronom

Ing. Pavol Badinský
Ing. Ladislav Solkový
Ing. Vladimír Švec
Ing. Branislav Jurík
PaedDr. Zoltán Balla
Ing. Milan Vlček



Key Data

Company turnover	51 777 635 €	Length of operated water supply network, including connections	5 216 km
Net profit	1 843 968,90 €	Length of operated sewerage network, including connections	1 178 km
Number of supplied inhabitants	657 225	Number of contracted customers	108 056
Number of employees	1118	Number of water meters for billing	111 855
Total produced water	43 831 tis.m ³	Number of phone calls executed on Customer line (average)	1 891
Total treated wastewater	49 524 tis.m ³	Number of visits in Customer centres (monthly average)	5 369

Editorial

Ladies and gentlemen, dear shareholders,

The year 2011 was innovative as well as demanding for our company, either in the area of overall organization, or customer services and technologies.

Apart from our main activities, which is supplying our inhabitants with drinking water and operating sewerage system, we have realized several investment actions. The most significant of them, “Tajov – sewerage system” and “Rimavské Brezovo – water supply system”, distinctly contributed to the improvement of both the operated infrastructure and quality of life in the region.

Still, we have remained the customer oriented company, respecting its customers to the maximum extent, and have looked for instruments to be better. We have provided our services in eight customer centres during opening hours, which meet the needs of our customers, as well as through the customer line of the Call centre. From June 2011, we have provided electronic invoices service. After successful registration, a customer might get their invoices for water and sewage in electronic form to their e-mail address.

We have approached responsibly to the environment protection, especially as regards water sources. In the area of operating stationary energy sources, we have decreased the volumes of produced emissions by 13 t in comparison with the previous year as a result of gradual modernization of boiler-houses and implementation of saving measurements. Reconstructions and intensifications of wastewater treatment plants have helped us to increase volumes of treated waste water, which meets the limits determined by the European Union. Our activities also include utilization of biomass produced in the process of waste water treatment. Thus, we can decrease the environmental burden caused by mining of fossil fuels and natural gas, as well as the production of waste.

We have been working actively in areas with social and human dimension. Regularly, we organize educational programmes for schools, co-operate with non-governmental sector and support development of regions.

We are aware that people are our largest potential and, in spite of ongoing rationalizing measurements, we have been still one

of the key employers in the region. Investments into regular educational activities and trainings for employees, providing favourable and safe working conditions, bring optimization into all processes, as confirmed by the latest customer satisfaction survey. In 2011, customers expressed a record-breaking satisfaction with professionalism of our employees (94.5%), an overall satisfaction with company’s services was expressed 89.7% of respondents. We consider these results, beside other indicators, for important and decisive.

We would like to remain a waterworks company that a customer is meaningful for, a company that invests its resources and effort into supplying your households with drinking water every day.

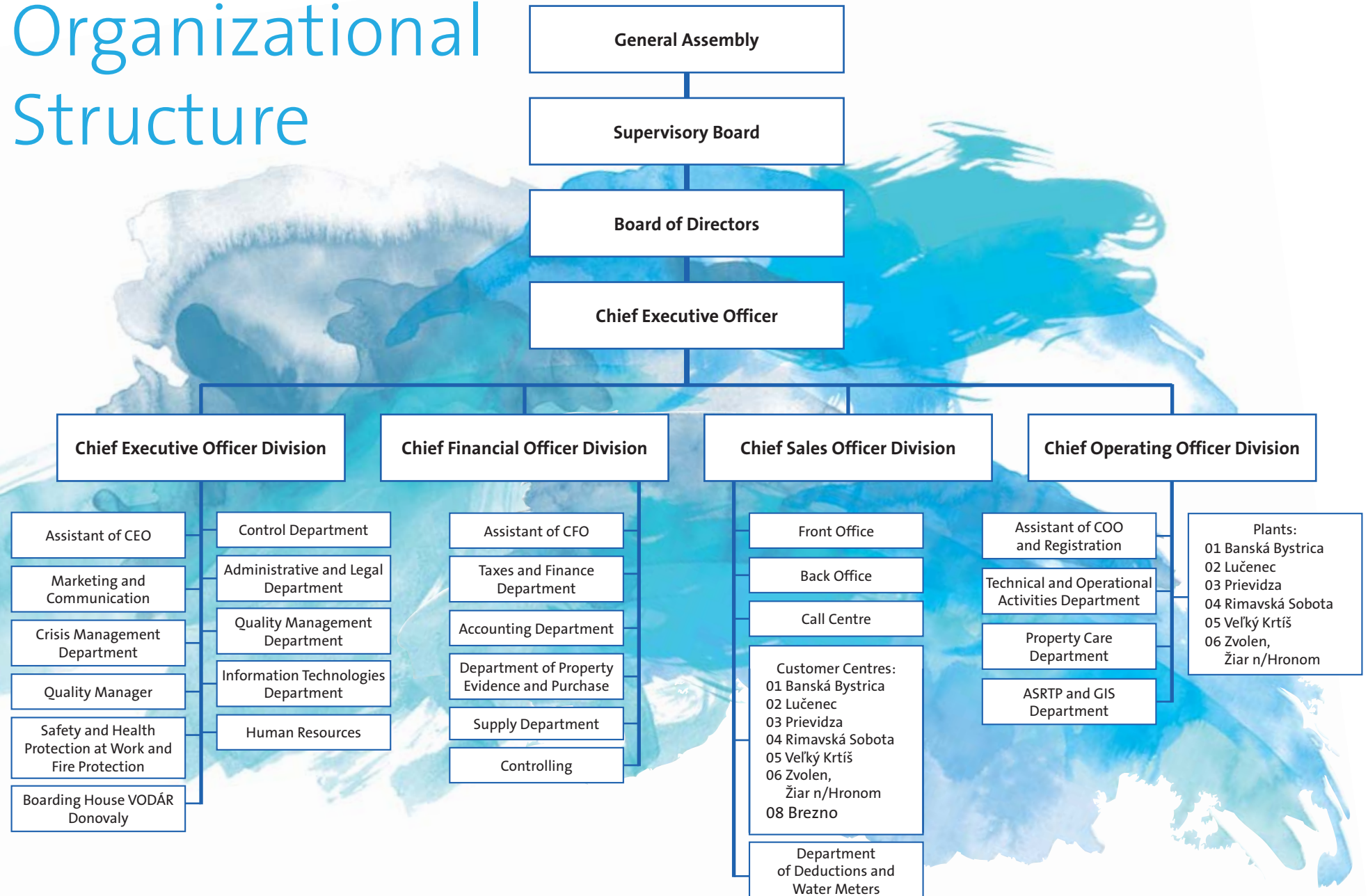
I would like to thank our shareholders, employees, business partners, members of the Board of Directors and the Supervisory Board for supporting our endeavours.



Ing. Peter Martinka
Chief Executive Officer



Organizational Structure





Our Services

We bring more than quality drinking water. We provide drinking water supply for 657 225 inhabitants and treat wastewater for 418 514 inhabitants. We try to minimize the impact of our activities on the environment both by development of new technologies and responsible and safe operation of existing facilities.



Our Services

Water Production

For customers in the scope of our company, there is the prescribed water quality from ground and surface water sources provided in 24 water treatment plants. Totally, there was produced 43 831 thousand m³ in 2011, which is the decrease by 1 440 m³ compared with 2010.

Water Management

Decreasing tendency in consumption of drinking water continued even in 2011. The volume of invoiced drinking water was 27 243 thousand m³, which makes the reduction by 852 thousand m³ in comparison with 2010. It is the decrease by approximately 3 %.

Specific consumption of water in households was 79.32 litres/inhabitant/per day.

Main indicators of production and supply of drinking water

Total produced water in thousand m ³	43 831
Total exported water in thousand m ³	124
Total imported water in thousand m ³	4
Total water for realization in thousand m ³	43 710
Invoiced water in thousand m ³	27 243
Non-invoiced water in thousand m ³	16 467
Water for own consumption in thousand m ³	1 344
Water losses in pipe network in thousand m ³	15 051
Percentage of water losses from water for realization in %	34,4

Water Losses

The water losses make the largest part of non-invoiced water. Reduction of water losses remained one of the main tasks in 2011, particularly by systematic activities including detection and elimination of water leaks from pipelines. Most often water leaks emerged mainly in steel and cast-iron pipelines, which were constructed by villages themselves. To reduce or even keep the current condition of water losses on acceptable level will be increasingly difficult, if the renewal of water supply network is not realised in sufficient volume. The own consumption makes the considerable component of non-invoiced water. The volumes are still significant as far as it is necessary to remove sludge and flush pipelines as often as possible to assure quality of water in compliance with the valid legislation (particularly regarding the indicator of iron and microbiological indicators).

Water Meters

Drinking water consumption is metered by water meters for billing, which have been installed in the network in the amount of 111 855 as at 31 December 2011. In 2011, totally 18 163 water meters were replaced, thereof 16 799 water meters within the periodic replacement and 1 364 water meters were replaced by other reasons, such as damaged water meters, stopped water meters, replacement upon request of a customer, etc. 57 water meters were uninstalled upon request of a customer and sent to the official verification. In 2011, we repaired totally 12 424 pieces of water meters, thereof 4 730 were repaired by an external supplier and 7 694 pieces were repaired and verified by our own repair service.

Accidents in Water Supply System

Accidents (breakdowns), which occurred in supply and distribution water pipelines, as well as on connections, influenced the supply of water for customers. We removed totally 3 004 accidents, thereof 2 076 on supply and distribution pipelines and 928 on connections. The increased number of breakdowns occurred mainly in winter and autumn periods and were caused by changing climatic conditions (freezing and thawing of soil). Regarding the reduction of breakdowns, activities of the company focused particularly on reconstruction of the most defective networks, complete construction of measurable districts, increasing number of dispatching and monitoring of critical sections in the water supply networks.

Draining and Treatment of Wastewater

418 514 inhabitants are connected on sewerage network of Stredoslovenská vodárenská prevádzková spoločnosť, a.s. with total length of 941 km. In the area of wastewater draining we recorded a slightly declining trend, as far as there was the inter-annual decrease by 850 thousand m³ in comparison with 2010, which makes the decline by 3.67 %.

2010 – 23 158 thousand m³

2011 – 22 308 thousand m³

Compared with 2010, we recorded remarkable decrease in volumes of treated wastewater. The inter-annual volumes declined by 16 809 thousand m³, which is the decline 25.34 %.

2010 – 66 333 thousand m³

2011 – 49 524 thousand m³

Main indicators of draining and treatment of wastewater

Length of sewerage system in km	941
Number of sewerage connections	29 224
Length of sewerage connections in km	237
Number of pumping stations	24
Number of wastewater treatment plants	40
Number of inhabitants connected to sewerage system	418 514
Number of inhabitants connected to wastewater treatment plants	393 017
Invoiced wastewater in thousands m ³ /year	22 308
Treated wastewater in thousands m ³ /year	49 524
Volume of produced sludge in t/year	29 559



Surveys and Measurements in Sewerage System

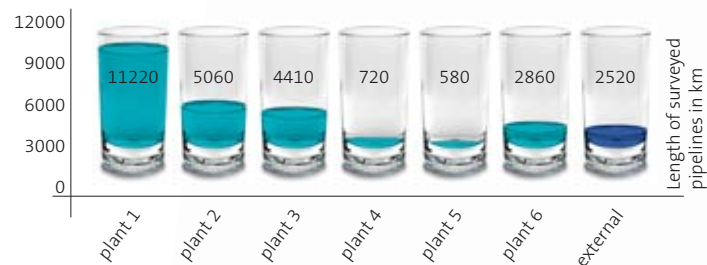
In the area of sewerage system survey and detection of connected producers, the technology of smoke testing in sewerage system was successfully tested and implemented. This technology enables the detection of defects in sewerage pipes and sewerage system facilities and the detection of unauthorized connections of real estates as well as connections of rainwaters into sewerage system.

In 2011 we purchased TV camera system for sewerage pipelines survey. This system includes the mobile device equipped with TV camera and scanner for measuring deformation and slope of pipes, hardware and software equipment for the evaluation of the survey data.

The TV camera survey of technical condition of sewerage pipelines was realised mainly to plan repairs, elaborate documents for renewal of sewerage networks and solve accidents. This survey was realised on 27 370 m of sewerage pipelines.



TV camera survey of technical condition of sewerage pipelines in 2011 – data for individual plants



Accidents in Sewerage System

During the first months of the year, the accidents are mainly caused by congestions in pipelines, as the consequence of flushing the gritting materials from roads. Further accidents are leakages, caused by damages of sewerage system affected by movement of soil and traffic loading. In 2011 totally 138 breakdowns on sewerage system were eliminated, thereof 118 directly on network and 20 on connections.

WATER QUALITY

Drinking Water

During the period from January to December 2011 our accredited laboratories monitored the quality of water resources, in water reservoirs, in water supply system and in consumption places in plants according to the microbiological, biological, physical and chemical indicators.

From the beginning of the year, totally 3 179 samples were taken and 44 267 biological and microbiological analyses were accomplished. Impurity of samples was 8.52 % and impurity of analyses 1.52 %.

Regarding chemical analyses, 3 100 samples were taken and 65 033 physical-chemical analyses accomplished throughout the year. Impurity of samples was 18.19 % and impurity of analyses 1.41 %.

The total impurity of samples in 2011 – microbiological, biological and physical and chemical – amounted to 13.29 % and of analyses 1.52 %.

The permitted level of impurity of samples is 15.14 % and of analyses 2.0 %.

Wastewater

During the year 2011 we performed analyses of technological parameters in wastewater treatment plants in compliance with the Regulation No 315/2004 and in terms of decisions on draining of wastewater. This year wastewater treatment plants adhered all required parameters in compliance with decision on draining of wastewater. The observance of decisions was monitored on 39 untreated drainage points. At the beginning of the year 2011, new decisions for untreated drainage points were issued similarly as for wastewater treatment plants, which are challenging to accomplish without treatment.

In 2011, 658 samples were taken from drainage points, thereof 36 samples were impure, which makes 14.58% of impurity.



Realization of Investments

Apart from main activities such as supplying the inhabitants with drinking water and treating wastewater, Stredoslovenská vodárenská prevádzková spoločnosť, a.s. also realises investments for the AssetCo. Realisation of investments brought the revenues in the amount of 1.88 million € in 2011, while this financial volume reflected the current financial potential of the AssetCo. We realised 9 construction projects, which solved expansion of infrastructure, elimination of operating problems in wastewater treatment plants and, in one case, reconstruction of defecting water pipeline.

Financially most significant construction project was “Tajov – Sewerage system”, realisation of which we had started in 2010. As a sub-contractor we realised selected sections of the public sewer system in Tajov village. We finished and put these sections into use at the end of the year.

In 2011 we completed construction project “Rimavské Brezovo – Water supply system”. Its co-financing was provided by the Cohesion Fund of the European Union. Since 2010 we had realised the construction of water supply system and connected the village to the group water supply system.

Another significant construction project was “Malachov – Sewerage system, 2nd stage”. Its co-financing was also provided by the Cohesion Fund of the European Union. Realisation of this project has started at the end of 2011 and its completion has been planned for November 2013. The aim of this project is to tie up to the previous stage and resolve the issue of draining in Malachov village in compliance with the valid legislation.

In addition to increasing revenues of our company, the realisation of the above mentioned investments helped us to improve the condition of operating infrastructure. This would surely contribute to problem-free operation of the infrastructure and increase the satisfaction of our customers and producers.



Customers

As a customer oriented company we focus on improvement of implemented procedures with the aim to meet the customers' needs as close as possible. The company provides its services in 8 customer centres.

Approach to Customer

Stredoslovenská vodárenská prevádzková spoločnosť as a customer oriented company focused on the improvement of implemented procedures to satisfy the needs of our customers. By approval of "Customer Services Commitments" we guarantee the quality of provided services with the aim to be at our customers' disposal, to provide them with necessary information and answer their requirements as soon as possible. The company provides its services in 8 customer centres during unified opening hours. Customers can use the customer line of the Call centre as well as the electronic communication. Regularly organized seminars and trainings for first contact employees contribute to the improvement of communication with customers.

Structure of Customers

As for the number of customers, the largest category is households, which makes 93.10 %. Households as individual customers make 91.15 %.

Also from the viewpoint of sales volumes this category represents the decisive group of customers with its 66.58 %. As shown in the table below, from 10 most significant companies in turnover, 9 companies belong to the category of housing economy and housing association.

Structure according to
number of customers



93,10 % households totally
6,90 % others

Structure according to
sales volume



66,58 % households totally
33,42 % others

TOP 10 Customers in 2011

	Name
1	Stavebné bytové družstvo Banská Bystrica
2	Vlastníci bytov domov podľa odberného miesta v. z. Stavebné bytové družstvo Zvolen
3	Okresné stavebné bytové družstvo Prievidza, družstvo
4	Okresné stavebné bytové družstvo Rimavská Sobota
5	Fakultná nemocnica s poliklinikou F. D. Roosevelta, Banská Bystrica
6	Stavebné bytové družstvo Žiar nad Hronom
7	BYTOS - správa bytov PRIEVIDZA, s. r. o.
8	Stavebné bytové družstvo Lučenec
9	SBD Brezno
10	Mestský bytový podnik Handlová s. r. o.



Customer Services

Within the meaning of “Customer Services Commitments” and in compliance with continual progress in electronic communication, we implemented the new “SMS Info” service – sending the SMS information on interruption or restriction of water supply due to planned repairs or defects in the water supply system. At the end of the year 151 customers were registered in this service.

The company has offered sending of invoices via electronic mail from June 2011. This service has been provided in cooperation with external printing service supplier via portal www.zelena-faktura.sk (Green Invoice). After successful activation, a customer gets their invoices for water and sewage in an electronic form to their email address. There are a several advantages of

electronic distribution of invoices. This service is free of charge; a customer obtains simple and comfortable access to their invoices. The invoices are sent in PDF format, a customer has access to the complete invoices archive anytime and anywhere, and also gets alerts on invoice delivery by the SMS. In 2011, 400 customers were registered in electronic invoices distribution service. Totally we sent 729 electronic invoices to 294 email addresses.

Customers contacted our company by phone, by mail or personally at the average more than 10 thousand times per month. Particularly they were interested in the issues related to water supply, sewerage, pressure, water quality and damages.

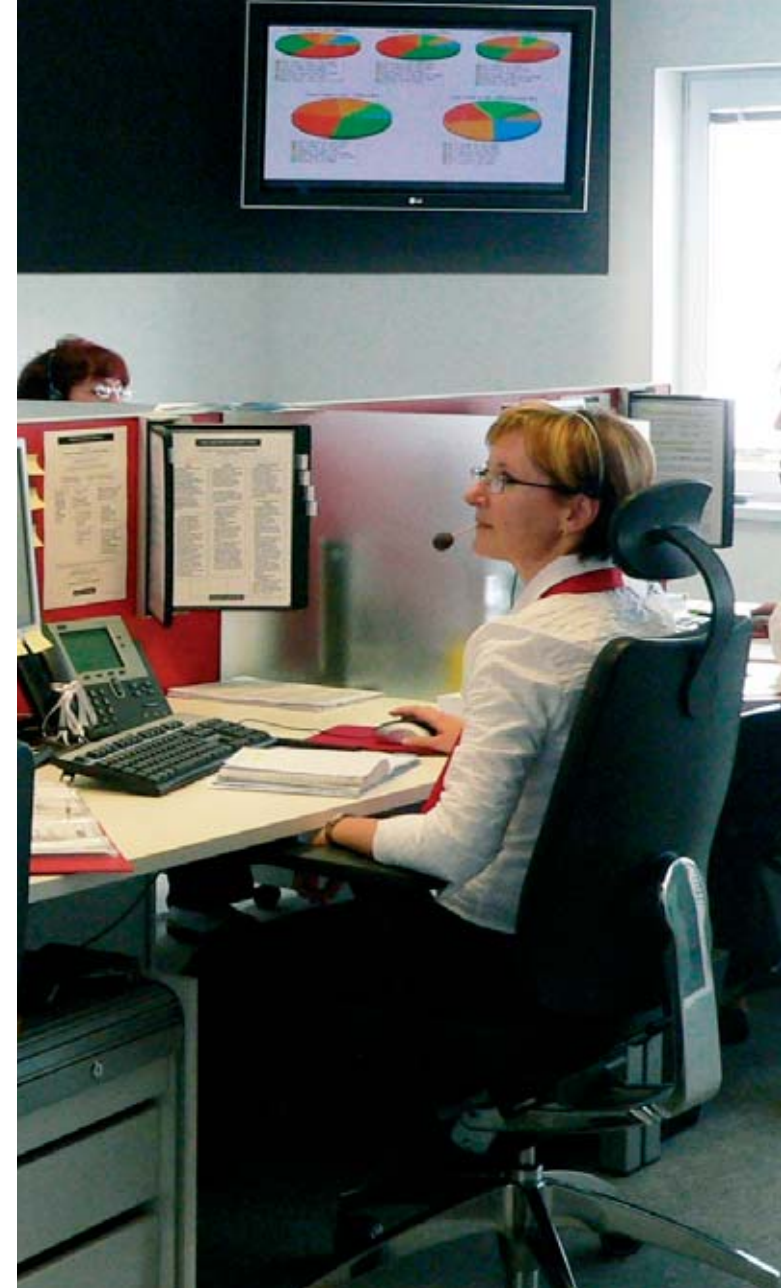
Average data on number of contacts per month concerning:

	Totally	%
water supply, sewerage, pressure, water quality and damages	1 342	12,89 %
connections and water metres	1 343	12,91 %
contracts	2 437	23,42 %
invoicing	2 692	25,86 %
other information not-listed above	2 594	24,92 %
total	10 407	100,00 %

Structure of Issues in Question



12,89 %	water supply, sewerage, pressure, water quality and damages
12,91 %	connections and water metres
23,42 %	contracts
25,86 %	invoicing
24,92 %	other information not-listed above



Customer Satisfaction Survey

In 2011 an internal customer satisfaction survey, focused on satisfaction of our customers with the provided services, was performed in customer centres. Questionnaire used for data collection was at the disposal in every customer centre. It contained 3 closed questions and after their filling-in, a customer dropped it into the sealed ballot-box. A sample of respondents included customers, who visited any of the customer centres and filled-in the questionnaire. From the total number of 1 396 respondents, 98.7% were satisfied with the quality of provided services. 65% prefer personal visit of a customer centre instead of other means of communication. Customers are mostly interested in price of water and contracts.

During another customer satisfaction survey realised regularly once a year among customers of Stredoslovenská vodárenská prevádzková spoločnosť, a.s., an external supplier contacted by phone totally 1 000 customers, thereof 600 from category of family houses, 200 from category of housing administration companies and housing owners associations and 200 respondents were from the category of companies and legal entities. The main aim of the survey is to identify customer satisfaction with water supply and sewerage services including customer service and communication, and compare these results with previous years.

Satisfaction with the quality of provided services slightly increased. Total satisfaction with services was expressed by 89.7 % of respondents. In comparison with the previous years the number of respondents completely satisfied with the quality of drinking water increased significantly (86.5%).

Also professional qualification of the employees (94.5%) and obtaining information of technical character were highly evaluated by customers.

As for information preferences, which are expected by a customer, price for water and its quality are favoured. 45.2% of customers are interested in the information on water quality and about 40.8% prefer information on price for water and sewage.

The main sources of information for individual customers are leaflets and brochures, companies, on the other hand, prefer internet. As the result of survey conclusions, we would focus on the improvement and updating of company's website, and on the improvement of information on quality of drinking water and price for water and sewage.

Number of contractual customers	108 056
Number of water metres for billing	111 651
Number of invoices sent	352 696
Number of justifiable complaints and objections	602

Public Relations

Reliable source of information for both customers and general public is considered the newsletter for customers "Water For You" published twice a year. It contains especially information on prices and quality of water, considered by our customers, according to the Customer Satisfaction Survey, for the most important. Up-to-date information for customers are published on our website www.stvps.sk.

To promote new services, we use information campaigns in daily newspapers, advertisements and regular communication with media. On the occasion of the World Water Day we organise promotion events in the region to inform about provided services.





Responsibility

We are a significant employer. In the region of our activity we had employed 1 118 men and women as at 31 December 2011. We provide good working conditions and benefits to our employees. We focus on improving skills of employees and on safety at work. Furthermore we try to contribute to the sustainable development and the improvement of the environment in the regions of our scope.

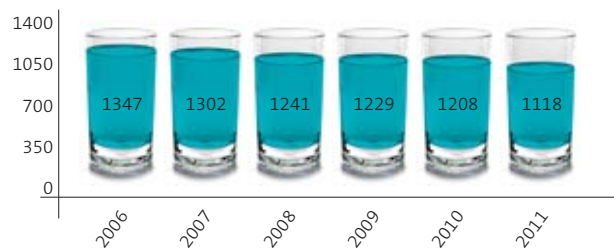


Responsibility

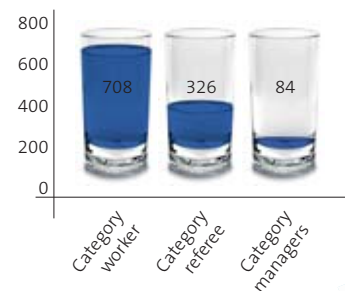
Employees

In spite of ongoing rationalizing measures, Stredoslovenská vodárenská prevádzková spoločnosť, a.s. remains one of the key employers in the region. As at 31 December 2011 we have employed 1 118 employees, thereof 38 employees with disabilities. In 2011 we continued making company processes more effective and, as the result, we re-evaluated and modified the organizational structure of the company. These steps resulted in the reduction of number of employees by 7.4%.

Development of number of employees from 2006



Structure of employees according to categories



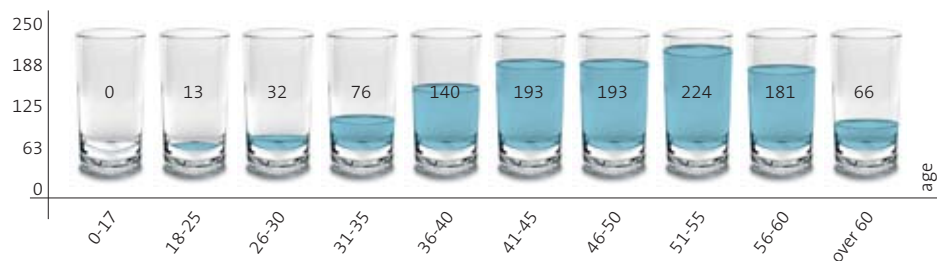
Internal Communication

Everything, what the company achieves, is the result of its staff work, who invest their wisdom, effort and zeal. That is why it is important for us to communicate with our employees.

Regularly, four times a year, we publish the employee newsletter "Water is Life". We inform about current events in our company as well as bring the hottest news in water industry in general. An internal company intranet is becoming more and more looked-up source of information. The new possibilities for education of our employees are included in the electronic newsletter "Le Service", which has been sent to our employees by email regularly and published on the intranet, as well. Working meetings at all levels, regular trainings and meetings of employees at sport and cultural events remain an effective instrument of internal communication.

Age structure of our employees confirms a low rate of fluctuation and for many employees, Stredoslovenská vodárenská prevádzková spoločnosť, a.s. is the first and the last employer. As you can see in the graph below, 70% of employees of the company are at the age of 41 – 59 years.

Age structure of employees



Employee Education

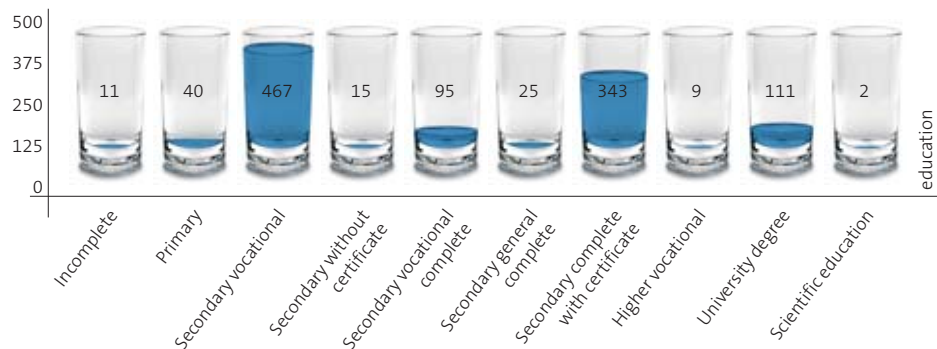
Regarding the development of human resources, we focus on professional and personal growth of our employees. We ensure it by means of the internal education.

We are aware that, if we want to achieve the defined goals, we have to invest and increase employee's qualification and potential. Merely highly professional and motivated employee might bring the future success to the company. Stredoslovenská vodárenská prevádzková spoločnosť, a.s. provides all compulsory training courses determined by the legislation, specialised courses to deepen and extend staff qualification, and offers English language courses.

In 2011, the company allocated by 4 400 € more for education of employees than in 2010, which makes inter-annual increase by 6%. These figures show clearly, that our company invests more and more financial funds into the development of human resources.

Educational structure of the company results from the character of production. Its summary is seen in following table:

Educational structure of employees



Social Dialogue

As regards cooperation with our social partner, we, as in previous years, managed to create social reconciliation in collective bargaining, which resulted in conclusion of the Collective Agreement for 2011. The most significant changes agreed within the social dialogue are as follows:

- indexation of wages,
- providing differential value of allowance at retirement,
- increase of earnings reimbursement during incapacity for work.

The Collective Agreement included Appendix No 1 – Rules for using Social Fund. The Social Fund is one of the basic tools for the company to apply the social policy. Creation of Social Fund is determined by maximum legal value in the amount of 1.5% of accounted gross wages. Such an alignment is considered a demonstration of social responsibility of a company towards its employees. In 2011, the Social Fund was created in the value of 115 thousand €. In comparison with 2010, it makes the increase by 20 thousand €, which can be used to increase care for employees.

Average monthly salary in 2011 amounted to 728.33 €. Stredoslovenská vodárenská prevádzková spoločnosť, a. s. fulfilled its obligation arising from salary indexation in line with the Collective Agreement, and in May 2011 paid every employee a sum 170 €.

Detailed creation and use of the Social Fund overview is specified in the table below:

Social Fund Budget of StVPS a. s. for 2011	Use of Social Fund in € as at 31 December 2011
Balance as at 1 January 2011	4 457,06
Creation of Social Fund (1.5%)	115 196,34
Creation total	119 653,40
Life jubilees benefits (50)	2 333,00
Retirement benefits	3 789,00
One-time non-repayable assistance	830,00
Contribution for meals	74 251,80
Contribution to recovery	16 605,00
Contribution for blood-donors	564,00
Contribution by child birth	490,00
Contribution to activities for children	3 090,00
Total expenses	101 952,80
Balance as at 31 December 2011	17 705,00



Safety and Health at Work

Creation of favourable and safe working conditions brings both the optimization to working procedures and positive economic effect, and therefore, besides employee education, safety at work is the second strategic point in employees care. Regularly organized trainings of employees, rehearsals of serious accidents prevention and fire protection help to prevent the potential risks. In compliance with the Regulation of the Ministry of Interior of the Slovak Republic No 121/2002 Coll. on Fire Prevention, § 13, Art. 1, specialized inspections of fire-technical equipment (manual and mobile fire extinguishers and fire hydrants) are performed regularly, we organize trainings for employees relating to the regulations of fire protection as well as seminars on professional preparation of employees involved in the fire prevention guards. In 2011, neither a fire accident occurred, nor were health and lives of employees endangered by any fire or industrial accident in our company.

In 2011 six occupational injuries were registered, i.e. three occupational injuries less than in 2010. Number of missed calendar days due to occupational injuries (624 days) decreased by 308 calendar days as compared with 2010. Stredoslovenská vodárenská prevádzková spoločnosť, a. s. has got working places with the enhanced risk of health hazard, namely with a risk of infections. Involved employees regularly attend prevention health examinations and are vaccinated against hepatitis A. Field-work employees were vaccinated against tick-borne encephalitis in 2011. We provide contribution in the amount of 135 € for combined correcting equipment to employees working with display devices.



Enlightenment and Education in Environmental Protection

Our company is very active in the issues of environmental protection. Through our own educational and training projects we encourage the public, our customers and in particular children to protect actively every component of the environment, especially biodiversity.

In 2011 we participated on international project “Green School”. For primary schools in our region we organized the educational competition Around the World – Biodiversity in Cities. Through special working sheets pupils could experience miscellaneousness of city life. On the occasion of World Water Day we prepared educational programme with various activities related to water for primary schools. We distribute a special educational tool to primary school named laboratory suitcase, which serves for examining and observing water and its qualities. Another educational tool, appreciated by both teachers and pupils, is a set of working sheets and a CD called Secret of Water. Project of secondary student exchanges Journeys to biodiversity – water connecting us was organized in cooperation with Hungarian company VEOLIA VÍZ. Secondary school students experience their home countries in all aspects. University students had the chance to join the competition Green biodiversity with their theses. Apart from educational projects and competitions, we also organize promotional events for wider public to inform on quality of water and protection of water sources. We offer visits to wastewater treatment plants and water treatment plants with lectures for students and wide public.

As a member of the Association of Water Supply Companies we supported information campaign I drink healthy water – tap water. Its aim was to point out the availability of quality drinking tap water, its suitability for healthy way of life and necessity to reduce the quantity of plastic packages.

Environmental Protection

Operation of stationary energy facilities produced 28 tons of emissions, which makes the decrease of volume of emissions produced in 2010 by 13 tons. This result was achieved by gradual renovation of boiler-houses and realization of saving measurements.

In 2011 the company realized following environmental programmes:

Construction of ecologically friendly place for temporary storage of sludge from waste water treatment in Wastewater treatment plant Žiar nad Hronom.

Successful completion of reconstruction in boiler-house in Wastewater treatment plant Detva changed the way of heating from solid fuel (coke) to electricity.

Reconstructions and intensification of wastewater treatment plants continually help to reduce volumes of treated wastewater not fulfilling the admitted limits determined by the European Union and decisions of authorities of state water administration.



Waste Management

In compliance with the environmental politics of the company, we ensured recovery of waste, previously liquidated by dumping. Saved resources were again invested into the improvement of environment, especially into dumping of waste in our facilities.

Other activities regarding the waste management focused on separation of waste and improvement of its gathering in our plants.

Apart from the main activity affecting the environment (draining and treating wastewater), our other activities regarding protection of nature and country focused on energetic use of biomass produced by wastewater treatment.

Aim of this activity was, except of economic effect, to reduce environmental burden caused by mining fossil fuels and natural gas, and reduction of waste production – sludge from municipal wastewater treatment.

The recovery of produced biodegradable waste brought:

- volumes of produced electricity: 1 562 MWh; increase by 18% in comparison with 2010,
- volumes of produced biogas: 2 030 thousand m³; increase by 17% in comparison with 2010.

Total production of waste 38 651 t, thereof:	
Dangerous waste:	4 t, decrease by 3.7 t compared with 2010
Other waste:	38 647 t, increase by 8 147 t compared with 2010
Thereof sludge:	
Total production of sludge:	31 152 t
Sludge from wastewater treatment:	30 716 t
Sludge from water flocculation:	436 t
Other 10 types of waste according to their origin:	
Sewerage sludge:	1 055 t
Dugout soil:	566 t
Waste from grit chambers:	681 t
Waste from trash racks:	289 t
Bitumen mixtures:	223 t
Mixed municipal waste:	28 t
Mixtures of grease and oils from separators:	8 t
Concrete:	5 t
Ash, slag and boiler-dust:	4 t
Paper, cardboard:	4 t

ISO

Connection of several management systems into the integrated system is an effective way of creating a system of management regarding quality of products and services as well as attitude towards environment, safety and health at work. A systematic approach ensures fulfilling of legislative requirements, reduces demanding administration and saves financial resources.

In 2011 our company successfully passed the re-certification audit on STN EN ISO 9001:2009 of the Quality Management System and second supervisory audit on Environmental Management System STN EN ISO 14001:2005 and Management System for Safety and Health Protection at Work STN OHSAS 18001:2008. Audit inspected selected articles of ISO and OHSAS standards and, again, declared the compliance of our system with their requirements. The validity of Certificates has been confirmed for the next year on. The audit was performed in plants in Prievidza and Banská Bystrica.

Integrated management system is an inseparable part of management of the company and we use it in all production processes and activities. The system has become a progressive step towards our customers and serves as a basis for continual improvement.

At the end of the year, company's management approved a decision on implementation of Energy Management Systems according to EN 16 001:2009/ISO 50001. The process of implementation and certification audit should be completed in the first half of 2012.





Innovations

We are the professionals in what we do. Apart from maximum efficiency and erudite operation of waterworks facilities, we bring innovative solutions and our technological know-how.

Systematically, we have reduced energy consumption of operated facilities and, on the contrary, increase production and utilization of renewable resources of energy.



Innovations

Information Technologies

In 2011 we completed the optimization of previous geographical information system AQIS to the latest version of MapInfo and MapXtreme. It brought the readjustment of system core and data model and enabled faster work, improved printing outputs, and provided possibilities to extend and adapt the data model according to the occasional requirements. Nowadays, collected data from previous system has been converted into the new one.

We finished the replacement of radio transmitting devices working in the frequency band 300 MHz for transmission equipment functioning in GSM network of mobile operators and elaborated a plan for gradual connection of other facilities to dispatching operation.

Water Treatment Plants

In 2011, drinking water technologies and operation of water treatment plants (WTP) brought measurements and innovations as follows:

- legislative change in pH-indicator for supplied water from 1 January 2011 enabled the water alkalisation in WTPs Hriňová, Málinec and Klenovec, and thus gradually decrease the content of iron in supplied drinking water in consumption points supplied from the abovementioned WTPs. Alkalinisation was realized by dosing lime milk in WTP Hriňová and WTP Málinec, and by dosing limewater in WTP Klenovec, using the existing technologies for treatment and disinfection of water,
- ongoing realization of investment in WTP Hriňová to meet parameters defined by STN EN 757151:2000 by direct water hardening. Installed technology successfully undergone complete tests including short-term operational tests. The completion of investment has been planned for the first half of 2012,
- in compliance with the decision of the Regional Authority of Public Health in Rimavská Sobota we looked over the possibility to reduce chlorination in Rimava group water supply system, assessment of mutual influence of chlorine dioxide with other disinfection substances using for chlorination, and their impact on health of our customers. After fulfilling these measurements, the Regional Authority of Public Health in Rimavská Sobota issued in November 2011 an agreement with permanent disinfection of water by chlorine dioxide in WTP Klenovec,
- in WTP Pohronský Bukovec the disinfection was realized by the UV radiation. The existing technology was adjusted in order to decrease the arsenic in supplied water, avoid pumping of raw water, and reduce breakdowns of previous technology. We started monitoring of the new technology. Based on results achieved, the Regional Authority of Public Health cancelled the prohibition of supplying drinking water through public water supply system in the village in December 2011,
- intensification of homogenization in WTP Málinec by putting another homogenizer into operation with more appropriate hydraulic parameters. Realization and testing of recycling washing wastewater from washing filters back to the process of water treatment with positive results regarding savings in raw water and chemicals. Elaboration of technological suggestion for the WTP owner to solve the exceeding limits for living organisms in treated water caused by their penetration through water treatment technology,
- ongoing testing operation of technologies focusing on decreasing secondary iron through phosphatation, alkalisation and changing the disinfection substance in water sources Bystrá and Trangoška (group water supply system Brezno). Achieved results enabled to reduce dosing of phosphates from 4 mg/l to 1 mg/l. Content of sulphates fell below the valid limit,
- WTP Prochot – realization of individual and complete tests of installed technology; assumed completion in 2012.



Waste water treatment plants

In 2011, wastewater treatment technologies and operation of wastewater treatment plants (WWTP) brought measurements and innovations as follows:

- ongoing works on projects “Filákov – intensification and expansion of WWTP” and “Tisovec – intensification of WWTP”. Both constructions have been co-financed from the EU funds. Their aim is to increase the capacity of WWTP, to ensure treatment of waste water and remove sludge in compliance with valid legislation,
- opening works on projects “WWTP Handlová – intensification”, “WWTP Veľký Krtíš – intensification”, and “WWTP Detva – intensification”. These constructions have been co-financed from the EU funds. Their aim is to increase the capacity of WWTP, to ensure removal of nutrients in compliance with requirements of authorities of state water administration and valid legislation,
- elaboration of project documentation to obtain construction permit for “Krupina – sewerage system and WWTP” and “Halič – sewerage system and WWTP”. Their aim is to increase the capacity of existing WWTP Halič and construction of a new municipal WWTP Krupina. After publication of calls, the AssetCo would submit an application for non-repayable financial contribution from the EU resources,
- ongoing contractual technical assistance in WWTP PSA Peugeot Trnava for the Sloveo company,
- realization of construction “WWTP Ružiná – amendment of technology”. The aim of the project is to put second activation tank into operation, install sensitive trash racks and reconstruct the stormwater inlet,
- recovery of regulating system in WWTP Brezno, which should ensure automatic regulation of aeration and mixing in circulating activation tank,
- cleaning, revisions, water resistance and gas resistance tests, and paintcoating of pipelines in a digestion tank in WWTP Banská Bystrica in order to put it into operation. Operation of both digestion tanks would ensure higher stability in the process of anaerobic fermentation and increased production of biogas.



Pumping Stations and Water Reservoirs

To improve operation of pumping stations and water reservoirs, following measurements for innovation and modernization were realized:

- modernization of armatures in water reservoir and of transmission system ASRTP in reservoir Pod Dielom in Podbrezová within the construction “Podbrezová reservoir Pod Dielom”,
- purchase and replacement of a new pumping device 40 CVX with 15 kW electric motor in pumping station Lentvora,
- treatment of water sources (drill holes) HBL 5, HBL 7 and HO 3 in Lehota pod Vtáčnikom village, which pump water for public water supply system,
- replacement of electricity distributor and compressor, and implementation of dispatching operation in pumping station Malá Čausa,
- replacement of underwater pumping device on water source Budikovany,
- project “Supplying southern areas of Veľký Krtíš district with drinking water” was completed and put into operation. As a consequence, pumping stations and water sources in Veľká Čalomija and Malá Čalomija were put out of operation (as an inconvenient water sources from the point of view of water quality); pumping stations and water sources (drill holes) in Pôtor and Chrčany villages were excluded from emergency regime. The abovementioned villages have been supplied with water from feeding water supply facilities, constructed within the mentioned project (from water sources of WTP Hriňová and WTP Ľuboreč).

Sewerage system

We updated technical conditions for connecting real estates to the sewerage system and implemented new technological procedures. These were tested in plants 01 Banská Bystrica and 03 Prievidza and have been used here until present. Other plants have been equipped with necessary technique gradually. New technologies have brought especially significant increase of service life in sewerage system and improve their quality. They have also contributed to the change of inconvenient working processes, which systematically deteriorated technical condition of sewerage system, increased volumes of ballast substances penetrating into sewerage system, increased costs for repairs and significantly reduced the service life of infrastructure and its technical condition.

We elaborated proposal for technical standards regarding construction of sewerage systems and facilities. The standards ensure better quality of constructed sewerage systems and determine technical conditions for facilities such as pumping stations and stormwater inlets, quality of work and process of its inspection, proposal for technical conditions of contracts for project engineers and constructors. The main aim of these standards is to increase the quality of infrastructure, to prolong the service life of sewerage systems, to decrease operational costs and, in addition, more effective use of financial resources invested into infrastructure.

We elaborated recommendations for using plastic pipes during constructions in order to keep the complying quality in sewerage systems using this flexible material.

We prepared "Proposal of supporting decision system for renewal, reconstruction and repairs of sewerage system". Elaboration of this proposal and its implementation into practice should improve the assessment of infrastructure conditions and their evidence, and arrange necessary repairs, reconstructions and renewal. Assessment of technical condition of pipelines detected by TV camera survey and scanning should be an inseparable part of the whole process.

Energetics

In 2011, consumption of electricity and natural gas was ruled by agreed business conditions and business contracts.

The share of energies in the total costs in 2011 was as follows:

- 86.9% electric power
- 9% natural gas and heat
- 4.1% other fuels

Share increase of costs for electric power by approximately 6.6% in comparison with 2010 was caused by the loss of a loyalty provided by the power energy supplier in the amount of 3 €/MWh and introduction of a fee 3 €/MWh for the National Nuclear Fund from 1 January 2011, which makes annual increase of costs by more than 171 564 €.

Increased consumption of electricity was considerably influenced by putting 13 new points of electricity consumption within the project of supplying southern parts of Veľký Krtíš district with drinking water, expansion of technologies in WWTPs and increased production of pumped water in pumping stations due to unfavourable hydro-meteorological conditions. In order to decrease the lump fees regarding both major and minor commercial consumers, we adopted regulations in order to decrease the reserved services. We focused on trouble-free operation of cogeneration units in WWTPs Banská Bystrica, Zvolen and Lučenec. Here, the production of electricity through combustion of biogas in the amount 1 562.160 MWh saved costs for consumption of electricity for approximately 162 814.00 €.

During the monitored period, we had had performed expert inspections and expert tests of selected technical devices according to the degree of threat (in groups A, B and C) in compliance with the Regulation No 508/2009 on occupational safety and health and safety of technical devices.

Supplying boiler-houses with fuels was ensured continually in compliance with requirements of consumers in assumed volumes and quality.

As a special arrangement to the contracts on gas supply for consumers in the category of minor commercial consumers, our gas supplier agreed to decrease the fuel consumption charge by 0.0028 €/MWh from 1 June 2012, which makes annual saving of costs in the amount of 12 348.00 €.





Financial part

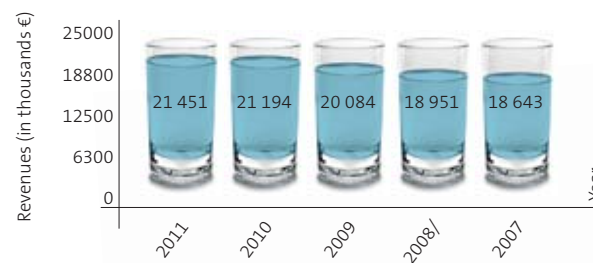
Financial part

Comments on Financial Results

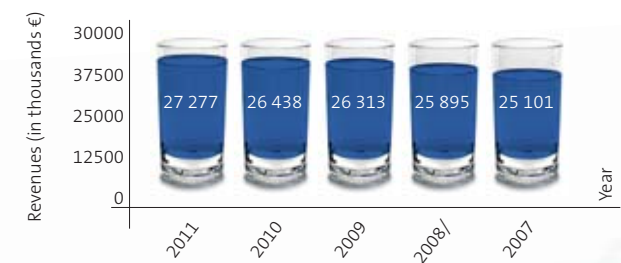
In 2011, our company as a member of Veolia Voda Group faced many challenges. We were forced to get over them to fulfil aims determined by both a shareholder and the company's management.

As regards revenues, a negative long-time trend of decreasing water consumption continued. It is affected by complicated economic and social situation in our region. The main goals of the company therefore were to make the processes more effective and re-evaluate relationships with suppliers concerning purchase of goods and services. This resulted in reduction of operating costs. Another significant moment in 2011 was the settlement of bad debts by Fakultná nemocnica s poliklinikou F. D. Roosewelta (Faculty Hospital with Policlinic) in Banská Bystrica. Stredoslovenská vodárenská prevádzková spoločnosť, a. s. therefore fulfilled all significant economic objectives determined for 2011.

Development of revenues from sewage in 2007 – 2011



Development of revenues from water in 2007 – 2011



Economic result of our company in comparison with 2010 (excluding a one-off nonrecurring goodwill impairment in 2010) decreased by 37%. The company achieved positive net result after tax in the amount of 1 843.97 thousand €. This positive result was achieved by the total revenues 52 010.33 thousand € and by the total costs 50 166.36 thousand €. Unfavourable influence of decrease in consumption of our consumers and completion of large construction contracts in 2010 affected lower revenues from sales of own products, goods and services (51 777.64 thousand €), which decreased by 1.5% compared with 2010. Decision of the Regulatory Office for Network Industries determined higher prices for water and sewage in comparison with 2010, but the maximum price for production and supply of drinking water had not increased from the beginning of 2011. The situation changed after the new decision of the Regulatory Office for Network Industries was adopted on 6 April 2011.

From 6 April 2011, the following maximum prices (VAT excluded) were applied:

- maximum price for production and supply of drinking water through public water system: 1.0121 €/m³,
- maximum price for draining and treatment of waste water through public sewerage system: 0.9625 €/m³,
- maximum price for distribution of drinking water through public water system: 0.6307 €/m³.

The company managed to achieve the savings in costs – in 2011 total costs decreased by 2.7% in comparison with 2010 (excluding nonrecurring goodwill impairment in 2010). The highest cost items are costs for other services – 19 678.06 thousand €, particularly the costs for infrastructure rental fee, sub-contracting and asphaltting. The other significant cost items are personal costs 15 060.41 thousand €, costs for energies consumption 4 091.08 thousand €, material costs 4 086.35 thousand € and costs for repairs and maintenance 1 561.97 thousand €. In 2011, new costs within Veolia Group occurred – trademark and management fees.

Total assets of the company stood at amount of 20 185.18 thousand €, thereof purchased non-current assets made in net

book value 5 199.33 thousand €. Company has continually used its financial funds (in 2011 in the amount of 1 113 thousand €) to modernize its tangible and intangible assets in order to increase customers' satisfaction.

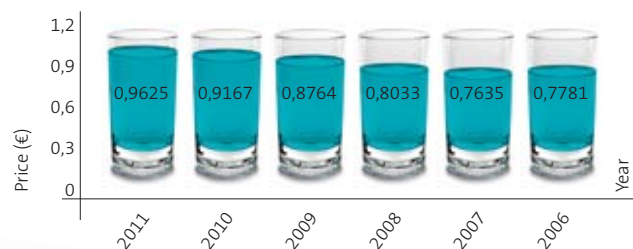
For financing its needs, the company used particularly the external sources – bank overdraft and investment credit. The bank overdraft was drew to ensure the operational needs in the amount of 3 739.66 thousand €. For the purchase of assets associated with the business activities and financing of so called pre-paid rent to the AssetCo StVS, a. s. from 2008, the company used the investment credit in the amount of 3 369.18 thousand €.

In general, the financial situation was considered stable and throughout the year, the company was able to fulfil its commitments towards its employees, institutions, partners and other suppliers.

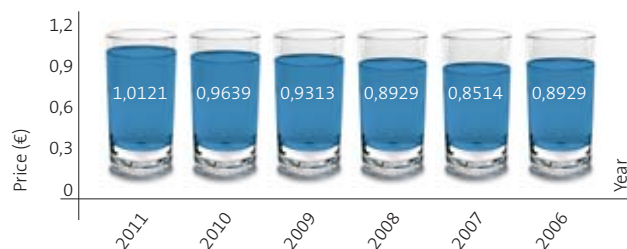
The company achieved net result in the amount of 1 843.97 thousand € for the accounting period 2011.

Total equity increased by the higher achieved profit to 5 153.33 thousand €. The share capital (34 thousand €) remained the same in comparison with the previous year.

Development of price for sewage VAT excluded in 2006 – 2011



Development of price for water VAT excluded in 2006 – 2011



BALANCE SHEET as at 31 December 2011 (in round €)

Code	Assets	Line	Current Accounting Period		Immediate Previous Accounting Period
a	b	c	1 Gross - part 1 Correction - part 2	Net 2	Net 3
	TOTAL ASSETS	001	26 997 964 6 812 782	20 185 182	24 869 825
A.	Non-current assets	002	10 554 073 5 354 738	5 199 335	5 350 414
A.I.	Total long-term intangible assets	003	1 015 812 618 844	396 968	346 806
2.	Software	006	1 015 812 618 844	396 968	346 806
A.II.	Total long-term tangible assets	011	9 516 403 4 735 894	4 780 509	4 981 750
2.	Buildings (incl. investment property)	013	7 050 343	6 707	
3.	Movable assets	014	8 947 673 4 735 551	4 212 122	4 675 002
7.	Long-term tangible assets in acquisition	018	386 795	386 795	306 748
8.	Prepayments for long-term tangible assets	019	174 885	174 885	
A.III.	Total long-term financial assets	021	21 858	21 858	21 858
A.III.1	Investments in subsidiaries and other securities	022	16 858	16 858	16 858
2	Investments in associates and other securities	023	5 000	5 000	5 000
B.	Current assets	030	13 566 329 1 458 044	12 108 285	13 892 732
B.I.	Total inventories	031	663 740 66 859	596 881	586 276
B.I.1.	Material	032	597 783 66 859	530 924	584 069
5.	Goods	036	65 236	65 236	65
6.	Prepayments for inventory	037	721	721	2 142
B.II.	Total long-term receivables	038	49 153	49 153	455 935

Code	Assets	Line	Current Accounting Period		Immediate Previous Accounting Period
a	b	c	1 Gross - part 1 Correction - part 2	Net 2	Net 3
B.II.1.	Trade receivables	039	5 778	5 778	297 876
7.	Deferred tax receivables	045	43 375	43 375	158 059
B.III.	Total short-term receivables	046	12 734 277 1 391 185	11 343 092	12 729 797
B.III.1.	Trade receivables	047	12 461 455 1 391 185	11 070 270	12 466 230
2.	Net value of construction contracts	048	206 994	206 994	10 383
7.	Tax receivables and grants	053			48 831
8.	Other receivables	054	65 828	65 828	204 353
B.IV.	Total financial accounts	055	119 159	119 159	120 724
B.IV.1.	Cash in hand	056	87 163	87 163	101 221
2.	Bank accounts	057	31 996	31 996	19 503
C.	Total accruals and deferrals	061	2 877 562	2 877 562	5 626 679
C.1.	Prepaid expenses – long-term	062	2 826	2 826	2 788 289
2.	Prepaid expenses – short-term	063	2 874 736	2 874 736	2 838 390

Code	Liabilities	Line	Current Accounting Period	Immediate Previous Accounting Period
a	b	c	4	5
	TOTAL EQUITY AND LIABILITIES	066	20 185 182	24 869 825
A.	Equity	067	5 153 326	3 309 357
A.I.	Total share capital	068	34 000	34 000
A.I.1.	Share capital	069	34 000	34 000
A.II.	Total capital funds	073	3 271 876	39 970 179
A.II.1.	Capital surplus	074	3 320	3 320
2.	Other capital funds	075	4 444 123	41 142 426
3.	Legal reserve fund from capital deposits	076	3 319	3 319
4.	Valuation differences from revaluation of property and liabilities	077	-1 178 886	-1 178 886
A.III.	Total funds from profit	080	3 481	3 481
A.III.1.	Legal reserve fund	081	3 481	3 481
A.IV.	Result (profit/loss) from previous years	084		-13 382 559
2.	Accumulated losses	086		-13 382 559
A.V.	Net result (profit/loss) for current accounting period	087	1 843 969	-23 315 744
B.	Liabilities	088	15 031 418	21 560 030
B.I.	Total provisions	089	3 305 015	2 996 242
2.	Legal short-term provisions	091	2 290 658	2 172 583
4.	Other short-term provisions	093	1 014 357	823 659
B.II.	Total long-term liabilities	094	28 521	840 752
B.II.1.	Long-term trade liabilities	095	10 816	836 295
9.	Social fund payables	103	17 705	4 457
B.III.	Total short-term liabilities	106	4 589 043	4 666 786
B.III.1.	Trade payables	107	2 432 973	2 406 256
3.	Supplies unbilled	109	206 277	339 246

Code	Liabilities	Line	Current Accounting Period	Immediate Previous Accounting Period
a	b	c	4	5
7.	Employee liabilities	113	617 375	744 322
8.	Social security payables	114	433 580	461 452
9.	Tax liabilities and grants	115	872 278	680 441
10.	Other liabilities	116	26 560	35 069
B.IV.	Short-term financial assistances	117		
B.V.	Bank loans	118	7 108 839	13 056 250
B.V.1.	Long-term bank loans	118		3 369 183
2.	Current bank loans	120	7 108 839	9 687 067
C.	Total accruals and deferrals	121	438	438
4.	Deferred revenues – short-term	125	438	438

PROFIT AND LOSS STATEMENT as at 31 December 2011 (in round €)

Code	Item	Line	Real status	
			Current Accounting Period	Immediate Previous Accounting Period
a	b	c	1	2
I.	Revenues from sales of goods	01	47 259	210
A.	Expenses for acquisition of sold goods	02	43 932	129
+	Commercial margin	03	3 327	81
II.	Production	04	51 773 634	52 593 352
II.1.	Revenues from sales of own goods and services	05	51 730 377	52 567 947
3.	Work in progress and capitalized production	07	43 257	25 405
B.	Consumables and services purchased	08	31 069 322	32 159 552
B.1.	Consumed material, energy and other non-inventory items	09	9 757 174	9 472 504
2.	Services	10	21 312 148	22 687 048
+	Added value	11	20 707 639	20 433 881
C.	Total personal costs	12	15 060 407	14 818 887
C.1.	Labour costs	13	10 218 427	10 336 303
2.	Remuneration for the members of company bodies	14	102 537	87 044
3.	Social Insurance	15	3 755 018	3 595 550
4.	Social Costs	16	984 425	799 990
D.	Taxes and fees	17	112 887	106 806
E.	Amortization and impairment to long-term intangible and tangible assets	18	1 437 968	26 268 483
III.	Revenues from sales of long-term property and inventory	19	61 080	24 079
F.	Net book value of sold long-term property and inventory	20	44 241	18 081
G.	Creation and accounting of impairment to receivables	21	-272 550	410 028

Code	Item	Line	Real status	
			Current Accounting Period	Immediate Previous Accounting Period
a	b	c	1	2
IV.	Other operating revenues	22	125 681	285 374
H.	Other operating costs	23	1 934 566	1 858 119
*	Operating profit/loss (RESOP)	26	2 576 881	-22 737 070
X	Interest incomes	38	2 442	2 892
N.	Interest expenses	39	213 201	238 043
XI.	Foreign exchange gains	40	231	368
O.	Foreign exchange losses	41	1 224	565
XII.	Other financial incomes	42		754
P.	Other financial expenses	43	28 590	25 794
*	Financial profit/loss	46	-240 342	-260 388
**	Result (profit/loss) before tax	47	2 336 539	-22 997 458
S.	Income tax on profit or loss in the period	48	492 570	315 105
S.1.	- current	49	377 886	251 527
2.	- deferred	50	114 684	63 578
**	Net result (profit/loss) after tax	51	1 843 969	-23 312 563
T.	Extraordinary costs	53		3 181
*	Extraordinary result (profit/loss) before tax	54		-3 181
*	Extraordinary result (profit/loss) after tax	58		-3 181
***	Result (profit/loss) before tax	59	2 336 539	-23 000 639
***	Net result (profit/loss) after tax	61	1 843 969	-23 315 744

Cash Flow Overview as at 31 December 2011

Operating Cash Flow	2011 EUR	2010 EUR
Cash flow from operating activities	8 481 992	4 114 991
Interests paid	-213 201	-238 043
Interests received	2 442	2 892
Income tax paid	-229 888	-413 089
Cash flow before extraordinary items	8 041 345	3 466 751
Income from extraordinary items	0	0
Net cash flow from operating activities	8 041 345	3 466 751

Cash flow from investing activities		
Acquisition of long-term property	-1 287 898	-1 061 134
Proceeds from sale of long-term property	17 877	7 090
Net cash flow from investing activities	-1 270 021	-1 054 044

Cash flow from financial activities		
Proceeds of loans		0
Borrowings provided		0
Proceeds from long-term liabilities	-825 478	-818 632
Repayment of borrowings	-4 033 061	-4 033 061
Net cash flow from financial activities	-4 858 539	-4 851 693
(Decrease) increase of cash and cash equivalents	1 912 785	-2 438 986
Cash and cash equivalents at the beginning of the accounting year	-5 533 282	-3 094 296
Cash and cash equivalents at the end of the accounting year	-3 620 497	-5 533 282

Cash flow from current activities	2011 EUR	2010 EUR
Net profit (before deduction of interests, taxes and extraordinary items)	2 547 298	-22 762 307
Adjustments by non-cash transactions:		
Depreciations of long-term tangible and intangible assets	1 437 968	26 268 483
Impairment to receivables	-382 388	232 350
Impairment to inventories	11 982	-66 768
Provisions	308 773	987 008
Other non-cash transactions	-17 877	-3 916
Profit from current activities before change in working capital	3 905 756	4 654 850
Change in working capital:		
(Decrease) increase of trade receivables and other receivables (including accruals and deferrals of assets)	4 822 948	1 799 915
Decrease (increase) of inventories	1 377	1 078 528
(Decrease) increase of liabilities (including accruals and deferrals of liabilities)	-248 089	-3 418 302
Cash flow from current activities	8 481 992	4 114 991

No significant events have occurred after 31 December 2011.

The General Assembly of Stredoslovenská vodárenská prevádzková spoločnosť, a. s. approved the appropriation of the profit for 2011 in the amount of 1 843 968.88 € as a transfer to retained profits.

Independent Auditor's Report



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Independent Auditor's Report

To the Shareholder, Supervisory Board and Board of Directors of the company Stredoslovenská vodárenská prevádzková spoločnosť, a. s.:

We have audited the accompanying financial statements of the company Stredoslovenská vodárenská prevádzková spoločnosť, a. s., which comprise the balance sheet as at 31 December 2011, the profit and loss statement for the year ended on 31 December 2011 and explanatory notes.

Responsibility of the Statutory Body of the Company

The statutory body of the company is responsible for the preparation of financial statements which provide a fair presentation in accordance with the Slovak Accounting Act and for the internal controls considered to be necessary for the preparation of the financial statements not containing any considerable errors, either in consequence of a fraud or a mistake.

Auditor's Responsibility

Our responsibility is to express the opinion on this financial statement based on our audit. We conOur responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with the International Standards on Auditing. Those standards require that we comply with relevant ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free of 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 our judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the entity's preparation and true and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting principles used and the reasonableness of accounting estimates made by statutory body of the company, as well as evaluating the overall presentation of the financial statements.

We are convinced that the audit evidence we have obtained is sufficient and appropriate as a basis for our conditional opinion.

Reasoning of the Conditional Verdict

As mentioned in the Part F of the explanatory notes to the financial statements, the company made a one-off impairment of the value of goodwill to the costs of the year 2010. According to our opinion, the abovementioned procedure does not comply with the Slovak Accounting Act, which determines that goodwill should be impaired during the useful life responding to a consumption of the future economic benefits from the property. The assumed time of flowing of economic benefits makes 26 years based on the duration of the renting and operational contract to the water and wastewater infrastructure, from the evaluation, which the goodwill has arisen of. Using this useful life, the amount of impairment would make 948.5 thousand €. Considering necessary adjustments, the value of the long-term intangible assets and equity would increase by 22 764 thousand € and the profit would decrease by write-down of 948.5 thousand € as at 31 December 2011.

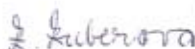
Conditional Verdict

In our opinion, except the influence on the financial statements listed in the Article "Reasoning of the Conditional Verdict", the financial statements provide a true and fair presentation of the company's financial situation as at 31 December 2011 and its economic result for the year ended on 31 December 2011 is in compliance with the Slovak Accounting Act.

April 4, 2012
Bratislava, Slovak Republic

Audit firm:
KPMG Slovensko spol. s r.o.
SKAU Licence No. 96




Responsible Auditor:
Mgr. Zuzana Zuberová
UDVA Licence No. 1028

Report of Supervisory Board

REPORT OF THE SUPERVISORY BOARD OF THE StVPS, a. s.

Financial statements and Annual report of the company for 2011 were verified by the audit company KPMG Slovensko, spol. s.r.o., and approved by the sole Shareholder during the General Assembly on 20 July 2011. In the meeting, the Supervisory Board examined the ordinary separate financial statements within the meaning of Paragraph 198 of the Commercial Code and Article XII, Clause 4 of the company's statutes.

After the examination of the financial statements and in connection with the Auditor's Report, the Supervisory Board declares that the company has been accounting in compliance with the Accounting Act and the related regulations, excluding one-off impairment of goodwill on the basis of the decision of the sole Shareholder. Inspection of data included in the financial statements for 2011 proved no misstatements, which would restrain the approval of the financial statements and the Annual report of the company.

In 2011 the company made the net revenue after tax in the amount of 1 843 969 €.

The Supervisory Board also discussed and examined the proposal of the Board of Directors for the appropriation of the profit. The Supervisory Board has no comments to these statements and recommends to the General Assembly to approve the financial statements, the Annual report and the proposal for the appropriation of the profit.

In Banská Bystrica, 17 July 2012



Tomáš Paclík
Chairman of the Supervisory Board



Stredoslovenská vodárenská prevádzková spoločnosť, a. s.

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