



Stredoslovenská vodárenská
prevádzková spoločnosť, a.s.

2016

ANNUAL REPORT

**Stredoslovenská
vodárenská
prevádzková
spoločnosť, a. s.**

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Annual Report
StVPS, a. s.
2016

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basic data

Trade name:

Stredoslovenská vodárenská prevádzková spoločnosť, a. s.

Company seat:

Partizánska cesta 5, 974 01 Banská Bystrica

Legal form: Joint-stock company

Identification No: 36 644 030

VAT reg No: SK 2022102236

Capital stock: € 34,000.00

Trade register

of District court in Banská Bystrica,
section: Sa, Insert No: 840/S

Registered on:

January 1, 2006

object of activities



- operation of the public water supply systems of 1st up to 3rd categories,
- operation of the public sewer systems of 1st up to 3rd categories,
- consulting, technical and professional assistance in the area of production, treatment and supply of drinking and industrial water, operation of the water supply systems, sewer systems and wastewater treatment plants,
- cleaning of water pipelines and sewer lines,
- execution of inspections of sewer systems by instrumental techniques,
- detection of hidden water leaks by correlation and electro-acoustic techniques,
- setting of water supply and sewer systems and armatures, a determination of contact points for connecting of instrumental techniques,
- measurement of wastewater volumes on measuring objects and sewer systems with the determination of immediate or cumulative flow by instrumental techniques,
- physical-chemical, radiological, microbiological and hydro-biological analyses of drinking, industrial and waste waters, including technological analyses of water,
- execution of water tightness tests of water management objects and equipment,
- business activities in the area of disposal of non-dangerous waste,
- execution of technical inspections of pipelines,
- repairs and installations of water meters,
- task designs, solutions and evaluation of hydro-geological survey, engineering-geological survey and geological environment survey,
- electricity production in small hydroelectric power station with the output up to 5 MW,
- power distribution
- purchase of goods for the purpose of its sale to other trade license holders (wholesale trade),
- purchase of goods for the purpose of its sale to final consumer (retail trade),
- intermediation in trade and services,
- elaboration of documentation and projects of simple buildings, small buildings and changes of these buildings,
- realization of simple buildings, small buildings and their changes
- realization of buildings and their changes,
- execution of water management and engineering,
- realization of activities of a site manager,
- realization of building inspection activities,
- engineering construction,
- supply and installation of chlorine equipment and dosing devices for chemicals,
- repairs, service, maintenance and execution of professional inspections and professional testings of chlorine equipment and dosing devices for chemicals,
- rental of machines, instruments and equipment,
- public procurement,
- national freight road transport,
- rental of real estates
- repair and servicing of all types of pumps
- realisation of revisory and pressure tests of pressure tanks
- repair, installation, maintenance and service of electrical equipment
- carrying out of technical inspections and testing of specified electrical equipment
- organizing of training courses and seminars
- carrying on training courses and seminars
- fire safety engineer
- accommodation and catering service in these accomodation establishments

THE COMPANY HAS NO ORGANIZATIONAL UNIT ABROAD.

statutory bodies

of the company December 31, 2016

Board of Directors

**CHAIRMAN OF THE
BOARD OF DIRECTORS**
Philippe Guitard

**MEMBERS OF THE
BOARD OF DIRECTORS**
Ing. Martin Bernard, MBA
Ing. Róbert Tencer
JUDr. Soňa Šáliová
Ing. Peter Martinka

SUPERVISORY BOARD
Tomáš Paclík
Roman Szabó
Etienne Petit
Jozef Hegeduš
Marián Detvan
JUDr. Roman Dula

Executive management of the company

MANAGING DIRECTOR
Ing. Peter Martinka

ECONOMIC DIRECTOR
Ing. Peter Dobrý

**DIRECTOR FOR PRODUCTION-
OPERATING ACTIVITIES**
Ing. Robert Javorčík

COMMERCIAL DIRECTOR
Ing. Mária Vicianová

DIRECTORS OF PLANTS
Ing. Pavol Badinský
plant 01 Banská Bystrica

Ing. Ladislav Solkový
plant 02 Lučenec

JUDr. Vladimír Andrejovský
plant 03 Prievidza

Ing. Branislav Jurík
plant 04 Rimavská Sobota

PaedDr. Zoltán Balla
plant 05 Veľký Krtíš

Ing. Milan Vlček
plant 06 Zvolen, Žiar nad Hronom



54,997,268 €

Turnover of the Company

1,175,246 €

Profit after taxation

655,691

Number of supplied residents

1,092

Number of employees

39,607,000 m³

Total production of own water

4,482 km

Length of operated water supply system

22

Number of water preparation plants

51,668,000

Purified sewage water in m³/year

1,014.9 km

Length of operating sewerage network

41

Number of wastewater treatment plants

114,850

Number of contracted customers

1,626

Number of phone calls via Customer Line
(monthly average)

key data

(December 31, 2016)



editorial



**Dear shareholders,
business partners,
customers,
and colleagues,**

**I am glad to inform
you again about the
results of our work
through the Annual
Report for 2016.**

Stredoslovenská vodárenská prevádzková spoločnosť, a.s. (StVPS, a.s.) has long been ranked among the largest employers in the region. At present, we provide work for 1,092 employees of all professions, ranging from workmen to highly qualified specialists.

The main subject of our activity is the supply of drinking water and the provision of waste water drainage and treatment. We offer water infrastructure management at a high professional level; we are a specialist in outsourcing services related to the production and distribution of drinking water and waste water drainage and treatment provided for municipalities, industrial partners or service sector customers.

In 2016 our company achieved a turnover of EUR 54.997 million and the economic result (profit) after tax amounted to EUR 1.175 million.

In addition to ensuring the operational capacity of the infrastructure, our effort is also to plan and systematically repair the complete parts of the most defective sections

of water and sewerage pipelines. Major repairs are carried out in coordination and close cooperation with mayors of the towns and villages concerned to ensure the necessary synergy. All this activity related to the restoration of infrastructure assets places considerable demands on funds. Therefore, we are constantly increasing the efficiency of individual activities and continuously implementing rationalisation measures in many areas, such as in power and transport industry.

With regard to investments in infrastructure, I have to mention the owner company Stredoslovenská vodárenská spoločnosť, a.s., which covers all this activity. Thanks to this company, many projects co-financed by the European Union have been implemented successfully in Central Slovakia. With respect to the actual construction of investment buildings, we have been supporting the owner company to the maximum extent, as evidenced by a few dozens of investment buildings constructed in recent years. Our company's investment expenditure is mainly directed to operating assets, where we have focused on the renewal of special motor vehicles, such as drinking water tanks, special sewage vehicles or systems for conducting pipeline video inspection. By means of these, the most basic means for us, we provide either alternative supply to the population, collection and removal of waste water or other activities.

Environmental responsive behaviour is one of the basic principles of our company, and we pay close attention to the programmes aimed at biodiversity support. We successfully continue to implement the project

"Biodiversity Conservation on the Premises of StVPS, a.s." aimed at the adjustment of our premises in order to increase the natural diversity. In co-operation with the civic association CEEV Živica, this school year we started a unique school project "The Secret Life of the City", in which 50 schools from all over Slovakia will map the biodiversity of their city using a special mobile application. And what are our next plans for the future? I would briefly summarise them in a few points that are closely related to each other. These are: modern technologies, the sustainability of existing networks, a reasonable service price/quality ratio, cooperation with regions, self-governments and their support, and, of course, environmental protection and safety of the water supply network. Constant investing in the modernisation of technologies is inevitable, because it will enable us to provide services in maximum quality in the future, to the satisfaction of our customers, while contributing to environmental protection.

I thank all collaborators, colleagues, business partners, and shareholders for cooperation. I am grateful for the constant support of the members of the Board of Directors and the Supervisory Board, and I believe that I will be able to evaluate the year 2017 as a successful one.

Ing. Peter Martinka
general director StVPS, a. s.

organizational structure

General Assembly
Board of Supervisors
Board of Directors
General Director

Division of General Director

GENERAL DIRECTOR ASSISTANT
MARKETING AND COMMUNICATION
DEPARTMENT
CRISIS MANAGEMENT DEPARTMENT
QUALITY MANAGER
PROJECT MANAGER
BOARDING HOUSE VODÁR DONOVALY
CONTROL DEPARTMENT
ADMINISTRATIVE AND LEGAL DEPARTMENT
QUALITY CONTROL DEPARTMENT
DEPARTMENT OF INFORMATION
TECHNOLOGIES
HUMAN RESOURCES
OSHA

Division of Economic Director

SECRETARIAT
TAXES DEPARTMENT
FINANCE DEPARTMENT
ACCOUNTING DEPARTMENT
PROPERTY EVIDENCE DEPARTMENT
SUPPLY DEPARTMENT
CONTROLLING DEPARTMENT
PAYMENT REPORT DEPARTMENT
INTERNAL AUDIT REPORT

Division of Commercial Director

DEPARTMENT FOR WATER DEDUCTIONS
AND WATER-METERS
BACK OFFICE AND ASSETS
& LIABILITIES DEPARTMENT
FRONT OFFICE
CUSTOMER CENTERS:
01 Banská Bystrica
02 Lučenec
03 Prievidza
04 Rimavská Sobota
05 Veľký Krtíš
06 Zvolen, Žiar nad Hronom
07 Brezno
CALL CENTRUM

Division of Director for Production Operating Activities

REGISTRY AND ASSISTANT OF DPOA
DEPARTMENT FOR TECHNICAL
OPERATING ACTIVITIES
PROPERTY CARE
DEPARTMENT ASRTP AND GIS
PLANTS:
01 Banská Bystrica
02 Lučenec
03 Prievidza
04 Rimavská Sobota
05 Veľký Krtíš
06 Zvolen, Žiar n/Hronom



our services

Stredoslovenská
vodárenská prevádzková
spoločnosť, a.s.,
provides services
for

**655 691
residents.**

We bring more than good drinking water. Besides our main activities, such as drinking water production and supply and sewage removal, we are focusing more and more on increasing the share of services for external customers. We offer water infrastructure management at a high professional level. We provide laboratory analyses of drinking, service and waste water in accredited laboratories.

water production

The company's water management facilities produced 39,607,000 m³ of drinking water, containing 12,185,000 m³ of surface water and 27,422,000 m³ of groundwater. Compared to 2015 it is less by 1,0130,000 m³ of produced water, which is related to the reduced volume of water supplied or invoiced to customers. Under applicable legislation, the quality of the drinking water supplied was provided in 22 water treatment plants when necessary. The large water treatment plants Hriňová, Málinec, Klenovec and Turček were used for the treatment of surface water from water reservoirs. Underground water sources where water quality was satisfactory and water treatment was not necessary were used for supplying customers with drinking water from the Pohronský Group Water Supply System. Smaller water treatment plants were also used for water taken from watercourses as necessary, and water treatment plants for groundwater were also used if its quality was unsatisfactory. In 2016 the water treatment plants operated by the company treated a total of 14,410,000 m³ of water.

water management

With regard to water consumption, the volume of water invoiced or supplied to customers was reduced compared to 2015, which was also reflected in other indicators of water production and supply. Compared

to the previous year, the volume of water invoiced in 2016 was lower by 1.6 % than in 2015. The reduction in the volume of water invoiced has resulted, among other indicators, in a decrease in the specific consumption of water in households. In 2016 the specific consumption was 71.3 l/person/day, which means a reduction by 1.0 l/person/day compared to 2015.

water losses

The company's activity in the field of water losses was mainly focused on the repairs of water pipes. Water losses were most caused by hidden water leaks, the location of which is complicated and requires the use of state-of-the-art instrumentation and technological procedures to detect and locate them as accurately as possible.

Centralised management of searching for hidden water leaks and the purchase of cutting-edge search technology have significantly contributed to locating hidden water leaks in our company since 2007. This activity is carried out by 6 working groups in Fault Search Department, namely the groups in Banská Bystrica, Brezno, Lučenec, Prievidza, Rimavská Sobota, Veľký Krtíš, Zvolen, and Žiar nad Hronom. In 2016 the Fault Search Department staff examined 1,612 km of water mains and located 796 faults. Measurement work worth EUR 3,439.00 was carried out for external customers.



our services

main indicators of the production and supply of drinking water

4,482

length
of the water
distribution
network,
in km

116,201

number
of the water
junctions

765

length
of the water
junctions,
in km

229

number
of pumping
devices

22

number
of water
treatment
plants

655,691

number
of supplied
residents

39,504

water for
implementation,
in thousand
m³

14,187

water uninvoiced,
in thousand
m³/year

25,317

water invoiced,
in thousand
m³/year

12,808

water losses in the
pipe network, in
thousand m³/year

32.4

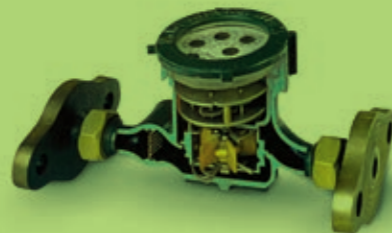
share of water
loss from the
water for
realization
in%

water meters

UP TO 31/12/2016,
118,199 PIECES OF THE BILLING
WATER-METERS WERE SET.

In 2016, 20,198 pcs of water meters were replaced in total, of which 19,422 pcs of water meters during periodic replacements and 776 pcs were replaced for reasons other than water meter damage, a floor water meter, replacement upon customer's request, etc. 17 pcs of water meters were removed and sent for official inspection upon customer's request, of which 14 water meters were satisfactory and 3 water meters were unsatisfactory.

In 2016 a total of 16,549 water meters were repaired by an external supplier, as the own water meter repair shop was dissolved in 2015.

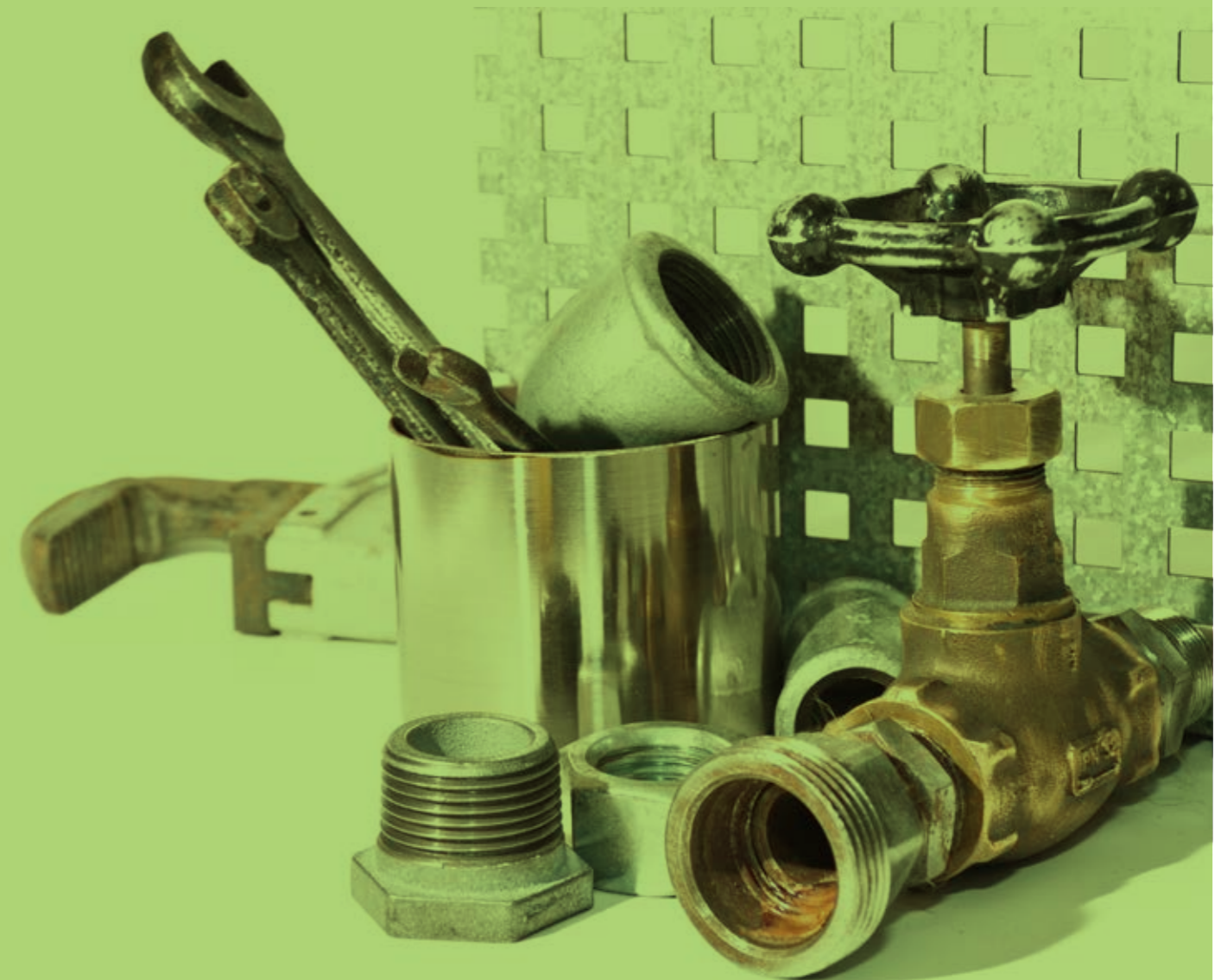


water system breakdowns

Compared to the previous year, in 2016 the number of faults in the water mains were increased by around 7.5% in total. The increase occurred in winter and spring months as a result of soil defrosting and changing weather conditions.

The total number of 2,709 faults included 1,712 faults in inflow and distribution pipes and 997 in the connections. The number of faults that needed to be removed by excavation work was 1,305.

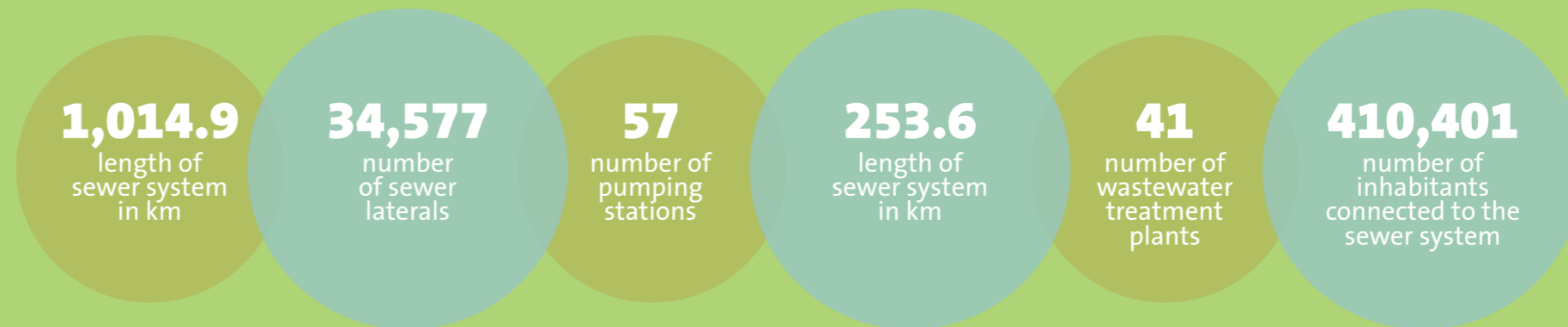
As part of emergency prevention, minimum night-time consumptions are monitored and hidden field leaks are searched for on a regular basis. In 2016, 43 data loggers and 23 noise sensors were used to monitor the minimum night-time flow rates and detect possible faults in critical supply zones.



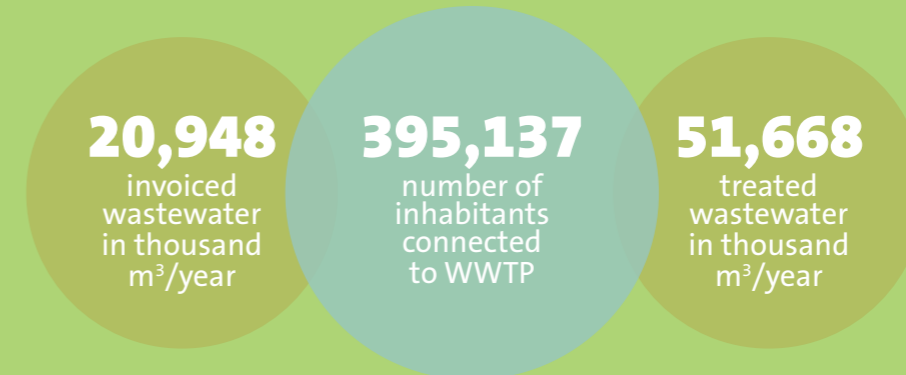
collecting and treatment of waste water

410,401 inhabitants are connected to the sewage system with a total length of 1,014.9 km. Compared to 2015, the volume of treated water increased by 2,498,000 m³ year-on-year, representing 5.08 %

main indicators



of collecting and treatment of wastewater



survey and measurement of the sewer network

The smoke testing technology of sewer networks continued to be successfully used in the area of sewer network exploration and detection of connected producers. This technology is capable of detecting faults in sewerage pipes and sewer network structures, as well as unauthorised connections of real estate and unauthorised connections of rain water to the separated sewerage system. In 2016 the sewer network structures were

surveyed and subsequently integrated into the Geographic Information System (GIS). In 2016, both TV camera systems were used to inspect the technical condition of sewerage pipelines on already used as well as new constructions. IPEK system, which also enables the measurement of deformations of flexible pipelines, has proved to be useful for new sewerage systems.

sewage system breakdowns

In 2016 seals were the most frequent cause of accidents in the sewerage network, espe-

cially in winter and spring months, as a result of washing the materials off the roads as well as due to the poor technical condition of some sewerage system sections.

Other causes of accidents included damage to the pipeline system due to the influence of traffic load as well as the indiscipline of some producers.

In 2016, a total of 776 faults were removed from gravity sewer networks, including 529 clogged pipelines and 247 structural failures. Structural failures contained 82 failures directly detected in sewers, 27 failures in sewerage connections and 138 failures in sewerage constructions. A total of 260 failures were detected in pressure sewers, including 258 failures in constructions (pumping stations) and 2 failures in a pressure pipeline.





water quality

drinking water

Drinking water quality in our company is controlled by accredited laboratories according to ISO/IEC 17025:2015 and meets the requirements of current legislation in force. In addition to basic physicochemical, microbiological, and biological indicators, the presence of metals, pesticides, and organic substances is monitored in drinking water according to Slovak technical standards. The health safety of drinking water is ensured not only by the quality control, but also by the system of water resources control, protection of water supply facilities and regular disinfection. In 2016, 3,664 samples were taken to monitor microbiological indicators and 3,713 samples were taken to monitor physicochemical parameters in the Quality Control Department laboratories. In total, 109,489 analyses were carried out at the consumer's facilities on drains from water reservoirs and treatment plants. At the same time, 2,164 samples were taken from resources, where 67,520 analyses were performed.

wastewater

The accredited waste water laboratories in Zvolen, Banská Bystrica and Lučenec provide for the implementation of the programme for monitoring the quality of waste water drainage and treatment in sewer systems and treatment plants administered by St-VPS a.s. according to ISO/IEC 17025:2015. In 2015, 8,798 samples were taken at individual stages of waste water treatment plants and unclean outflows. 54,706 analyses were performed. The range and number of samples are determined by Decree No. 315/2004 Coll. and related applicable regulations. At the same time, 1,265 samples from producers were examined in our laboratories, representing 4,921 analyses.

realisation of investments

Although making investments for other investors is not one of our main activities, we also try to increase our company's revenues in this way every year. For 2016 we set a plan of revenues from this activity of EUR 1,019 thousand, and the owner company StVS, a.s. was the investor of the respective investment shares in most cases.

Construction work was carried out during the year in accordance with the developed time and financial schedules. The buildings contracted in previous years were mostly constructed in the first half of the year, and part of their construction also continued in 2016. In 2016, besides the buildings under construction, 8 new contracts for the realisation of investment shares were concluded with the investor StVS, a.s. and one contract was concluded with C-bau, spol. s r.o., the investor belonging to Veolia group.

Similarly to the previous period, even in 2016, we made for the owner company linking of water supply and sewerage connections to the public water mains and public sewerage system under a special contract.

The most important buildings in financial terms included: "Tajov – Water Supply from the Additional Water Resource Tajov" and "Bzenica - Reconstruction of the Water Mains - 1st Stage", which are scheduled to be completed in 2017. Other major construction projects that started to be implemented in 2016 were: "Lučenec, part Opatová, Jegorovová and Borhyho streets - Water Mains and Sewerage System" and "Detva, C Sewage Water Collector".

In total, our company realised revenues of EUR 1,095.56 in the field of making investments for other investors in 2016, representing the fulfilment of the developed plan of revenues for the respective year for 104.8%. The trend of increasing the proportion of outsourcing contracts to external companies continued in performing the construction work itself.



customers

As a customer-oriented company, we place emphasis on constant improvement of customer services and access to the customer, either by introducing new technologies or expanding the range of services. We want to be a good partner for the customer by identifying needs, opinions, desires.

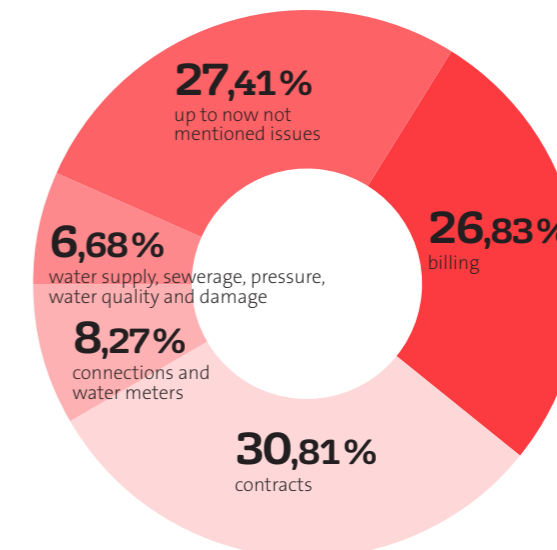
structure of the customers

	January	February	March	April	May	June	July	August	September	October	November	December	Average	Total
The number of customers	114,170	114,166	114,191	114,275	114,385	114,499	114,546	114,690	114,690	114,782	114,829	114,502	114,502	114,502
households - individual customers	103,737	103,719	103,740	103,829	103,927	104,036	104,077	104,173	104,226	104,318	104,356	104,437	104,048	90.87%
households - apartment buildings, cooperatives	2,308	2,309	2,313	2,309	2,308	2,309	2,311	2,305	2,307	2,305	2,307	2,319	2,309	2.02%
others	8,125	8,138	8,138	8,137	8,150	8,154	8,158	8,165	8,157	8,159	8,166	8,094	8,145	7.11%

customer services

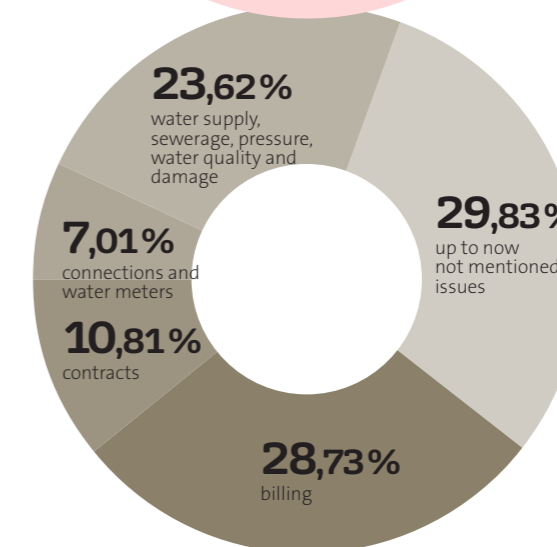


Stredoslovenská vodárenská prevádzková spoločnosť, a.s. has a network of customer centres providing services related to the supply of drinking water and waste water drainage. The opening hours of 8 customer centres are tailored to the needs of our customers and their main activity includes the conclusion of commercial contracts and addenda thereto, changes in the payment of advances and invoices, receiving and handling business complaints, receipt of cash payments and information on other services provided.



Data about all contacts per month in the matter of:

Contacts total: 7815



Data about all calls per month in the matter of:

Contacts total: 1626

The customer service staff communicate with the customers on the telephone number 0850 111 234 during the working hours from Monday to Friday from 7.30 a.m. to 3.30 p.m. The customers are usually provided with general and commercial information; the customer service department also serves as a 24-hour hotline for reporting faults. On the telephone number 0850 111 234, customers can get information about water and sewer rates, offtake points, contracts and invoices, handling lodged complaints, faults reported. They can report by phone the status of the water meter, ask for a change in the amount of the advance payments, request an invoice copy. An online customer account is available to our customers. The customer can track the information about their offtake points free

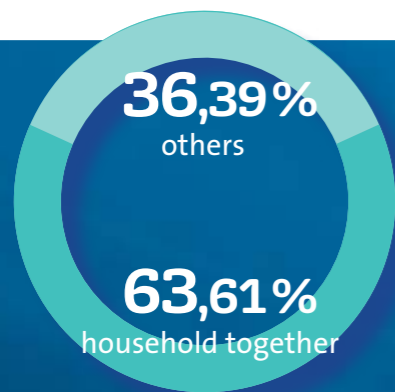
of charge in the comfort of their homes. Simple registration on the website, contacting the customer service or making a personal visit are enough to get the access. Water and sewer invoices can be paid by cash at the cash desk of customer centres by cashless payment via POS terminal, by bank transfer as well as payment made at the groceries of COOP Jednota (UNIKASA service). We support electronic services and electronic communication. We have successfully introduced the "Invoice Sending to E-mail" service. When activating the SMS info service, customers of the Stredoslovenská vodárenská prevádzková spoločnosť, a.s. receive free information on water supply stoppages and accidents on water and sewer pipelines directly through their mobiles.



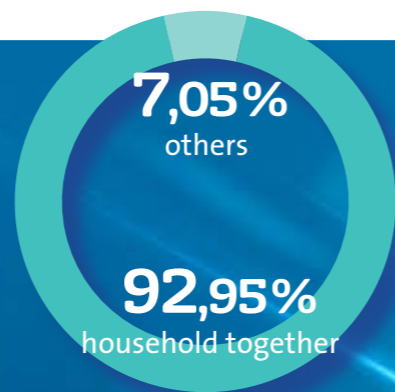
Billing Water + Sewerage (in EUR incl. VAT)

12 largest customers of StVPS, a.s., in 2016

Name	Company ID	Period												Total	
		1/2016	2/2016	3/2016	4/2016	5/2016	6/2016	7/2016	8/2016	9/2016	10/2015	11/2016	12/2016	1 - 6	1 - 12
1 Housing Association in Banská Bystrica	00170071	6,192.83	6,155.89	561,378.29	0.00	0.00	569,841.01	0.00	4,278.93	553,133.22	1,624.36	3,309.47	545,321.49	1,143,568.02	2,251,235.49
2 Housing owners according to the delivery point rep. by Housing Association in Zvolen	00222054	8,491.07	8,093.18	408,312.74	7,676.82	7,939.14	391,935.68	7,881.88	8,450.46	396,646.06	7,191.17	8,502.17	360,532.62	832,448.63	1,621,652.99
3 District Housing Association in Prievidza	00173801	0.00	65.33	355,653.93	0.00	59.88	353,761.53	0.00	4,148.12	349,357.31	0.00	3,095.80	335,431.97	709,540.67	1,401,573.87
4 District Housing Association in Rimavská Sobota	00173916	3,296.29	0.00	266,715.99	3,661.74	0.00	261,625.72	2,254.73	0.00	269,324.04	-405.58	0.00	239,601.21	535,299.74	1,046,074.14
5 Housing Association in Lučenec	00171816	4,916.87	3,451.87	201,928.24	3,132.26	3,816.58	205,464.72	2,065.29	5,787.47	196,462.54	2,478.06	3,615.81	190,105.53	422,710.54	823,225.24
6 Housing Association in Žiar nad Hronom	00176192	23,927.22	17,273.11	163,120.34	19,398.63	18,371.75	157,790.92	17,319.50	18,818.76	159,667.51	17,007.54	21,553.27	137,536.60	399,881.97	771,785.15
7 F. D. Roosevelt Faculty Hospital and Polyclinics, Banská Bystrica	00165549	60,472.60	48,748.56	52,722.38	51,749.40	52,491.02	54,988.50	71,773.38	73,765.87	57,374.22	54,008.01	52,452.69	48,505.25	321,172.46	679,051.88
8 BYTOS - Housing Authority PRIEVIDZA, Ltd.	36313009	2,152.62	1,650.57	163,528.40	1,964.75	1,704.87	164,225.51	1,942.04	1,720.91	165,431.30	1,916.26	3,214.13	152,835.25	335,226.72	662,286.61
9 SPOOL, a.s.	31586392	50,931.26	45,295.60	54,794.65	50,461.26	49,559.26	55,401.20	49,114.52	52,340.08	52,225.52	48,431.83	53,803.82	48,978.11	306,443.23	611,337.11
10 SBD Brezno	00170143	0.00	0.00	151,767.36	0.00	0.00	148,638.19	0.00	0.00	154,333.02	0.00	0.00	139,366.71	300,405.55	594,105.28
11 Town's housing company Handlová s.r.o.	36851442	1,914.18	0.00	131,511.54	0.00	0.00	135,423.15	0.00	0.00	135,589.47	587.95	0.00	120,120.57	268,848.87	525,146.86
12 Prievidza heat management a.s.	36325961	27,630.28	27,060.99	50,938.90	27,853.68	28,285.84	45,962.06	22,025.14	23,718.12	45,702.90	24,455.29	25,939.21	43,577.55	207,731.75	393,149.96

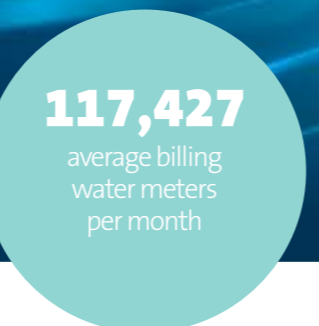


structure according to the **volumes of sales**



structure according to the **amount of customers**

	No. of customers		Proportion	
	to December 31, 2015	%	Invoiced (€)	%
CUSTOMERS ALTOGETHER	114,850	100%	52,758,260	100.00%
thereof the households				
- INDIVIDUAL CUSTOMERS	104,437	90.93%		
thereof the households				
- HOUSING ASSOCIATIONS	2,319	2.02%		
thereof households				
TOGETHER	106,756	92.95%	33,561,387	63.61%
thereof THE OTHERS	8,094	7.05%	19,196,874	36.39%



satisfaction survey

Customer feedback is important for us, and satisfaction surveys represent a source of information for further customer service direction. At our company's eight customer centres, an internal survey of customer satisfaction with the services provided is conducted using an inquiry method and a specific form of self-completing. A data collection questionnaire is available

at each workplace of a customer centre and contains 3 closed-ended questions; the completed questionnaire is dropped by the customers into a sealed box. A sample of respondents consists of customers who visit any of the customer centres and complete the questionnaire. Customers can also evaluate their satisfaction with services through the company's website.

99.85% of the total number of respondents were generally satisfied with the approach and professionalism of our employees. Customers prefer personal contact when communicating with StVPS, a.s. (59.62%). They are most interested in information regarding contracts, changes of the owner or changes in advances (47.38%), and information on water and sewer rates (26.31%).

communication



The customer magazine "Voda pre vás" (in English: "Water for You") which we publish twice a year in both electronic and printed form is a time-tested source of information for customers as well as the general public. It especially contains information regarding water price and quality, which the customers consider the most important according to satisfaction surveys.

Current customer information is also posted on our website www.stvps.com. Information campaigns in dailies, advertising and regular media communication also serve to promote new services. We also organise promotional events in the region on the occasion of the World Water Day, where the public is informed about the services we provide, but also about the need for protection of water, water resources and the environment in general.

responsibility

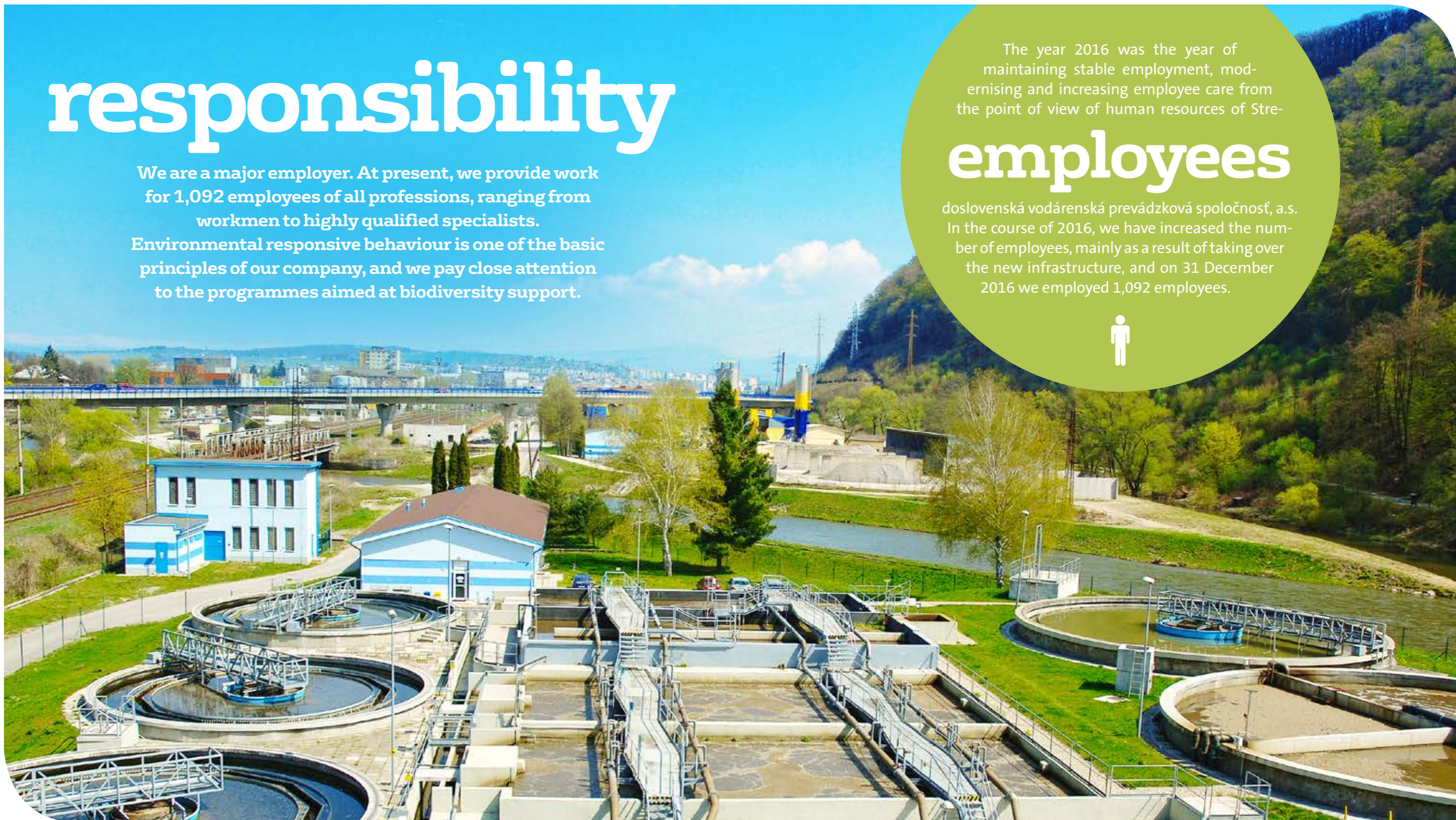
We are a major employer. At present, we provide work for 1,092 employees of all professions, ranging from workmen to highly qualified specialists.

Environmental responsive behaviour is one of the basic principles of our company, and we pay close attention to the programmes aimed at biodiversity support.

The year 2016 was the year of maintaining stable employment, modernising and increasing employee care from the point of view of human resources of Stre-

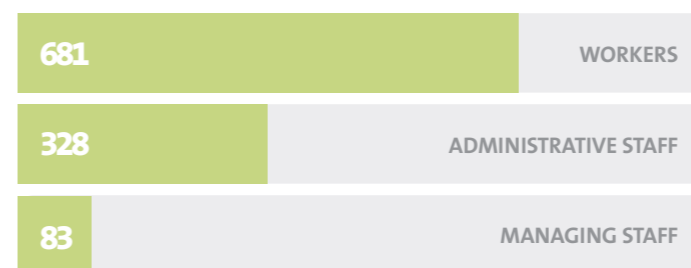
employees

doslovenská vodárenská prevádzková spoločnosť, a.s. In the course of 2016, we have increased the number of employees, mainly as a result of taking over the new infrastructure, and on 31 December 2016 we employed 1,092 employees.



number of the employees from the year 2012

This course is the result of the staff rationalization and streamlining the business processes.

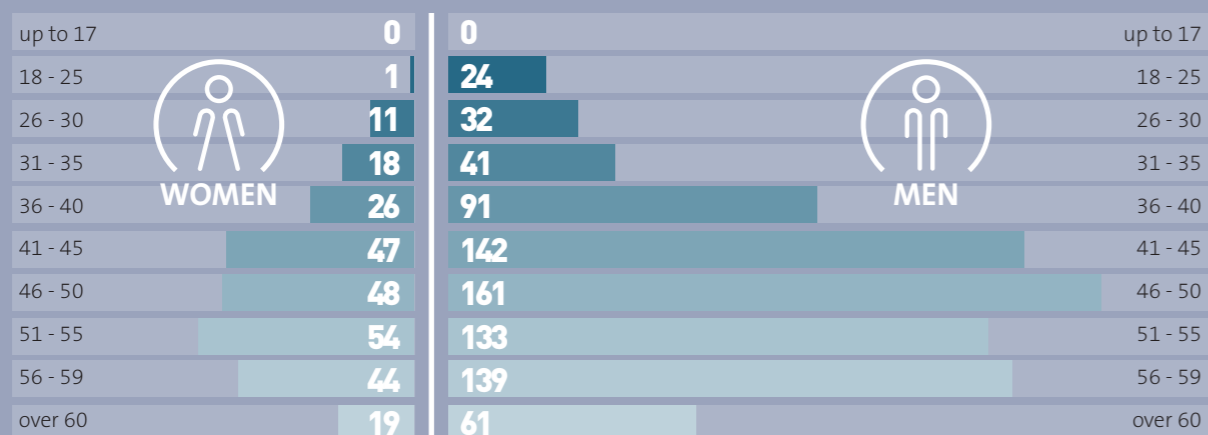


employee structure of the working categories

Physical Status of Employees as at 31 December 2016: **1,092**

age structure of the employees:

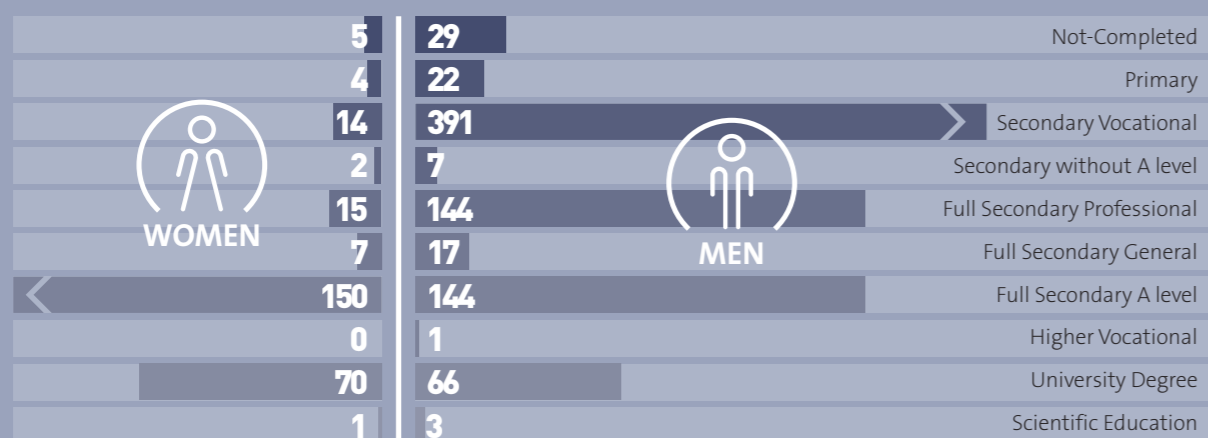
Age	Female	Male	Together
up to 17	0	0	0
18 - 25	1	24	25
26 - 30	11	32	43
31 - 35	18	41	59
36 - 40	26	91	117
41 - 45	47	142	189
46 - 50	48	161	209
51 - 55	54	133	187
56 - 59	44	139	183
over 60	19	61	80
Total	268	824	1,092



educational structure of the employees:

The educational structure of the company resulting from the production nature and its summary is contained in the following table.

Education	Female	Male	Together
Not-Completed	5	29	34
Primary	4	22	26
Secondary Vocational	14	391	405
Secondary without A level	2	7	9
Full Secondary Professional	15	144	159
Full Secondary General	7	17	24
Full Secondary A level	150	144	294
Higher Vocational	0	1	1
University Degree	70	66	136
Scientific Education	1	3	4
Total	268	824	1,092



internal communication

The employee magazine "Voda je život" (in English: "Water Is Life") is an effective tool for internal communication. We publish the magazine together with Podtatranská vodárenská prevádzková spoločnosť, a.s. four times a year, where we provide information on the current events in both companies, the activities of Veolia Group and also interviews with the mayors about life in the regions. The corporate intranet is a source of up-to-date information.

15 employees submitted projects within the Employee Grants programme in 2016. They submitted their projects by filling in the electronic form at www.stvps.sk. Based on selected criteria, such as the involvement of the employee, the public-benefit character of the project and its capability of communicating with the public, the commission chose seven projects and provided EUR 3,000.00 for their implementation:

1. MALÝ RYBÁR ("A Little Fisher") - a fishing club for children focused on education in sport fishing, ecology, and hydrobiology;
2. ZDRAVÝ CHRÁTIK (in English: "Healthy Back") - exercises for children focused on a healthy spine and good posture;
3. HRAVO A BEZPEČNE ("Playfully and Safely") - activities for preschoolers to promote safe behaviour on the road;
4. REVITALISATION of the playground at Podbrezová Kindergarten;
5. OBDARUJME BOJOVNÍKOV S RAKOVINOU ("Gifting Cancer Fighters") - events for Oncology Department patients;
6. UMENÍM K VODE ("By Art to Water") - visual adjustment of the water reservoir and organisation of a volunteer event at Sásová housing estate;
7. ALEJ SLOVENSKÝCH DEJATEĽOV ("Alley of Slovak Nation Personalities") - completion of the busts of important Slovak personalities in the square in Rimavská Sobota.

The project "By Water to Art" was awarded the prize "Srdce na dlani" (in English: "Heart in an Open Palm") for the most popular project "Week of Volunteering". People voted for projects in this category through the website of the Volunteer Centre and the renovation of the water reservoir over Sásová housing estate became the most successful among the 10 nominated projects from the entire Banská Bystrica region.

training of employees

As part of human resource development, we pay close attention to both professional and personal growth of our employees, which we provide through in-service training. Each job position requires a special approach in selecting training activities to improve and deepen the knowledge of our employees. We realise that if we want to achieve the set goals we have to invest in increasing qualifications of our employees and their potential, because only a highly skilled and motivated employee can bring success to the company in the future. Due to the transition to the new e-mail communication software, all the employees of management and administrative positions were retrained for work with it during 2016. In addition to job-specific training, we are also striving to develop the language skills of our employees, therefore we provide them with English language education, either in group or individual courses.

safety and health care of the employees



Occupational safety in Stredoslovenská vodárenská prevádzková spoločnosť, a.s. is a natural part of all work activities at all levels. Industrial accident rate, the most important indicator of safe employee behaviour, has a declining trend, namely there was a 30 % fall in the registered industrial accidents compared to the previous year. On the other hand, we have to admit that all industrial accidents (6 in total) occurred only as a result of the employee's inattention to the situation, underestimating the normal working risk, which resulted in the occurrence of completely unnecessary industrial accidents. In this respect, it is necessary to constantly call for deliberation and prudence aimed at safety in the performance of work activities as well as OSH education and training of the employees at individual workplaces.

Education and training of the employees have reached a higher quality level. Senior managers have significantly participated in the educational activities of their subordinates, thus also contributing to more effective dealing with any possible security threats resulting from demanding water activities. Our company constantly improves the safety of the work environment through its occupational safety and health specialists and its contractual partners; we regularly review the suitability of personal protective equipment and its qualitative improvement as a matter of course. When assessing the occupational safety, it is worth noting that we are still facing a lot of effort to improve the safety of the technical and technological facilities administered by

our company, which are obsolete in many cases and thus inadequate in view of the modern perception of occupational safety. Fire protection as part of occupational safety and health is already routinely provided at an excellent level, and no adverse event has been reported in this area in 2016. In 2016, 42 inspections focused on occupational safety, fire protection and public health were carried out by state authorities in Stredoslovenská vodárenská prevádzková spoločnosť, a.s., as evidenced by excellent results stated in the conclusions of these inspections, which also points to the very decent level of our company's approach to occupational safety and the high standard of compliance with its rules in working conditions.

social dialogue

Similarly to previous years, in cooperation with our social partner we managed to achieve a social reconciliation in collective bargaining, resulting in the conclusion of the Collective Agreement for 2016. **WAGE VALORIZATION** was the most significant agreed changes within the social dia-

logue. "Amendment 1 – Rules of the Social Fund Use" is also part of the Collective Agreement. The Social Fund is one of the basic sources of the applied social policy in the company. The creation of the Social Fund is set to a maximum statutory value of 1.5% of the gross wages accounted for, and the

company demonstrates social responsibility towards its employees thanks to the social fund structure thus created. In 2016 the creation of the Social Fund amounted to EUR 140 thousand.

social fund in 2016

a detailed creation and spending overview

Social Fund Budget of StVPS, a.s.	Plan for 2016	Draw in € k 31/12/2016
Initial status to the date of 1. 1. 2016	85,967.33	127,967.00
Social fund creation (1.5%)	136,829.74	139,676.31
Allocation from the Company's Profit	42,000.00	53,847.00
Creation in total	264,797.07	321,490.83
One-time non-refundable aid	1,660.00	830.00
Contribution to catering	81,825.00	78,850.05
Contribution for blood-donors	500.00	566.00
Contribution for plasma donors	500.00	0.00
Programme Benefit Plus	40,000.00	110,744.76
Total expenses	124,485.00	190,990.81
Reserve/presumptive balance 31/12/2016	140,312.07	130,500.02

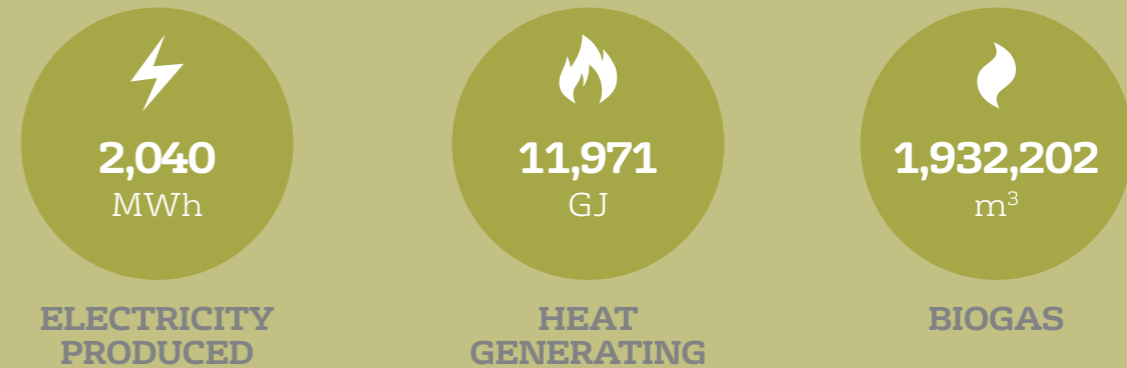
waste management



In connection with the environmental policy of our company, we have ensured the recovery of waste that was disposed of by landfill in the previous period; the funds saved were reused to improve the environment, especially in the area of waste storage on our premises. Other waste management activities were mainly focused on the rigorous separation of waste and the improvement of the possibilities of its collection in our plants.

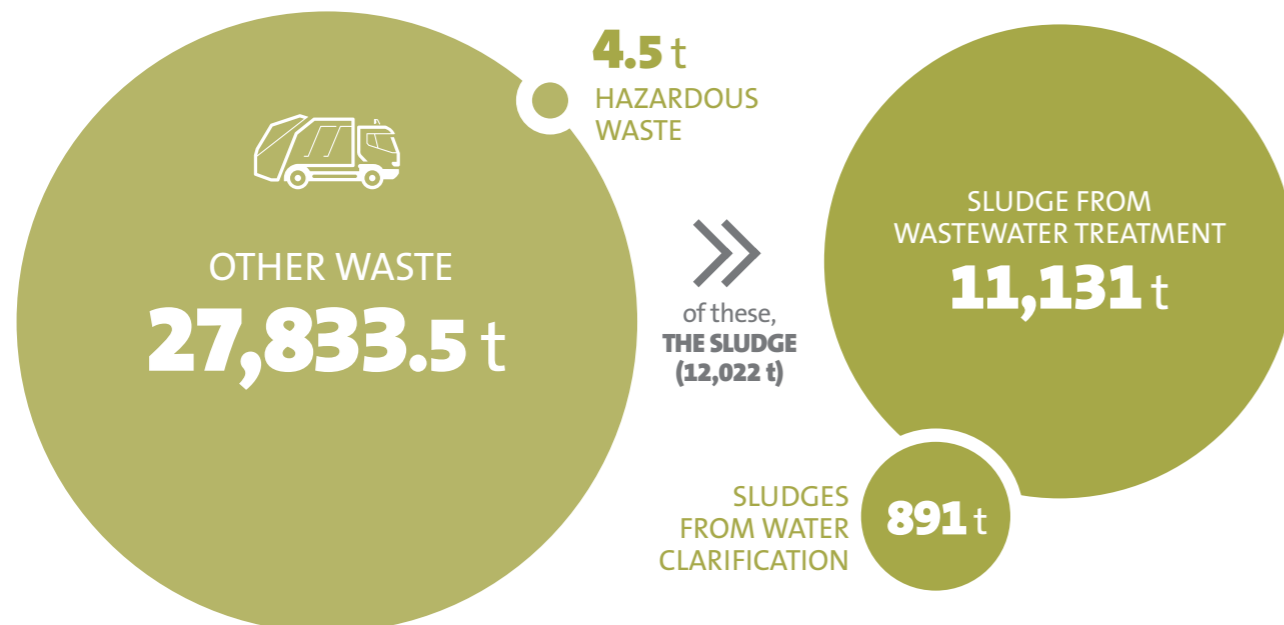
The energy recovery of sludge generated by waste water treatment is the company's priority. The aim of this activity was, in addition to the economic effect, to reduce the environmental burden caused by the extraction of fossil fuels and natural gas and to reduce the production of waste – sludge from municipal waste water treatment.

WE MANAGED TO GET FROM THE PRODUCED BIODEGRADABLE WASTE:

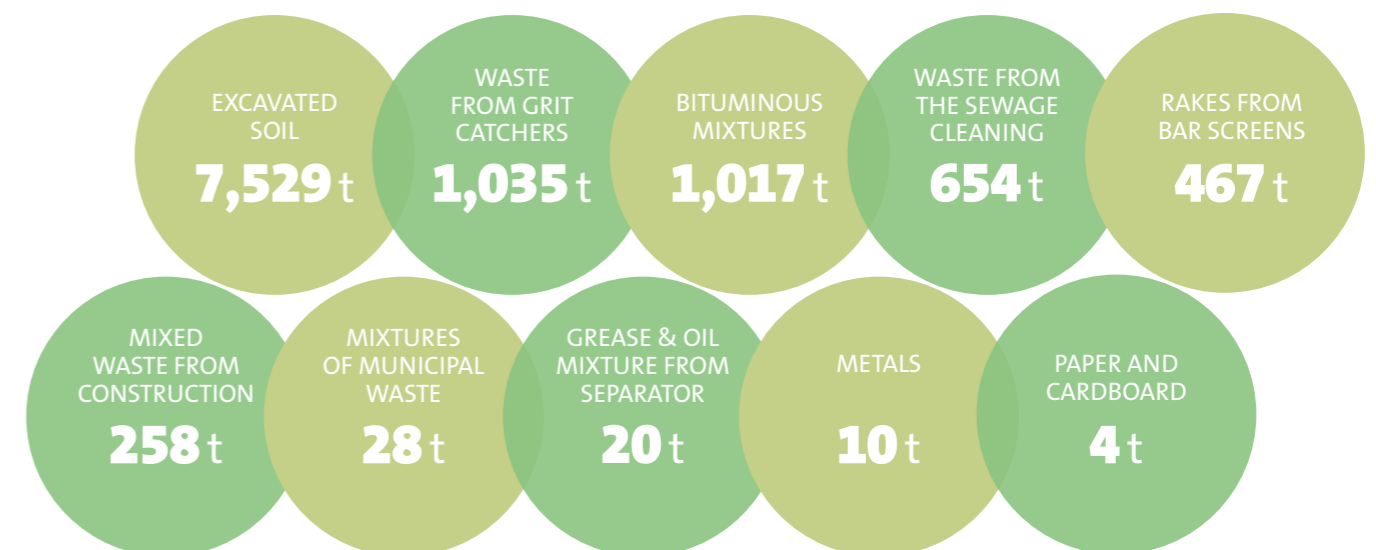


THE TOTAL COSTS OF WASTE AND SLUDGE DISPOSAL, INCLUDING TRANSPORT COSTS INCURRED IN 2016, AMOUNTED TO EUR 1,011 THOUSAND. IN 2016, 11,275 TONNES OF SLUDGE WAS GENERATED, WHICH IS CONSIDERED A BY-PRODUCT AND NOT WASTE ACCORDING TO THE FINAL DECISION OF THE DISTRICT OFFICE IN BANSKÁ BYSTRICA.

Total waste production in 2015 was **27,838 tons**, of these:



Another 10 types of waste from production:



ISO



The overall customer satisfaction is very important for our joint-stock company, so we try to constantly optimise our internal processes, and thus improve the quality of our services.

The Integrated Management System is currently an integral part of our company's management, and we use it in all our manufacturing processes and activities. This system has become a fundamental progressive ele-

ment in relation to our customers and also a basis for continuous improvement. In 2016, our company successfully completed the recertification audit of Quality Management System STN EN ISO 9001:2016 and the supervisory audits of Environmental Management System STN EN ISO 14001:2005, Occupational Health and Safety Assessment Series STN OHSAS 18001:2009 and Energy Manage-

ment Systems STN EN ISO 50001:2012. The audit has reviewed selected articles of ISO, OHSAS standards, and it has been reconfirmed that our system complies with their requirements. The audits were carried out in the facilities and premises of the plants in Zvolen, Žiar nad Hronom, and Veľký Krtíš. By purchasing and using the paper certified under the Programme for the Endorsement

of Forest Certification ("PEFC"), the company demonstrates its commitment to promoting socially responsible business. Our company accepted this commitment by signing the "Memorandum on the Promotion of Sustainable Forest Management" and declares it through its environmental policy. We use the logo of the association "PEFC Slovensko" ("PEFC Slovakia") to label our printed materials.



environmental protection

and biodiversity promotion

Under the environmental protection legislation, we have met the reporting obligation to ensure financial coverage of the liability for environmental damage, including the anticipated costs of corrective activities and corrective measures to remove environmental damage that may be caused by the operator's work.

Supporting biodiversity has been one of our company's long-term commitments to sustainable environmental protection.

The first measures started to be implemented in selected areas as part of the project "Biodiversity Conservation in Technical Areas", and the adjustment of the areas of the Rakytovce waste water treatment plant (WWTP) will be completed in cooperation with the civic association Ekopolis in 2017.

what solutions do we use?

- regular mowing for the suppression of ruderal species and restoration of grassland, meadows of natural character.
- adding domestic deciduous trees and shrubs according to local ecological conditions, replacing foreign woody plants by them.
- building bird and insect shelters (nesting boxes, insect hotels)

In the water reservoirs of Krížmanovo and Dúbravka, bees are kept by the system of the so-called natural bee-keeping in cooperation with local bee-keepers.

education and training, educational activities

We regularly organise our own educational and training projects, and we also familiarise the general public with the issue of the protection of water and water resources. In 2016 we organised several events:

- the World Water Day events – presentations for the public, lectures at schools;
- the Water Is Life exhibition (in cooperation with the Slovak Environment Agency) and accompanying activities related to the exhibition in Lučenec;
- the school project "Tajný život vody" (The Secret Life of Water) organised in cooperation with the Centre of Environmental and Ethics Education Živica;
- participation in the water management exhibition "AQUA 2016";
- financial support of the revitalisation of the natural monuments of Mičinske and Moštenické travertíny;
- promotion of bee-keeping on a natural basis in the water reservoirs of StVPS, a.s.;
- presentation at the event "Dni stromu" (The Tree Day)

innovations

Investments in the modernisation of technologies, thanks to which we can also provide services in maximum quality in the future and to the satisfaction of our customers, are a must these days. Apart from increasing the efficiency of our services, the investments are also essential for protecting the environment and ensuring the safety of the water supply network.

innovations

sewage treatment plants

In 2016, the following measures and innovations were implemented in the technology of waste water treatment and operation of waste water treatment plants (WWTP):

- the trial operation of the construction "WWTP Podbrezová - Intensification" was carried out; the new technological line of WWTP ensures the quality of the treated waste water in accordance with applicable legislation;
- the construction "Divín – WWTP, Supplementation of Relieving, Mechanical Pretreatment and Tertiary Stage" was completed, within which a new relieving stage and a new mechanical pretreatment were built and a biological stage was intensified;
- after the completion, the trial operation of the construction "Halič - Sewerage System and WWTP Extension" was carried out, which was aimed at completing the sewerage system in the village of Halič, draining the village of Stará Halič, increasing the capacity of the WWTP Halič and ensuring the quality of the treated water as required by applicable legislation; the construction was co-financed by the EU funds;
- the trial operation of the construction "Poltár - Sewerage System and WWTP Intensification" was carried out, where the relief structures on the network were renovated and the WWTP was intensified in order to remove nutrients; the construction was co-financed by the EU funds;
- the trial operation of the construction "Krupina – Sewerage System and WWTP" was carried out, where new relief structures on the network and new sewerage sections were constructed and a new WWTP for the town of Krupina was built; the construction was co-financed by the EU funds;
- the approval decision was issued for permanent operation of the construction "Drainage System and Waste Water Treatment in the District of Prievidza – I. Stage", where sewerage systems were built in the villages Kocurany and Opatovce nad Nitrou, and the biological level of the WWTP Prievidza was intensified to increase the capacity and remove nutrients; the construction was co-financed by the EU funds;
- the intensification of the aeration system in the WWTP Donovaly was completed;
- II. stage of the renovation of the control system in the WWTP Rimavská Sobota was carried out;
- in 2016, the construction of the WWTP for the Víglaš industrial park was performed thanks to the investments of the village of Víglaš; In December 2016, a contract for the operation of this WWTP was signed with the village of Víglaš;
- contractual technical assistance continued to be provided regarding water management and the WWTP of PSA Peugeot Trnava for the company Sloveo;

water treatment plants

In 2016, the following measures and innovations were implemented in the technology of drinking water and operation of water treatment plants (WTP):

- as part of the preparation of the renovation of the WTP Hriňová, the designer of the proposed technology continued its testing;
- the preparation of renovations of the WTP Klenovec and WTP Malinec continued with the provision of building permits and selection of contractors;
- in 2016, the renovation of the technology in the WTP Behynce was completed, focusing especially on waste water treatment in accordance with the permit conditions for waste water discharge, and the test operation of the construction took place in the period of 05-10/2016;
- a deacidifying filter was added to the existing technology in the water reservoir of the village of Sihla for improvement of the quality of the drinking water supplied in view of these indicators: colour, turbidity, iron content, and limitation of pipe corrosion;
- the water direct hardening technology started to be implemented in the WTP Turček in order to minimise the corrosion of water pipes and the formation of secondary iron in the supplied drinking water;
- the supply of alkalisated water started for the village of Klenovec, and the pumping station (PS) was modernised in the WTP Klenovec for the village of Klenovec;
- the occurrence of cyanobacteria continued to be monitored on the water reservoirs and the WTPs Turček, Málinec, Hriňová and Klenovec in accordance with the guidelines of the Regional Public Health Authority; an invasive red fibrous cyanobacterium *Planktothrix rubescens* occurred on the Turček water reservoir for the first time; a continuous laser particle counter was purchased for the operational detection of the increased number of cyanobacteria in raw water supplied from the Turček water reservoir;
- drinking water disinfection was improved in the villages of Oravce, Lučatín, Horné Pršany, and Pohronský Bukovec by purchasing new dosing pumps ChemAd-A and modernising water disinfection with UV radiation in the WTP Pohronský Bukovec;
- in 2016, water mains were equipped with portable disinfecting devices and simple ammonium ion detection kits for ascertaining potential contamination of drinking water by waste water during repairs of faults on the water supply network;

pumping stations and water reservoirs

The following actions were taken in the area of innovation and modernisation of pumping stations and water reservoirs:

- modernisation of pumping equipment of the pumping stations in Kozelník, Dolná Mičina, Plachtince, Dobrá Niva, Banský Studenec, Dvorníky;
- repairs of electrical installations in water reservoirs in Badín, Dolná Mičina, Horná Pršany, Priechod, Vlkanová, Hnúšťa, and Klenovec;
- repairs of building parts of the water reservoirs in Banská Bystrica (distribution water reservoirs Hrby II, Rudlová-Sásová V, Fončorda II, Pivovar), Badín, Králiky, Staré Hory, Valaská, Lehôtka, Halič, Divín, Lučenec (Vinica II), Valaská Belá, Sklené, Kružno, Jesenské,

sewerage network

In the field of innovations of sewerage networks, the document "Technical Standards of Water Management Structures" has been elaborated; it will clarify and enhance the preparation of projects and performance of construction work, which will have an impact on the higher quality of structures put into operation.

In 2016 relief chambers on the sewerage networks continued to be renovated. These renovations are performed for the purpose of making the status of the structures compliant with applicable legislation. The

- Petrovce, Studená, Padarovce, Tisovec, Detva and of the pumping stations in Kyjatice, Studená, Hostišovce, Suché Brezovo, Plachtince;
- modernisation of the sodium hypochlorite dispensers in Modrý Kameň and Pribelce water reservoirs.
 - replacement of the pressure vessel in Hostice pumping station;
 - repair of the waterproofness of storage tanks in water reservoirs Horná Lehota (Trangoška) and Telgárt (Pod Smrečinkou);
 - 3 storage reservoirs are being constructed within the project "Water Supply from the Additional Water Resource Tajov" with planned completion by the end of 2017;
 - construction of a new automatic pressure station in the village of Čierny Balog, part Fajtov;

renovations consist in fitting the structures with devices for capturing floating and drifting substances from relieved waste water, control devices and I&C systems to monitor the operation of the relief chambers. These adjustments will result in a reduction in the burden of recipients by waste water pollution. In 2016 the renovations of the relief chambers in Valaská, Dudince and Veľký Krtíš were completed and the structures in Banská Bystrica started to be renovated. We are preparing the renovation of the relief chambers in Zvolen and Nová Baňa.

information systems and automatic process control system

- In 2016, a newly-introduced technical-information system with on-line output of current accidents on the company's website was used to record faults and accidents on the water supply network.
- In the plant in Rimavská Sobota, problems with insufficient signal when transmitting data from water reservoirs around Tisovec to the hotline were solved.
- In 2016, other 8 new pumping stations of

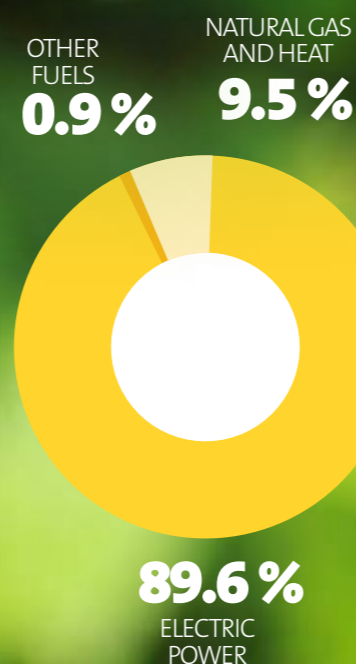
the sewerage network in Bojnice, Kocurany and Opatovce and 10 relief chambers in Prievidza were connected to the central data collection.

- At present, a total of 302 water mains structures and 104 sewerage structures are connected to the control room and remote access to 16 WWTPs is established to monitor the operation of technologies of the waste water treatment plants.

energy

In 2016, electricity and natural gas consumption was governed by agreed business terms and commercial contracts concluded on the basis of bids.

The share of the total energy costs and fuels:



In order to improve the energy efficiency and reduce the energy intensity of the processes in the monitored period, we performed specific tasks arising from the adopted short-term and long-term energy objectives, corrective and preventive measures focused mainly on:

- elimination of deficiencies detected after carrying out official testing, revisions and inspections of dedicated electrical and gas equipment in order to ensure the safety and reliability of the operation of WWTPs, WTPs and PSs;
 - replacement of obsolete pumps by pumps with higher efficiency and fluent regulation - in pumping stations of WWTP Detva, WWTP Žiar nad Hronom, WWTP Lučenec, PS Lehota pod Vtáčnikom and PS Dobrá Niva;
 - optimization of external lighting - replacement of non-economic light sources with expired lifetime in Lučenec and Žiar nad Hronom WWTPs;
 - maximum use of sludge gas from waste water treatment plants for electricity and heat production - in Banská Bystrica, Zvolen, Lučenec, Brezno and Prievidza WWTPs;
 - reduction of flat rates for the amount of the reserved MW capacity and the current value of the circuit breakers before invoicing measurement;
- In 2016, the company performed the tasks arising from the ISO 50001 Energy Management System focused on the management of energy media and the reduction of the process energy intensity, which was stated in the report of the external audit carried out by the certified company TUV SUD Slovakia at selected plants in Veľký Krtíš and Zvolen. The use of renewable sources in electricity production from biogas by cogeneration units of WWTPs in Banská Bystrica, Zvolen and Lučenec with power of 2,040,375 MW enabled savings of electricity consumption costs of ca. EUR 210,787.00 and increase in energy self-sufficiency from 6.45% to 6.56% compared to 2015.

financial part

The company reached an economic result - a profit of €1,175,246 after tax

comments on financial results for 2016

The economic result (ER) of our company after tax decreased by 56.3% in comparison to the year 2015. The decrease in ER was caused by a decrease in revenues of 4.0% compared with 2015. The company achieved a positive economic result of €1,175 thousand after tax for 2016. This result was achieved by the company with total revenues of €56,486 thousand and total costs of €54,901 thousand. The current income tax was €52 thousand and the deferred tax was €358 thousand.

Other services remained the biggest cost item of last year at €22,897 thousand, the majority of which was comprised of renting infrastructure and subcontracting. Other significant cost items included personnel costs of €16,801 thousand, material costs of €3,998 thousand, energy consumption costs of €3,731 thousand, and repairs and maintenance costs of €3,036 thousand.

The value of the total assets of the company was €19,913 thousand, out of which €4,989 thousand was the residual value of the non-current assets. Investments of €1,686 thousand were directed towards modernisation of tangible and intangible assets with the aim of increasing consumer satisfaction.

The company is drawing down a medium-term loan of €4,600 thousand from Veolia Environnement Finance, Paris. Apart from that, the company was drawing down a short-term loan of €3,250 thousand from Veolia Environnement Finance, Paris, for the purpose of financing operating costs.

The overall financial situation of the company was stable throughout the whole year and the company fulfilled all of its commitments in a timely and orderly manner. Such commitments were mainly toward employees, private and state institutions, partners and other suppliers.

Despite the achievement of a positive economic result, a decrease in owner's equity occurred due to a payment of dividends to a shareholder. The basic capital of the company remained unchanged at €34 thousand.

comment about maximum prices for the year 2016

During the whole year of 2016, a maximum price for the production and supply of drinking water through public water supply and drainage and treatment of wastewater by public sewerage was valid in the following amounts (excluding VAT):

1.1700 €/m³

Maximum price for production and supply of drinking water by means of public water networks

0.6622 €/m³

Maximum price for producing and distributing drinking water by means of public water

1.0983 €/m³

Maximum price for the disposal and treatment of waste water by public sewerage

These prices were determined by the Regulatory Office for Network Industries by Decision No. 0088/2014/V dated 21/11/2013 and later Decision No. 0136/2014/V dated 23/07/2014 adjusting a price only for drinking water.

development of water prices excluding VAT in the years 2006-2016

1.1700 €	2016
1.1700 €	2015
1.1700 €	2014
1.1169 €	2013
1.1022 €	2012
1.0121 €	2011
0.9639 €	2010
0.9313 €	2009
0.8929 €	2008
0.8514 €	2007
0.8929 €	2006

development of wastewater prices excluding VAT in the years 2006-2016

1.0983 €	2016
1.0983 €	2015
1.0983 €	2014
1.0663 €	2013
1.0443 €	2012
0.9625 €	2011
0.9167 €	2010
0.8764 €	2009
0.8033 €	2008
0.7635 €	2007
0.7781 €	2006

BALANCE SHEET 31st December 2016 (in EUR)

Code	ASSETS	Line	Current Accounting Period Immediate		Previous Accounting Period
			Gross- Part 1 Correction- Part 2	Nett 2	Nett 3
a	b	c	1		
	Total assets l. 02 + l. 33 + l. 74	01	33,218,901 13,305,659	19,913,242	20,465,653
A.	Total long-term intangible fixed assets (l. 04 to l. 10)	02	16,553,578 11,564,920	4,988,658	4,627,153
A.I.	Long-term intangible fixed assets sum (l. 04 to l. 10)	03	2,123,559 1,456,000	667,559	583,110
2.	Software	05	2,034,106 1,456,000	578,106	513,194
6.	Procure intangible fixed assets	09	89,453	89,453	69,916
A.II.	Long-term intangible fixed assets in acquisition (l. 12 to l. 20)	11	14 400,921 10 108,920	4,292,001	4,037,019
2.	Buildings	13	7,050 3,283	3,767	4,355
3.	Individual movable assets and sets of movable assets	14	14,388,417 10,105,637	4,282,780	4,032,664
6.	Other non-current tangible assets	17	3,700	3,700	
7.	Tangible fixed assets	18	1,754	1,754	
A.III.	Non-current financial assets total (l. 22 to l. 29)	21	29,098	29,098	7,024
A.III.1	Shares and participations in subsidiaries	22	923	923	2,024
2	Shares and ownership interests with substantial influence	23	28,175	28,175	5,000
B.	Current assets l. 34 + l. 41 + l. 53 + l. 66 + l. 71	33	16,428,400 1,740,739	14,687,661	15,762,185
B.I.	Inventory total (l. 35 + l. 40)	34	615,936 46,933	569,003	567,901
B.I.1.	Material	35	615,361 46,933	568,428	566,491
6.	Advance payments for inventory	40	575	575	1,410
B.II.	Long-term receivables total (l. 42 + l. 46 + l. 52)	41	277,749	277,749	635,676
B.II.1.	Trade accounts receivable (l. 43 + l. 45)	42	5,982	5,982	5,982
1.c.	Other trade accounts receivable	45	5,982	5,982	5,982
8.	Deferred tax assets	52	271,767	271,767	629,694
B.III.	Current receivables total (l. 54 + l. 58 + l. 65)	53	14,293,961 1,693,806	12,600,155	11,779,528
B.III.1.	Trade accounts receivable (l. 55 to l. 57)	54	12,732,938 1,693,806	11,039,132	11,732,839
1.a.	Trade accounts receivable	55	152,612	152,612	1,026,692
1.c.	Other trade accounts receivable	57	12,580,326 1,693,806	10,886,520	10,706,147
2.	Net value of contract	58	2,375	2,375	29,978
3.	Other receivables from related entities	59	962	962	
7.	Deferred tax assets	63	1,532,096	1,532,096	
9.	Other receivables	65	25,590	25,590	16,711
B.V.	Total financial accounts (l. 72 to l. 73)	71	1,240,754	1,240,754	2,779,080
B.V.1.	Cash	72	19,660	19,660	19,259
2.	Bank accounts	73	1,221,094	1,221,094	2,759,821
C.	Total accruals and deferrals (l. 75 to l. 78)	74	236,923	236,923	76,315
C.1.	Long-term prepaid expenses	75	140,130	140,130	2,116
2.	Short-term prepaid expenses	76	96,793	96,793	74,199

Code	EQUITY AND LIABILITIES	Line Number	Current accounting period	Immediately preceding accounting period
			4	5
a	b	c		
	TOTAL EQUITY AND LIABILITIES l. 80 + l. 101 + l. 141	79	19,913,242	20,465,653
A.	Equity capital l.81+l.85+l.86+l.87+l.90+l.93+l.97+l.100	80	4,491,843	5,986,848
A.I.	Total registered capital (l.82 to l.84)	81	34,000	34,000
A.I.1.	Registered capital	82	34,000	34,000
A.II.	Share premium account	85		
A.III.	Other capital funds	86	4,444,123	4,444,123
A.IV.	Legal reserve fund (l.88+l.89)	87	10,120	10,120
A.IV.1.	Legal reserve fund, indivisible fund	88	10,120	10,120
A.V.	Other funds from profit (l.91+l.92)	90		
A.VI.	Revaluation differences sum (l.94+96)	93	-1,171,646	-1,193,720
A.VI.1.	Revaluation differences of assets and liabilities	94	-1,171,646	-1,193,720
A.VII.	Profit/Loss from previous years l.98 + l.99	97		
A.VII.1.	Previous years retained profit non-devided	98		
A.VIII.	Profit for the period after taxation (+/-) l.01 – (l.81+l.85+l.86+l.87+l.90+l.93+97+101+141)	100	1,175,246	2,692,325
B.	Liabilities l. 102+118+121+122+136+139+140	101	15,414,709	14,472,221
B.I.	Provisions total (l. 103+107 to 117)	102	4,753,877	4,727,967
B.I.1.	Long-term trade payables (l. 104+l. 106)	103	23,377	
1.c.	Other trade payables	106	23,377	
3.	Other liabilities to affiliated accounting units	108	4,600,000	4,600,000
9.	Social fund liabilities	114	130,500	127,967
B.IV.	Short-term liabilities total (l.123+127 to 135)	122	9,278,251	8,271,104
B.IV.1	Trade payables sum (l. 124 to 126)	123	3,511,853	4,741,927
1.a.	Liabilities to affiliated accounting units	124	433,260	251,012
1.b.	Trade payables in a participating interest, other than liabilities to related entities	125	7,447	
1.c.	Other trade payables	126	3,071,146	4,490,915
3.	Other liabilities to affiliated accounting units	128	3,250,671	
6.	Liabilities to employees	131	766,866	761,916
7.	Social insurance payables	132	548,524	562,035
8.	Tax liabilities and subsidies	133	1,087,223	2,084,309
10.	Other payables	135	113,114	120,917
B.V.	Short-term reserves (l.137+138)	136	1,382,581	1,473,150
B.V.1.	Statutory reserves	137	63,833	43,489
2.	Others reserves	138	1,318,748	1,429,661
B.VI.	Current bank loans	139		
C.	Total accruals and deferrals (l. 142 to l. 145)	141	6,690	6,584
2.	Short-term deferred expences	143	6,621	6,280
4.	Short-term deferred revenues	145	69	304

Profit and Loss Account Statement to 31st December 2016 (in EUR)

Code	Item	Line Number	Real status	
			Current accounting period	Immediately preceding accounting period
a	b	c	1	2
*	Net turnover (part acc. 6 under the Law)	01	54,997,268	58,006,628
**	Revenues from economic activity Total Total (I. 03-09)	02	56,486,260	58,897,476
I.	Revenue from sale of goods	03		618,850
III.	Revenues from services	05	54,997,268	57,387,779
V.	Activating	07	23,702	24,008
VI.	Sales of fixed intangible assets tangible fixed assets and materials	08	9,734	7,229
VII.	Other revenues from economic activity	09	1,455,556	859,610
**	Operating expenses in total I.11+12+13+14+15+20+21+24+25+26	10	54,776,525	55,262,349
A.	Costs incurred to acquire the goods sold	11		618,850
B.	Consumed material, energy and other non-inventory items	12	9,249,288	9,392,018
C.	Adjusting items to provisions	13	11,429	32,228
D.	Services	14	26,010,670	25,884,569
E.	Personnel costs total	15	16,800,977	16,194,748
E.1.	Wages and salaries	16	11,620,900	11,092,574
2.	Remuneration of board and co-operative members	17	106,154	102,902
3.	Social insurance cost	18	4,211,218	4,088,832
4.	Social costs	19	862,705	910,440
F.	Taxes and charges	20	1,246,502	1,505,607
G.	Depreciations and rectifying items to long-term intangible and long-term tangible fixed assets (I.22+23)	21	1,350,024	1,233,143
G.1.	Depreciation of intangible and tangible assets	22	1,350,024	1,233,143
H.	Net book value of fixed assets and inventory sold	24	6,006	6,993
I.	Provisions for receivables	25	109,481	120,005
J.	Other operating expenses	26	-7,852	274,188
***	Profit from operations (I. 02 to I. 10)	27	1,709,735	3,635,127
*	Added value (I.03+04+05+06+07) – (I.11+12+13+14)	28	19,749,583	22,102,972
**	Expenses from financial activities in total (I.30+31+35+39+42+43+44)	29	189	1,334
XI.	Profit taxes (I. 40 + I. 41)	39	130	1,293
XI.1.	Interest income from related entities	40	-2	
2.	Other profit taxes	41	132	1,293
XII.	Foreign exchange gain	42	59	41
**	Income from financial activities in total (I.46+47+48+49+52+53+54)	45	124,680	128,032
N.	Interest expenses (I.50+51)	49	100,862	109,851
N.1.	Interest expense to related entities	50	100,862	109,851
O.	Exchange losses	52	1,015	739
Q.	Other expenses on financial activities	54	22,803	17,442
***	Profit / loss from financing activities (from I. 29 to I. 45)	55	-124,491	-126,698
****	Economic result for the period (+/-) (I. 27 + I. 55)	56	1,585,244	3,508,429
R.	Income tax (I. 58 + I. 55)	57	409,998	816,104
R.1.	Income tax payable	58	52,071	1,553,703
2.	Income tax deferred	59	357,927	-737,599
****	Profit / loss from extraordinary activities after taxation	61	1,175,246	2,692,325

Cash Flow Statement to 31st December 2016 (in EUR)

	2016 (EUR)	2015 (EUR)
CASH FLOW FROM OPERATIONAL ACTIVITIES		
Cash flow from the operation	5,325,287	5,996,696
Interests paid	-100,862	-109,851
Interests received	130	1,293
Income tax paid	-2,461,982	-707,735
Dividends payment	-2,638,478	-3,906,046
Cash flow before exceptional items	124,095	1,274,357
Income from exceptional items	0	0
Net cash flow from operational activities	124,095	1,274,357
CASH FLOW FROM INVESTMENT ACTIVITIES		
Purchase of long-term assets	-1,694,604	-1,033,968
Receipts from sale of long-term assets	8,806	7,229
Net cash flow from investment activities	-1,685,798	-1,026,739
CASH FLOW FROM FINANCIAL ACTIVITIES		
Incomes from credits-group	0	0
Incomes from credits	0	0
Long-term liabilities	23,377	
Net cash flow from financial activities	23,377	0
(Decrease) increase of cash and cash equivalents	-1,538,327	247,618
Cash and cash equivalents at the beginning of the accounting year	2,779,080	2,531,462
Cash and cash equivalents at the end of the accounting year	1,240,754	2,779,080
NET PROFIT (before deduction of interests, taxes and extraordinary items)	1,685,976	3,616,988
Adjustments by non-cash transactions:		
Depreciations of long-term tangible and intangible assets	1,350,024	1,233,143
Rectifying item to receivables	70,124	71,301
Rectifying item to inventories	11,429	32,228
Reserves	-90,569	-65,310
Other non-cash items	-3,657	-7,229
Profit from current activities before change in working capital	3,023,327	4,881,120
Change in working capital:		
Decrease (increase) of receivables from business relation and other receivables (including accruals and deferrals of assets)	460,941	-80,631
Decrease (increase) of inventories	-12,531	-24,159
(Decrease) increase of liabilities (including accruals and deferrals of liabilities)	1,853,550	1,220,366
Cash flow from current activities	5,325,287	5,996,696

Independent Auditor's Report



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Správa nezávislého audítora

Akcionárovi, dozornej rade a predstavenstvu spoločnosti Stredoslovenská vodárenská prevádzková spoločnosť, a.s.:

Správa z auditu účtovnej závierky

Podmieneny názor

Uskutočnili sme audit účtovnej závierky spoločnosti Stredoslovenská vodárenská prevádzková spoločnosť, a.s. („Spoločnosť“), ktorá obsahuje súvahu k 31. decembru 2016, výkaz ziskov a strát za rok končiaci sa k uvedenému dátumu, a poznámky, ktoré obsahujú súhrn významných účtovných zásad a účtovných metód.

Podľa nášho názoru, okrem vplyvu skutočnosti opísanej v odseku Základ pre podmienený názor, priložená účtovná závierka poskytuje pravdivý a verný obraz finančnej situácie Spoločnosti k 31. decembru 2016 a výsledku jej hospodárenia za rok končiaci sa k uvedenému dátumu podľa zákona č. 431/2002 Z. z. o účtovníctve v znení neskorších predpisov („zákon o účtovníctve“).

Základ pre podmienený názor

Ako je uvedené v časti E poznámok účtovnej závierky, spoločnosť odpísala jednorazovo hodnotu goodwillu 24 661 tis. Eur do nákladov roku 2010. Podľa nášho názoru uvedený postup nie je v súlade so slovenským zákonom o účtovníctve, ktorý stanovuje, že goodwill sa odpisuje počas predpokladanej doby používania zodpovedajúcej spotrebe budúcich ekonomických úžitkov z majetku. Predpokladaná doba plynutia ekonomických úžitkov je dvadsaťšesť rokov na základe doby trvania nájomnej a prevádzkovej zmluvy vodárenskej a kanalizačnej infraštruktúry, z ktorej ocenenia vznikol spoločnosti goodwill. Pri použití tejto doby životnosti, by ročná výška odpisov predstavovala sumu 948,5 tis. Eur. Po zohľadnení potrebných úprav, by sa k 31. decembru 2016 zvýšila hodnota dlhodobého nehmotného majetku a vlastného imania spoločnosti o 18 021,5 tis. Eur a zisk by sa znížil o ročný odpis 948,5 tis. Eur.

Audit sme vykonali podľa medzinárodných audítorských štandardov (International Standards on Auditing, ISA). Naša zodpovednosť podľa týchto štandardov je uvedená v odseku Zodpovednosť audítora za audit účtovnej závierky. Od Spoločnosti sme nezávislí podľa ustanovení zákona č. 423/2015 Z. z. o štatutárnom audite a o zmene a doplnení zákona č. 431/2002 Z. z. o účtovníctve v znení neskorších predpisov („zákon o štatutárnom audite“) týkajúcich sa etiky, vrátane Etického kódexu audítora, relevantných pre náš audit účtovnej závierky a splnili sme aj ostatné požiadavky týchto ustanovení týkajúcich sa etiky. Sme presvedčení, že audítorské dôkazy, ktoré sme získali, poskytujú dostatočný a vhodný základ pre náš podmienený názor.

KPMG Slovensko spol. s r. o., a Slovak limited liability company and a member firm of the KPMG network of independent member firms affiliated with KPMG International Cooperative (“KPMG International”), a Swiss entity.

Obchodný register Okresného súdu Bratislava I, oddiel Sro, vložka č. 4864/B
Commercial register of District court Bratislava I, section Sro, file No. 4864/B

IČO/Registration number: 31 348 238
Evidenčné číslo licencie audítora: 96
Licence number of statutory auditor: 96



Zodpovednosť štatutárneho orgánu za účtovnú závierku

Štatutárny orgán je zodpovedný za zostavenie tejto účtovnej závierky tak, aby poskytovala pravdivý a verný obraz podľa zákona o účtovníctve a za tie interné kontroly, ktoré považuje za potrebné na zostavenie účtovnej závierky, ktorá neobsahuje významné nesprávnosti, či už v dôsledku podvodu alebo chyby.

Pri zostavovaní účtovnej závierky je štatutárny orgán zodpovedný za zhodnotenie schopnosti Spoločnosti nepretržite pokračovať vo svojej činnosti, za opísanie skutočností týkajúcich sa nepretržitého pokračovania v činnosti, ak je to potrebné, a za použitie predpokladu nepretržitého pokračovania v činnosti v účtovníctve, ibaže by mal v úmysle Spoločnosť zlikvidovať alebo ukončiť jej činnosť, alebo by nemal inú realistickú možnosť než tak urobiť.

Zodpovednosť audítora za audit účtovnej závierky

Našou zodpovednosťou je získať primerané uistenie, či účtovná závierka ako celok neobsahuje významné nesprávnosti, či už v dôsledku podvodu alebo chyby, a vydať správu audítora, vrátane názoru. Primerané uistenie je uistenie vysokého stupňa, ale nie je zárukou toho, že audit vykonaný podľa medzinárodných audítorských štandardov vždy odhalí významné nesprávnosti, ak také existujú. Nesprávnosti môžu vzniknúť v dôsledku podvodu alebo chyby a za významné sa považujú vtedy, ak by sa dalo odôvodnene očakávať, že jednotlivito alebo v súhrne by mohli ovplyvniť ekonomické rozhodnutia používateľov, uskutočnené na základe tejto účtovnej závierky.

V rámci auditu uskutočneného podľa medzinárodných audítorských štandardov, počas celého auditu uplatňujeme odborný úsudok a zachovávame profesionálny skepticizmus. Okrem toho:

- Identifikujeme a posudzujeme riziká významnej nesprávnosti účtovnej závierky, či už v dôsledku podvodu alebo chyby, navrhujeme a uskutočňujeme audítorské postupy reagujúce na tieto riziká a získavame audítorské dôkazy, ktoré sú dostatočné a vhodné na poskytnutie základu pre náš názor. Riziko neodhalenia významnej nesprávnosti v dôsledku podvodu je vyššie ako toto riziko v dôsledku chyby, pretože podvod môže zahŕňať tajnú dohodu, falšovanie, úmyselné vynechanie, nepravdivé vyhlásenie alebo obídenie internej kontroly.
- Oboznamujeme sa s internými kontrolami relevantnými pre audit, aby sme mohli navrhnúť audítorské postupy vhodné za daných okolností, ale nie za účelom vyjadrenia názoru na efektívnosť interných kontrol Spoločnosti.
- Hodnotíme vhodnosť použitých účtovných zásad a účtovných metód a primeranosť účtovných odhadov a uvedenie s nimi súvisiacich informácií, uskutočnené štatutárnym orgánom.
- Robíme záver o tom, či štatutárny orgán vhodne v účtovníctve používa predpoklad nepretržitého pokračovania v činnosti a na základe získaných audítorských dôkazov záver o tom, či existuje významná neistota v súvislosti s udalosťami alebo okolnosťami, ktoré by mohli významne spochybniť schopnosť Spoločnosti nepretržite pokračovať v činnosti. Ak dospejeme k záveru, že významná neistota existuje, sme povinní upozorniť v našej správe audítora na súvisiace informácie uvedené v účtovnej závierke alebo, ak sú tieto informácie nedostatočné, modifikovať náš názor. Naše závery vychádzajú z audítorských dôkazov



získaných do dátumu vydania našej správy audítora. Budúce udalosti alebo okolnosti však môžu spôsobiť, že Spoločnosť prestane pokračovať v nepretržitej činnosti.

- Hodnotíme celkovú prezentáciu, štruktúru a obsah účtovnej závierky vrátane informácií v nej uvedených, ako aj to, či účtovná závierka zachytáva uskutočnené transakcie a udalosti spôsobom, ktorý vedie k ich vernému zobrazeniu.

Správa k ďalším požiadavkám zákonov a iných právnych predpisov

Správa k informáciám, ktoré sa uvádzajú vo výročnej správe

Štatutárny orgán je zodpovedný za informácie uvedené vo výročnej správe, zostavenej podľa požiadaviek zákona o účtovníctve. Naš vyššie uvedený názor na účtovnú závierku sa nevzťahuje na iné informácie vo výročnej správe.

V súvislosti s auditom účtovnej závierky je našou zodpovednosťou oboznámenie sa s informáciami uvedenými vo výročnej správe a posúdenie, či tieto iné informácie nie sú vo významnom nesúlade s auditovanou účtovnou závierkou alebo našimi poznatkami, ktoré sme získali počas auditu účtovnej závierky, alebo sa inak zdajú byť významne nesprávne.

Výročnú správu sme ku dňu vydania správy audítora z auditu účtovnej závierky nemali k dispozícii.

Keď získame výročnú správu, posúdime, či výročná správa Spoločnosti obsahuje informácie, ktorých uvedenie vyžaduje zákon o účtovníctve, a na základe prác vykonaných počas auditu účtovnej závierky vyjadríme názor, či:

- informácie uvedené vo výročnej správe zostavenej za rok 2016 sú v súlade s účtovnou závierkou za daný rok,
- výročná správa obsahuje informácie podľa zákona o účtovníctve.

Okrem toho uvedieme, či sme zistili významné nesprávnosti vo výročnej správe na základe našich poznatkov o Spoločnosti a situácii v nej, ktoré sme získali počas auditu účtovnej závierky.

30. marca 2017
Bratislava, Slovenská republika

Audítorská spoločnosť:
KPMG Slovensko spol. s r.o.
Licencia SKAU č. 96



Zodpovedný audítor:
Ing. Marek Žuffa
Licencia UDVA č. 1086

Report by the supervisory board 2016



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

At its meeting, the Supervisory Board examined the annual (ordinary) financial statements pursuant to Section 198 of the Commercial Code and Art. XII. parag. 4 of the Company's Articles of Incorporation and reviewed the Company's draft annual report for 2016.

After examining the financial statements for 2016 and the independent auditor's report by KPMG Slovensko spol. s r.o., the Supervisory Board states that the Company keeps the books and records in accordance with the Accounting Act and internal regulations. It also takes account of the auditor's conditional opinion on the one-time write-down of goodwill at the discretion of the sole shareholder and states that no deficiencies have been identified that would impede the approval of the Company's financial statements and its annual report for 2016.

The Company reported a profit after tax of EUR 1,175,246 for the year 2016. The Supervisory Board further discussed the Board of Directors' proposal for profit distribution.

It does not have any comments on these documents and advises the General Meeting to approve the financial statements, the annual report and the profit distribution.

In Banska Bystrica, on July 3, 2017

A handwritten signature in blue ink, appearing to read 'T. Paclík'.

Tomáš Paclík
predseda dozornej rady

2016

ANNUAL REPORT

Stredoslovenská vodárenská prevádzková spoločnosť, a. s.

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CUSTOMER CENTERS

Banská Bystrica

Partizánska 73, 974 01 BB

Prievidza

V. Clementisa 52, 971 55 PD

Lučenec

Komenského 4, 984 53 LC

Rimavská Sobota

Duklianskych hrdinov 42, 979 01 RS

Veľký Krtíš

Banícka 39, 990 01 VK

Brezno

Sekurisova 4, 977 01 BR

Žiar nad Hronom

SNP 125, 965 01 ZH

Zvolen

L. Štúra 2208/15, 960 01 ZV

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