



Stredoslovenská vodárenská
prevádzková spoločnosť, a.s.



ANNUAL REPORT

Stredoslovenská vodárenská
prevádzková spoločnosť, a. s.

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

Registered on: January 1, 2006

business activities

- operation of I to III Category public water supply systems,
- operation of I to III Category public sewer systems,
- consulting, technical and professional assistance in the field of production, treatment and supply of drinking and industrial water, operation of water supply systems, sewage and wastewater treatment plants,
- cleaning of water and sewerage pipelines,
- conducting inspections of sewer systems by instrumentation,
- detection of hidden water leaks by correlative and electroacoustic techniques,
- setting out water supply, sewerage networks and armatures and determining contact points for connection of instrumentation,
- measuring wastewater volume on specific volumes and sewerage systems with the determination of the immediate or cumulative flow by instrumentation,
- physicochemical, radiological, microbiological and hydrobiological analyses of drinking, utility and waste water, including technological water analyses,
- conducting water tightness tests of water management facilities and equipment,
- business activities in the field of the disposal of non-hazardous waste,
- conducting technical inspections of pipelines,
- repair and installation of water meters,
- designing, solving and evaluating the roles of hydrogeological surveys, engineering geological surveys and geological surveys of the environment,
- electricity generation in small hydroelectric power stations with an output up to 5 MW,
- electricity distribution,
- purchase of goods with the purpose of their sale to other trading license holders (wholesale trade),
- purchase of goods with the purpose of their sale to end users (retail trade),
- intermediation in commercial and service activities,
- draw up documentation and projects for simple buildings, small buildings and changes to such buildings,
- realization of simple buildings, small buildings and changes to such,
- realization of buildings and changes to such,
- implementation of water and civil engineering works,
- execute construction site manager activities,
- execute construction site supervisor activities,
- engineering activities in civil engineering,
- supply and installation of chlorination and dosing equipment for chemicals,
- repairs, servicing, maintenance and execution of expert inspection and testing of chlorinating and dosing equipment for chemicals,
- machinery and equipment rental,
- public procurement,
- national road freight,
- real estate rental,
- repairs and servicing of all kinds of pumps,
- conducting revisory and pressure tests of stable pressure tanks,
- repair, installation, maintenance and servicing of electrical equipment,
- conducting technical inspections and testing of specified electrical equipment,
- organizing courses, training and seminars,
- conducting courses, training and seminars,
- fire safety engineer,
- accommodation and catering services in accommodation facilities.

THE COMPANY HAS NO ORGANIZATIONAL UNIT ABROAD.



statutory bodies

of the company on 31. 12. 2017

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 Šáľiová
(removed from office 1. 11. 2017)
Ing. Peter Martinka

SUPERVISORY BOARD
Tomáš Paclík
Roman Szabó
Etienne Petit
(removed from office 31. 7. 2017)
Ing. Miluše Poláková
(appointed effective from 1. 8. 2017)
Ing. Lucia Harachová
Marián Detvan
JUDr. Roman Dula

Executive management

MANAGING DIRECTOR
Ing. Peter Martinka

ECONOMIC DIRECTOR
Ing. Peter Dobrý

DIRECTOR FOR PRODUCTION-OPERATING ACTIVITIES
Ing. Miroslav Fajčík

COMMERCIAL DIRECTOR
Ing. Mária Vicianová

PLANT DIRECTORS
Ing. Pavol Badinský
plant 01 Banská Bystrica

PaedDr. Zoltán Balla
plant 02 Lučenec / Veľký Krtíš

JUDr. Vladimír Andrejovský
plant 03 Prievidza

Ing. Branislav Jurík
plant 04 Rimavská Sobota

Ing. Milan Vlček
plant 06 Zvolen, Žiar nad Hronom

key data

as of 31. 12. 2017

€ 58,239,007

Turnover of the Company

€ 1,232,563

Profit after taxation

655,603

Number of supplied residents

1,092

Number of employees

40,081,000 m³

Total production of own water

4,492 km

Length of the water distribution network

22

Number of water preparation plants

52,431,000 m³/year

Treated waste water

1,036 km

Length of operated sewer network

42

Number of wastewater treatment plants

115,721

Number of contracted customers

editorial



Dear Ladies and Gentlemen, Dear Shareholders,

The information on our company's activities in 2017 presented to you in this Annual Report is aimed at an open and detailed assessment of its activities over the past year. I am very pleased that I can appraise 2017 as being beneficial in several areas.

We continue to be one of the most stable and largest employers in the region. During 2017 the number of employees did not change significantly and we employed 1,092 employees.

Our priority is to provide reliable services related to the supply of high-quality drinking water and drainage and treatment of waste water to our customers at the level required by generally binding Slovak and European regulations. In 2017, 40,081 thousand m³ of drinking water were produced in the company's water management facilities, and 411,100 inhabitants are connected to a total of 1,036 km of sewer network.

The quality of drinking water in our company is controlled by accredited laboratories where a total of 120,039 analyses were carried out at the consumer on drains from water reservoirs and treatment facilities.

In addition to our main activities, which are to provide the population with drinking water and ensure drainage, we have carried out several investment projects. For the year 2017, we have set a revenue plan for the realization of investments for other investors to the sum of € 990,000, which involved investment operations for the infrastructure company StVS, a.s. and C - bau, spol. s r. o., belonging to the Veolia group. Among the most significant operations in 2017 were „Reconstruction of the sewerage pipeline - ZSNP Žiar nad Hronom“ and „Reconstruction of drinking and industrial water distribution on the premises of Slovalco“.

We continue to be a customer-oriented company. We are constantly looking for opportunities to improve the services provided. One of the challenges in this area is for us to solve water meter readings at inaccessible collection points. After the implementation of presentations of companies dealing with long distance data transfer from the point of departure, pilot projects started at the end of the year.

Stredoslovenská vodárenská prevádzková spoločnosť, a. s., is actively involved in building a company that promotes the principles of sustainable development. We work responsibly in the field of environmental protection. Reconstruction and intensification of waste water treatment plants are being continuously carried out by increasing the amount of treated wastewater which meets the permitted limit values set by the European Union.

A key project aimed at protecting and supporting biodiversity is the Biodiversity Conservation Programme in the technical premises of Veolia. After carrying out the environmental audits and processing the proposed measures, the programme was upgraded to the implementation phase and, in cooperation with the Ekopolis Foundation, work began in two locations.

We also support the area of education. For primary school pupils, we organize competitions, projects, excursions, all aimed at protecting the environment. The secret life of the city life is the name of a school project realized with CEEV Živica. The aim of the project is to obtain practical knowledge of the biodiversity of sites with the help of a special app for plant recognition.

An integral part of our company's management is management systems that we use in all manufacturing processes and activities.

At the end of my review, I would like to say that I believe that we will build on the positive points that we have achieved and we will continue to remain a water company that you can rely on.

To support our efforts, let me thank all the employees, shareholders, business partners, and the members of the Board of Directors and the Supervisory Board.

Ing. Peter Martinka
Managing Director StVPS, a. s.

organizational structure

General Assembly
Board of Supervisors
Board of Directors
Managing Director

Division of
the Managing
Director

Division of
the Economic
Director

Division of
the Commercial
Director

Division of
the Director for
Production -
Operating
Activities

ASSISTANT TO
THE MANAGING DIRECTOR
MARKETING AND COMMUNICATION
DEPARTMENT
CRISIS MANAGEMENT DEPARTMENT
QUALITY MANAGER
PROJECT MANAGER
VODÁR GUEST HOUSE, DONOVALY
CONTROL DEPARTMENT
ADMINISTRATIVE AND LEGAL DEPARTMENT
QUALITY MANAGEMENT DEPARTMENT
INFORMATION TECHNOLOGIES DEPARTMENT
HUMAN RESOURCES
DEPARTMENT OF HEALTH AND SAFETY
AND FIRE SAFETY

SECRETARIAT
TAXES DEPARTMENT
ACCOUNTING DEPARTMENT
DEPARTMENT OF ASSETS AND PROCUREMENT
SUPPLY DEPARTMENT
CONTROLLING DEPARTMENT
PAYMENTS OFFICE
INTERNAL CONTROL OFFICE

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

REGISTRY OFFICE
AND ASSISTANT TO THE DIRECTOR
FOR P-OA
DEPARTMENT OF PRODUCTION
AND OPERATING ACTIVITIES CONTROL
DEPARTMENT OF TECHNICAL
OPERATING ACTIVITIES
DEPARTMENT OF PROPERTY CARE
DEPARTMENT OF ASRTP
PLANTS:
01 Banská Bystrica
02 Lučenec, Veľký Krtíš
03 Prievidza
04 Rimavská Sobota
06 Zvolen, Žiar n. Hronom

our services

Stredoslovenská
vodárenská prevádzková
spoločnosť, a. s.,
provides services
for
655,603
residents

The main objective of our activity is to ensure the supply of drinking water, drainage and sewage treatment for industrial customers, contractual customers, end consumers and for towns and municipalities. The quality of operations and services provided is guaranteed by high expertise and long-standing market experience.



water management

Consumption of water supplied to consumers was slightly higher than in the previous year, which was reflected in other indicators of water production and supply. In 2017, the amount of water invoiced was 1.5% higher than in 2016. The increase in water consumption was recorded mainly by households, a slight increase was also recorded for other customers. The increased volume of water invoiced was, among other indicators, also recorded in the increase in specific household water consumption. In 2017, the specific consumption was 72 l / person / day, which is 1.0 l /person /day higher than in 2016.

water losses

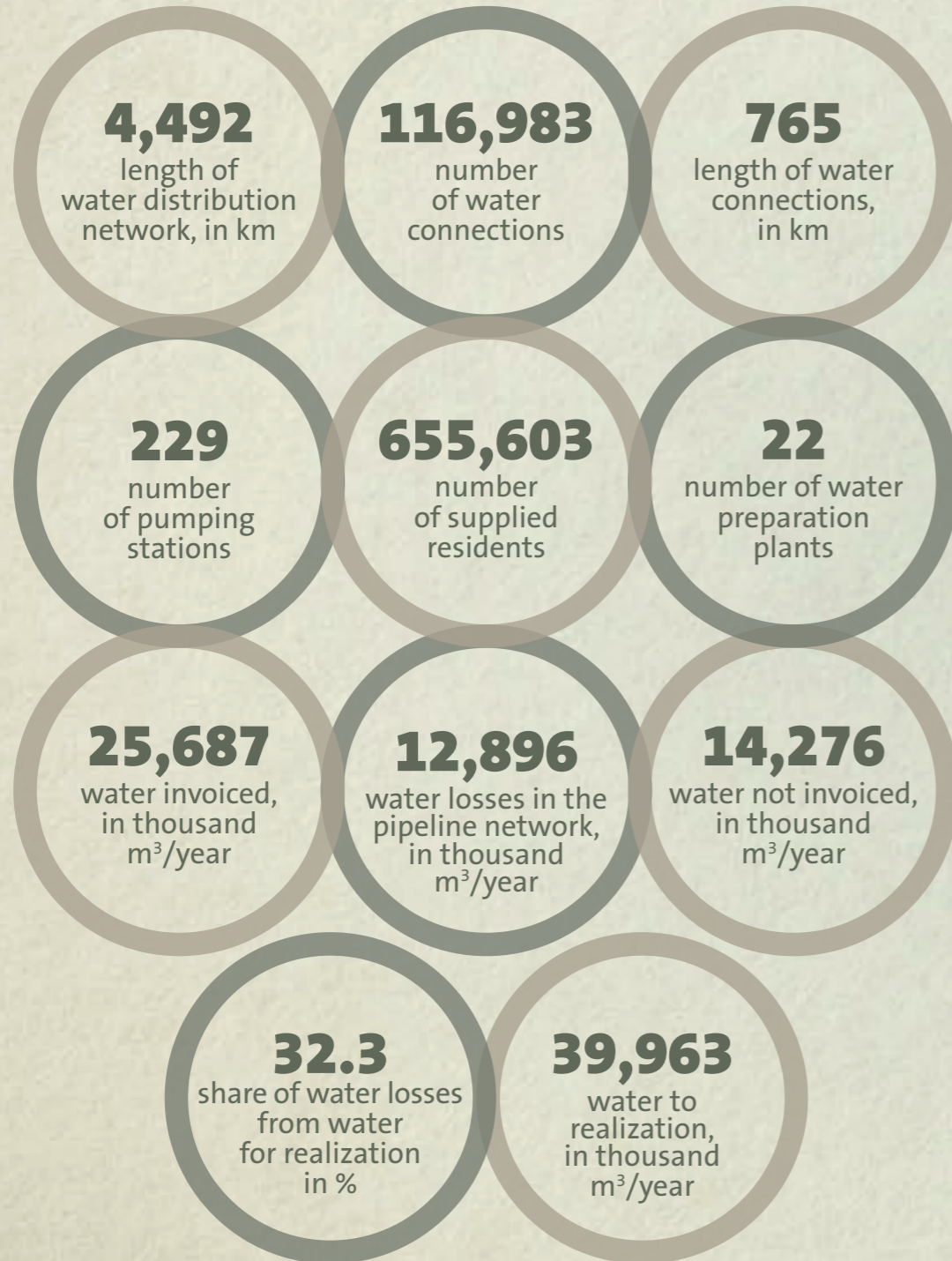
Due to the fact that water losses form the largest volume of non-invoiced water, the company focuses mainly on repairs of water pipes which is where the highest incidence of faults occur. Hidden water leaks from pipelines most influence water losses, so modern technology and instrumentation techniques have been used to locate as many as possible localized hidden water leaks.

Since 2007, centralized management of the search for hidden water leaks and the purchase of cutting-edge search technology by our company has played a large role in locating hidden water leaks. This task is undertaken by six task forces operating in the Fault Search Department, namely, Banská Bystrica, Brezno, Lučenec and Veľký Krtíš, Prievidza, Rimavská Saturday and Zvolen and Žiar nad Hronom. After localization by the Fault Search Department, the water leaks are repaired by employees of individual plants based on their critical importance, thereby avoiding further increases in water loss. In 2017, the Fault Search Department examined 1,688 km of water mains and located 990 faults. Of these, 975 faults were eliminated; 15 faults were predominantly on connections on private land. Measurement work worth € 3,556 was carried out for external customers.

water production

In 2017, 40,081 thousand m³ of drinking water, of which 12,713 thousand m³ was surface water and 27,368 thousand m³ groundwater, was produced in the company's water management facilities. Compared to 2016, that corresponds to 474 thousand m³ more water produced, which is related to the increased amount of water supplied or, invoiced to the subscribers. The quality of the drinking water supplied in accordance with valid legislation was provided from 22 surface and groundwater treatment facilities. The treatment of surface water from water reservoirs used the large water treatment plants at Hriňová, Málinec, Klenovec and Turček. Where appropriate, smaller water treatment plants were also used, and, in the case of inappropriate groundwater quality, also at groundwater treatment plants. Groundwater sources, mainly springs, were used primarily for supplying drinking water; water quality was satisfactory and no water treatment was required. In the water treatment plants operated by our company, a total of 15,295 thousand m³ of raw water was treated. Water production was provided according to the requirements of the customers and the prepared plan for the production and supply of drinking water.

main indicators of the production and supply of drinking water

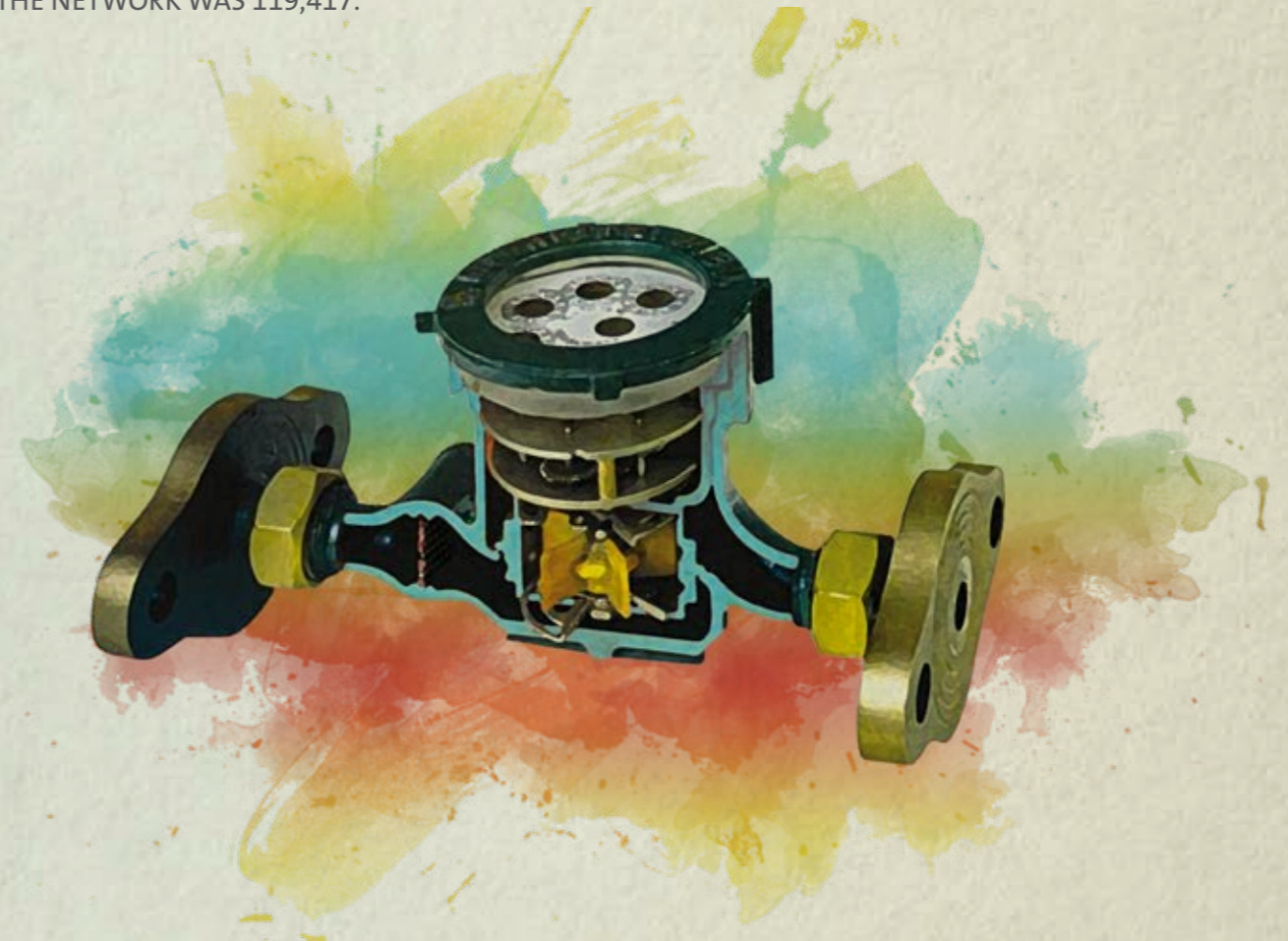


water meters

AS OF 31 DECEMBER 2017, THE TOTAL NUMBER OF INVOICED WATER METERS IN THE NETWORK WAS 119,417.

In 2017, 20,607 water meters were exchanged, out of which 18,376 water meters were exchanged and 2,231 pieces were replaced for reasons other than water meter damage, standing water meter, replacement at the customer's request and others. 52 water meters were

removed and sent for official inspection at the customer's request, of which 44 water meters were satisfactory and 8 water meters were inadequate. In 2017, a total of 16,364 water meters were repaired by an external supplier.



breakdowns in the water supply network

In 2017, an increased number of faults on the water network was recorded by 3.6% compared to the previous year. The increase in the number of faults was influenced by extremely long-lasting frosts in the winter months, most notably in February, when the failure rate was up to 77% higher than in the same period in 2016.

A total of 2,810 breakdowns were reported, including 1,952 in the supply and distribution pipelines and 858 in the connections. Of the total number of faults, 2,531 were leaks and 2,120 were excavated. As part of the emergency prevention, regular minimum follow-up is monitored with the following search for detected hidden leaks in the field.

drainage and sewage treatment

The sewer network with a total length of 1,036 km, is connected to 411,100 residents. There was a difference in the amount of treated water, when compared to 2016, the year-on-year increase was 763,000 m³, representing 1.48%.



survey and measurement of sewer network

In the field of sewerage network survey and the detection of connected producers, the already established sewer network smoke test technology has continued to be successfully used. With this technology, it is possible to detect failures of sewerage pipes and sewerage objects and unauthorized connection to properties, as well as unauthor-

ized connections of rainwater into the separated sewerage system. In 2017, flow measurements were carried out on uncleaned outflows of public sewers, as well as control measurements at the public sewage system in Nováky and the Lučenec WWTP. In 2017, both TV camera systems were used to survey the technical condition

of the sewerage pipelines for both operating and newly-constructed buildings. The IPEK system, which also allows the measurement of deformations of flexible pipes, has proven its worth on new sewer system.

main indicators of the drainage and treatment of waste water



breakdowns in the sewer network

The most frequent cause of accidents on the sewerage network in 2017 was blockages, especially in the winter and spring months, as a consequence of flooding of the gritting materials from the roads, but also due to the poor technical condition of some sections of the sewerage network. Other causes of accidents are the dam-

age to the pipeline system caused by the traffic load, as well as due to the lack of discipline of some producers who dispose of materials and objects in the public sewerage system that do not belong there, and, last but not least, the poor level of structural work carried out in the previous period. In 2017, 1 406 faults were removed

from the gravity sewer networks, of which 1,162 were blockages and 244 structural defects. There were 72 structural faults on the sewers, sewer connections 30 and 142 defects on sewer network objects. There were 214 faults on the pressure sewers, including 210 faults on the pump stations and four faults in the 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 addition to the basic physicochemical, microbiological and biological indicators, the presence of metals, pesticides and organic substances is monitored in drinking water in accordance with Slovak technical standards. The health safety of drinking water is ensured not only by quality control, but also by the system of water resources control, protection of water supply facilities and regular disinfection. In 2017, 3,952 samples were taken to monitor microbiological indicators and 3,926 samples for the monitoring of physicochemical indicators in the Quality Control Department laboratories. In total, 120 039 analyses were carried out at consumer premises on drains from reservoirs and treatment plants. At the same time, samples were collected from 2,084 sources, where 65,072 analyses were performed.

wastewater

Implementation of a programme for monitoring the quality of waste water drainage and sewage treatment in sewers and treatment plants in StVPS a.s. are provided by accredited wastewater laboratories in Zvolen, Banská Bystrica and Lučenec in accordance with ISO / IEC 17025: 2015. In 2017, 8,857 samples were collected at each stage of the WWTP and uncleaned outlets. 55,396 analyses were performed. The range and number of samples are determined by Decree 315/2004 Zz and related valid regulations. At the same time, 1,351 samples from producers were examined in our laboratories, representing 5,142 analyses.

investment implementation

For the year 2017, a plan of revenues from the implementation of investments for other investors was set at € 990 thousand, which involved investment operations for the infrastructure company StVS, a.s. and C - bau, spol. s r. o., belonging to the Veolia group.

Construction work was carried out during the year in accordance with the developed time and financial schedule. In the first half of the year, only operations that were contracted in previous years were executed, while part of their implementation was also carried forward to 2017. In addition to the construction projects, 17 new contracts were concluded in 2017 for the realization of investment operations with the StVS, a.s. investor as well as two contracts with C-bau, spol. spol. s r.o.

In 2017, similar to the previous period, we also implemented the linking of water and sewerage connections to the public water supply and public sewerage system on the basis of a special contract for StVS, a.s.

From among the operations with the most significant financial volume in 2017 were „Reconstruction of the sewerage pipeline on the ZSNP Žiar nad Hronom premises“, „Reconstruction of drinking and industrial water distribution in the Slovalco site“ and the construction of „Tajov - water supply from VZ DVZ Tajov“ and „Lučenec – the district of Opatová, Jegorovová Street, Boryho - water supply and sewer system“, whose completion was scheduled for 2017 and which was kept to on our part. In addition to these financially significant buildings, our company also implemented the operations that were included in the StVS, a.s. investment plan which were inserted at the initiative of our company, and which have increasingly addressed operational problems in the entrusted infrastructure. This included mainly the reconstruction of those sections of the public water mains most prone to have faults as well as investments in the renewal of obsolete technological units.

On the whole, our company realized revenues of € 2,170.2 thousand in the field of realization of investments for other investors in 2017, which represents a 219.2% achievement of the defined income plan for the year. The actual trend of increasing the outsourcing of individual works to external companies continued in the actual construction work realized.

customers

Customers of our services include numerous customer types: industrial customers, contractual customers, end users, and towns and municipalities.

We are responsible partner for all of them.

As a customer-oriented company, we are working on constantly improving and expanding customer services.

The quality of our operations and services provided is guaranteed by certified systems.



structure of the customers

	January	February	March	April	May	June	July	August	September	October	November	December	Average	Sum of averages
The number of customers	114,850	114,859	114,934	115,001	115,138	115,240	115,319	115,425	115,501	115,633	115,714	115,721	115,278	115,278
Of which are households - individual customers	104,497	104,496	104,565	104,619	104,743	104,838	104,919	105,012	105,076	105,189	105,263	105,324	104,878	90.98 %
Of which are households - high-rise flats and housing association flats	2,220	2,226	2,224	2,224	2,224	2,223	2,220	2,221	2,217	2,220	2,219	2,223	2,222	1.93 %
Others	8,133	8,137	8,145	8,158	8,171	8,179	8,180	8,192	8,208	8,224	8,232	8,174	8,178	7.09 %

approach to the customers



2017 saw the introduction of, and as a consequence of that also the abolition of the two-component price for water and sewage. With regard to the conditions under which the fixed price component was allocated, it was necessary to unify the procedures for a customer's request for cancellation of the point of delivery, the interest for which had become more intense on the part of the customer following its introduction. A working procedure has been developed by the operator whereby customers receive a single guideline prior to submitting a cancellation of point of delivery request,

as well as during its processing. In connection with the fact that, within the framework of the operation of the Stredoslovenská vodárenská prevádzková spoločnosť, a.s. there are several thousand outlets where customers do not take water despite the fact that they have a contract and a connection made, we, therefore, in the implementation of the deductions, started taking photographs of the water meters at these and other problematic points in the case of the water meter shaft accessibility. A saved photograph of a water meter will help in the future in solving various situations at the deliv-

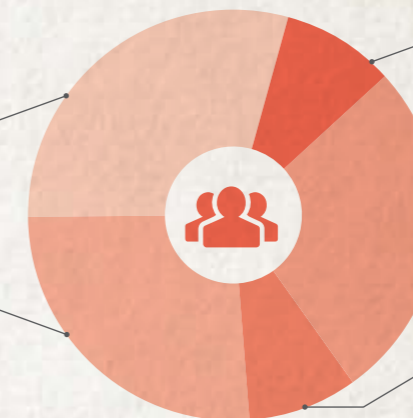
ery point. The operator, StVPS, a.s., is interested in solving deductions at inaccessible delivery points, and so, after realizing presentations of companies dealing with remote data transfer from the point of delivery, a pilot project was launched at the end of the year which should compare the offered technologies of remote deductions, reliability and technical parameters of the connected devices. The evaluation of the pilot projects will be carried out in 2018 after a half-year trial and the most advantageous and most appropriate solution for remote deductions will be accepted by the company.

Data about average monthly contacts in the matter of:

Total contacts:
8,513

29.19% | 2,485
hitherto unmentioned issues

26.31% | 2,239
invoicing



8.97% | 763
water supply, drainage, pressure, water quality and damage

26.92% | 2,292
contracts

8.61% | 733
connections and water meters

Average number of calls carried out per month in the Call Centre:

Total contacts:
2,306

33.70% | 777
hitherto unmentioned issues

8.35% | 193
contracts



24.72% | 570
water supply, drainage, pressure, water quality and damage

6.28% | 145
connections and water meters

26.95% | 622
invoicing

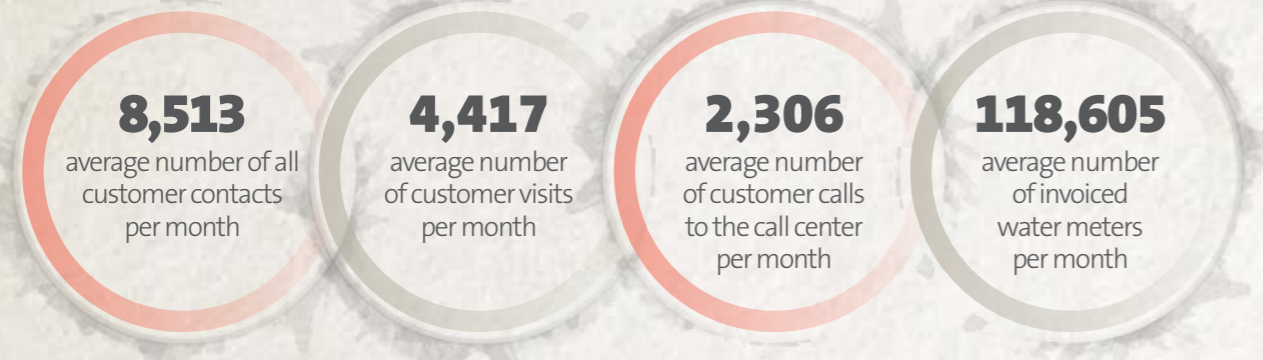
communication | customer service



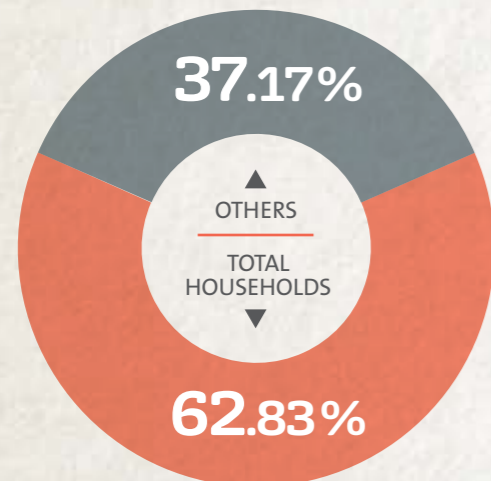
An efficient customer service is provided by the Stredoslovenská vodárenská prevádzková spoločnosť, a.s., at eight customer centres during unified office hours. For customers favouring telephone and electronic communications, there is a 24-hour customer call centre available at 0850 111 234. All customer information is also publicly available on the www.stvps.sk website.

We also regularly communicate with our customers through the Water for you (Voda pre vás) customer magazine, which we publish twice a year

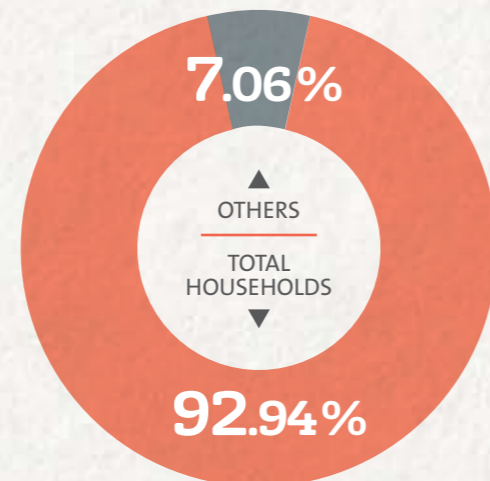
in both electronic and printed versions. The general public are targeted with events on the occasion of the World Water Day, where not only our customers have the opportunity to learn information about water quality and prices, services and new projects. As part of the World Water Day events, we conduct a free analysis of drinking water for nitrates for those who draw drinking water from wells. For schools and the public, we are preparing excursions to wastewater treatment plants.



structure by volume of sales



structure by number of customers



	NO. OF CUSTOMERS		SHARE OF VOLUME OF SALES	
	As of 31.12.2017	%	Invoiced (€)	%
TOTAL NO. OF CUSTOMERS	115,721	100.00 %	54,328,897	100.00 %
Of which are households - INDIVIDUAL CUSTOMERS	105,324	91.02 %		
Of which are households - HOUSING ASSOCIATIONS	2,223	1.92 %		
TOTAL HOUSEHOLDS	107,547	92.94 %	34,134,046	62.83 %
OTHERS	8,174	7.06 %	20,194,852	37.17 %

satisfaction surveys

Stredoslovenská vodárenská prevádzková spoločnosť, a.s. has decided to conduct another wave of long-term surveys of customer satisfaction with its services and products.

The main objective was to identify the values of satisfaction and preferences in the areas proposed by the contracting authority, while evaluating the trends in the satisfaction of the customers with their services and products.

Because the survey is of a long-term monitoring character - the purpose of the survey is to track the movement of values, that is to say deviations of values from previous years.

The target group comprised randomly picked customers of the company who received the questions by phone. The selection took into account the geographical distribution of the target groups in the designated location. The

questions were focused on overall satisfaction with the company, defined the parameters of satisfaction with services and preferences of communication variants.

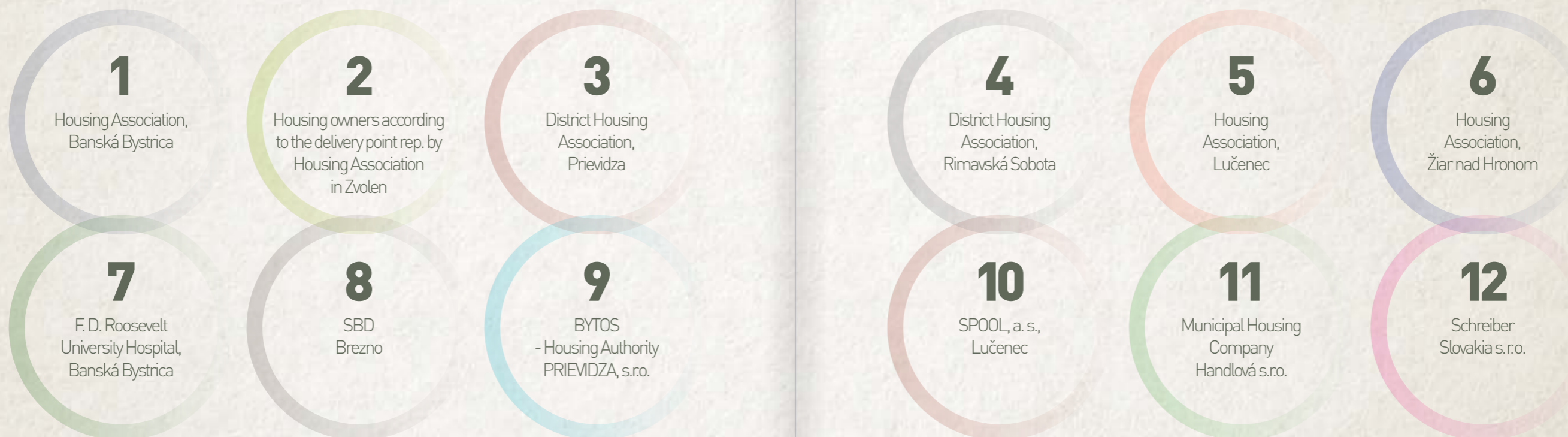
On the question of overall satisfaction with the services, 58.9% of all respondents were very satisfied, the largest satisfaction is shown by the company segment and, as far as the regions are concerned, the most satisfied customers with the services are from Zvolen.

88.9% of customers are satisfied with the quality of the water, whereby the best being Prievidza. Distinctive dissatisfaction was shown by customers from

Brezno regarding issues related to the speed of resolving problems. Brezno has shown low values for several years. Very interesting is the information that came out of the survey when it comes to the type of information that customers are interested in. They are most interested in water quality and water price. Therefore, it is true that, as in previous years, information work has to be explicitly directed to informing customers about water parameters and price items.



12 largest customers in 2017



INVOICING FOR WATER AND SEWERAGE (EUR INCL. VAT)

12 LARGEST CUSTOMERS OF STVPS, a. s., IN 2017

	Identifica- tion No.	1/2016				2/2016				3/2016				4/2016				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, Banská Bystrica	00170071	- 819.94	4,105.59	570,944.69	2,643.03	0.00	544,357.61	1,842.85	2,847.37	554,979.90	14,145.69	0.00	556,033.59	1,121,230.98	2,251,080.38															
2	Housing owners according to the delivery point rep. by HA in Zvolen	00222054	8,260.83	7,768.79	414,590.72	7,103.74	8,355.34	374,723.54	7,203.19	8,222.79	386,519.48	8,668.89	8,897.91	379,518.70	820,802.96	1,619,833.92															
3	District Housing Association, Prievidza	00173801	0.00	55.66	355,911.85	3,630.10	568.90	347,317.85	2,456.12	64.18	351,640.98	0.00	4,859.34	340,763.97	707,484.36	1,407,268.95															
4	District Housing Association, Rimavská Sobota	00173916	0.00	2.96	265,741.72	- 1,347.37	- 100.70	265,090.37	0.00	0.00	267,980.80	0.00	0.00	237,615.79	529,386.98	1,034,983.57															
5	Housing Association, Lučenec	00171816	2,260.21	3,142.71	204,530.70	2,233.75	3,361.05	195,961.65	2,353.43	3,381.49	204,461.61	2,422.66	3,766.96	204,757.39	411,490.07	832,633.61															
6	Housing Association, Žiar nad Hronom	00176192	17,936.09	20,559.61	155,536.37	16,605.11	20,970.91	147,497.50	18,601.52	19,512.79	162,657.59	16,488.17	22,972.97	141,292.72	379,105.59	760,631.35															
7	F. D. Roosevelt University Hospital, Banská Bystrica	00165549	60,528.30	65,411.99	70,596.87	56,352.41	59,833.26	57,547.35	58,934.30	60,065.54	58,576.98	63,274.76	60,904.51	55,767.10	370,270.18	727,793.37															
8	SBD Brezno	00170143	0.00	0.00	151,316.33	0.00	0.00	149,790.69	0.00	1,192.05	182,411.31	0.00	854.13	194,138.39	301,107.02	679,702.90															
9	BYTOS - Housing Authority Prievidza, s. r. o.	36313009	3,977.20	3,547.98	164,149.36	6,804.75	3,621.18	161,676.82	2,946.22	3,536.48	163,953.01	2,898.63	8,307.23	153,158.76	343,777.29	678,577.62															
10	SPOOL, a. s., Lučenec	31586392	55,965.20	43,564.12	59,085.32	48,303.53	54,891.39	52,819.43	50,822.91	58,576.95	54,180.46	52,236.26	54,545.73	53,367.97	314,628.99	638,359.27															
11	Municipal Housing Company Handlová s. r. o.	36851442	0.00	0.00	138,022.21	0.00	0.00	129,830.67	0.00	0.00	137,822.34	1,292.77	0.00	138,317.46	267,852.88	545,285.45															
12	Schreiber Slovakia s.r.o.	31629857	20,441.68	43,874.47	36,201.94	34,336.95	36,983.26	34,351.12	41,279.78	37,770.72	35,695.51	3,290.41	74,639.88	26,467.57	206,189.42	425,333.29															

responsibility

The Veolia Group is actively involved in building a company that promotes sustainable development and accepts full responsibility for the internal and external impact of its activities. In its day-to-day activities, it promotes a responsible attitude towards its employees and the environment.

The illustrated development of the number of employees is the result of rationalization and streamlining of business processes. The management of the company succeeded in making the operation more efficient by merging plants # 02 Lučenec and 05 Veľký Krtíš, thus rationalizing the number of managers at the aforementioned plants.



development of the number of the employees since 2013

From the point of view of human resources at Stredoslovenská vodárenská prevádzková spoločnosť, a.s., 2017 was a year of maintaining stable employment and

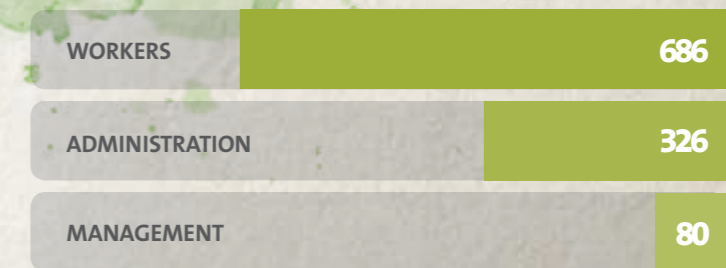
employees

modernizing the increase in employee care. During 2017, the number of employees did not change significantly and on 31 December 2017 we employed 1,092 employees.



Actual number of employees on 31. 12. 2017: **1,092**

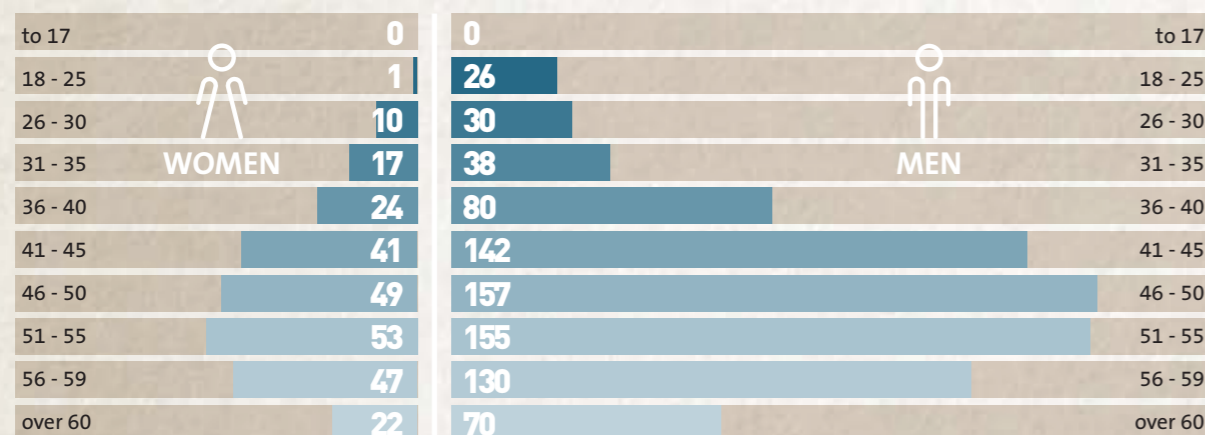
structure of employees by category



age structure of employees:



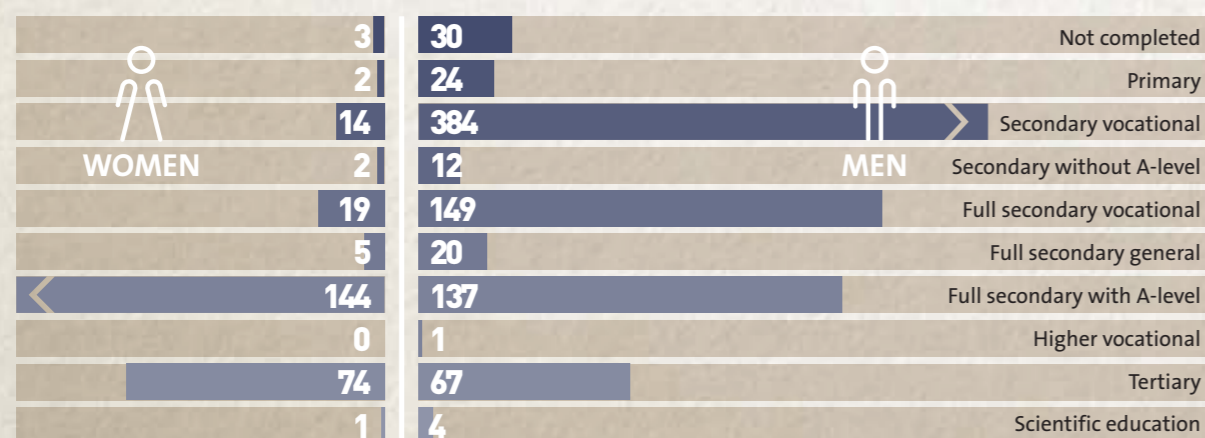
Age groups (in years)	Female	Male	Total
to 17	0	0	0
18 - 25	1	26	27
26 - 30	10	30	40
31 - 35	17	38	55
36 - 40	24	80	104
41 - 45	41	142	183
46 - 50	49	157	206
51 - 55	53	155	208
56 - 59	47	130	177
over 60	22	70	92
Total	264	828	1,092



educational structure of employees:

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

Education	Female	Male	Total
Not completed	3	30	33
Primary	2	24	26
Secondary vocational	14	384	398
Secondary without A-level	2	12	14
Full secondary vocational	19	149	168
Full secondary general	5	20	25
Full secondary with A-level	144	137	281
Higher vocational	0	1	1
Tertiary	74	67	141
Scientific education	1	4	5
Total	264	828	1,092



internal communication

We recognize the importance of internal communication between management and its employees. Well-established internal communication contributes to a greater awareness of employees working in different positions, especially in the regions, which also contributes to their greater motivation, improvement in relationships and meeting common goals. Together with Podtatranská vodárenská

prevádzková spoločnosť, a.s. we publish a quarterly employee magazine *Water is life* in which we inform about events in both companies, and also publish information from the VEOLIA group. A new periodical is the magazine *Naša Veolia*, whose content we create together with the Veolia Energia division. The source of up-to-date information is the corporate intranet and noticeboards;

new are the large screens installed in vestibules and dressing rooms which publish information from the Human Resources Department, communications, but also news from IT and other areas. The Employee Grants programme was successfully implemented, where we distributed a total of € 3,000 to staff for the implementation of publicly beneficial projects.

staff training

As part of our human resources development, we pay close attention to the professional and personal growth of our employees, which we provide through in-company education. Each job position requires a special approach in selecting learning activities

to improve and deepen the knowledge of our employees. We realize that if we want to achieve our goals, we need to invest in increasing staff qualifications and their potential, because only a highly skilled and motivated employee can bring success to the company in

the future. In addition to training focused on specific jobs, we also seek to develop the language skills of our employees, so we provide them with English language teaching, either in group form or in individual courses.

social dialogue

In the context of cooperation with our social partner, as in previous years, social reconciliation was achieved in collective bargaining, resulting in the conclusion of a collective agreement for 2017. The most significant agreed changes within the social dialogue were:

- indexation of wages,
- greater powers of the trade unions in deciding on drawing on the funds of the Social Fund.

Part of the collective agreement is appendix no. 1 - Rules for the use of the Social Fund. The Social Fund is one of the basic sources of applied social

policy in society. The creation of the Social Fund is set at a maximum legal value of 1.5% of the gross wage bill, and thanks to the set creation of the Social Fund, the company displays its social responsibility towards its employees. In 2017, the creation of the Social Fund amounted to € 145,000.

social fund for 2017

a detailed overview of the creation and methods of drawing on the Social Fund

Budget of the StVPS a.s. Social Fund	Plan for 2017	Drawdown in € as of 31.12.2017
Initial state as of 1. 1. 2017	130,500.02	130,500.02
Social fund creation (1.5%)	143,899.73	144,767.27
Allocation from the Company's Profit	0.00	23,504.77
Balance from Benefit Plus (2016)	0.00	21.64
Creation in total	274,399.75	298,793.70
One-off non-refundable aid	1,660.00	498.00
Contribution for catering	82,000.00	78,170.10
Contribution for blood donors	1,000.00	934.00
Contribution for plasma donors	1,000.00	0.00
Programme Benefit Plus	70,000.00	80,177.41
Total expenses	155,660.00	159,779.51
Reserve/presumed balance as of 31. 12. 2017	118,739.75	139,014.19

safety and health care in the workplace



Safety at work in Stredoslovenská vodárenská prevádzková spoločnosť, a.s. is undoubtedly closely linked to all the work activities that our employees must daily perform, many times in the challenging and not ideal conditions found in the water industry.

The fact that the understanding of work safety in our workplaces is moving in the right direction, and also that work safety has become a natural part in fulfilling the tasks of the job, definitely and clearly outlines the results of ensuring safety and health at work in all its fields, for which our company has gained recognition both on the part of the control bodies and also in the health and safety management departments throughout the Veolia group.

In 2017, StVPS, a.s., with a total of four occupational injuries, achieved a reduction in the number of accidents at work accounted for by 33.3% compared to the previous year, and when we recall a similar fall in accident rates in 2016, we can already talk about a decreasing trend, which is probably the most important indicator within the work safety assessment criteria.

The favourable outcome in occupational accidents is certainly based on the overall responsible approach of management staff in the education and training of their subordinate employees. In 2017 there was an improvement in a suitably set training system that our company started to apply in 2016. The way of learning is very much involved in combining theoretical knowledge with the practical skills of experienced employees in the field of education, directly in the workplace, with the presence of experts from different fields.

A significant shift has also been noted in the removal of risks and dangers in the work process, in the use of technical means, in the safety of buildings as part of the design activity, as well as in the strict observance of the safety rules during construction work.

There is still a lot in reserve in the realization of building construction to ensure safety and health at work, because StVPS, a.s. is involved here with its supplier organizations, and thus to the development of more or less unwelcome organizational deficiencies.

An important role in the provision of health and safety at work is to equip our employees with the appropriate working and protective means on which considerable funds are spent in our company. By regularly reviewing the suitability and functionality of personal protective equipment, we achieve a high standard of security in this area, in line with modern trends in this field.

Fire protection as part of the safety and health protection of employees is already standard at an excellent level and no adverse event has been reported in this area in 2017.

In 2017, in the Stredoslovenská vodárenská prevádzková spoločnosť, a. s., the state authorities carried out 18 inspections focused on safety at work, fire protection and public health with excellent results as ascertained in the conclusions of these inspections, which also points to a high level of the approach of our company to occupational safety.

In assessing safety and health at work, it is necessary to conclude that despite what has been said towards the favourable development of Safety and Healthcare in the Workplace in 2017, we are still looking for a great deal of improvement in this area, recognizing our responsibility towards ourselves and other co-workers, creating favourable working conditions through technical or organizational measures, and especially the approach to an understanding of work safety in our everyday life.

ISO

An integrated management system is a very suitable way to create a management system that takes into account not only the quality of services but also access to the environment, safety and health protection at work and energy management. In addition, a system approach will ensure orientation in legislative requirements and their fulfilment, reduce administrative burdens and save financial resources.

In 2017 our company successfully passed the audits of STN EN ISO 9001: 2016 quality management system, STN EN ISO 14001: 2005 environmental management system, STN OHSAS 18001: 2009 occupational health and safety management system and STN EN ISO 50001: 2012 system energy management. The audit has reviewed selected ISO and OHSAS standards and has again established our system's compliance with their requirements. The audit was carried out on the premises and buildings of the Prievidza and Banská Bystrica plants.

Management systems are now an integral part of our company's management and we use them in all manufacturing processes and activities. These systems have become a fundamental progressive element in customer relationships and also a basis for continuous improvement.

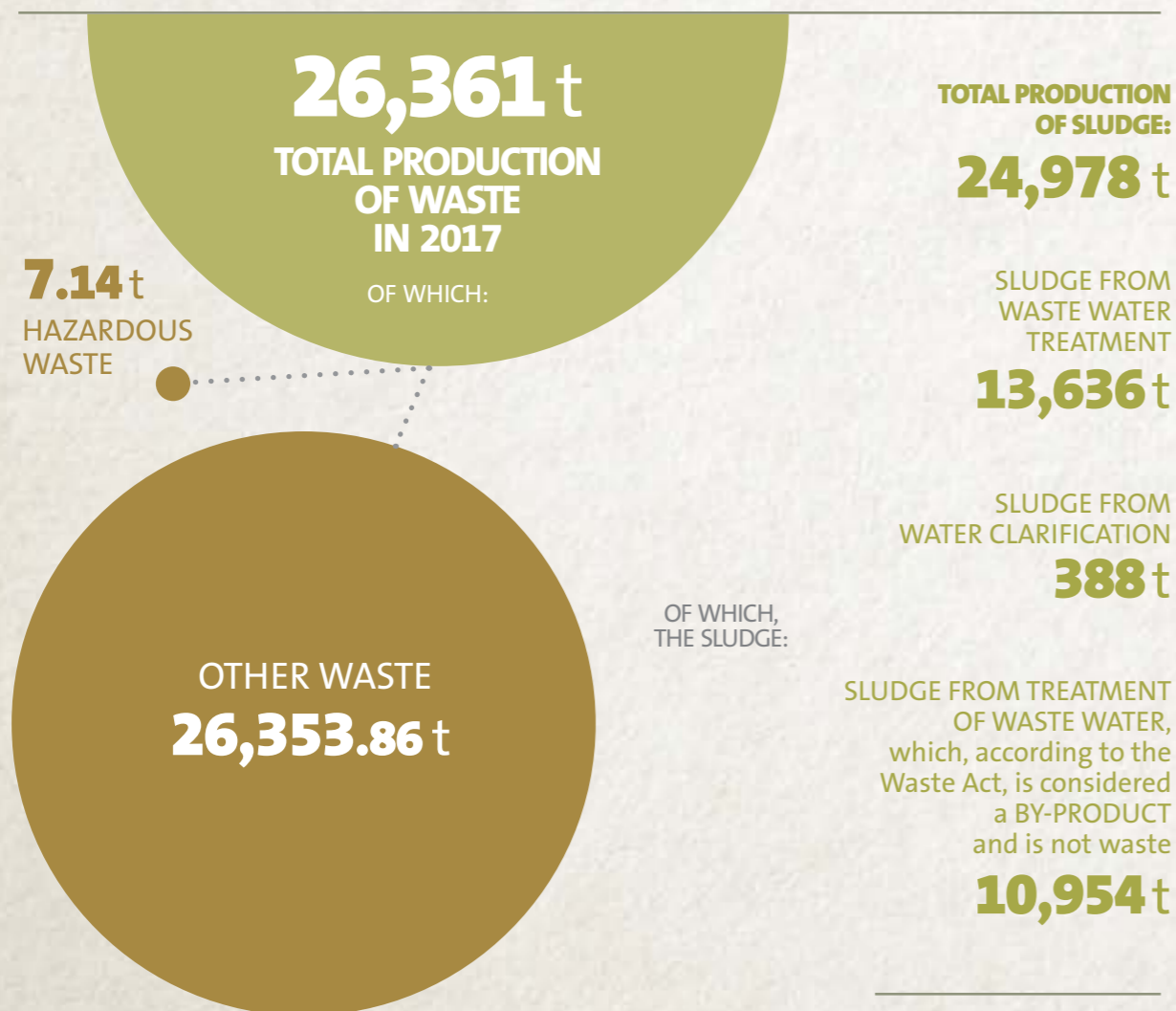
By purchasing and using PEFC Certified Paper, the company demonstrates its commitment to promoting socially responsible business. This commitment was accepted by our company by signing a „Memorandum on Promoting Sustainable Forest Management“ and declared through its environmental policy. We use the PEFC logo of Slovakia to mark our prints.



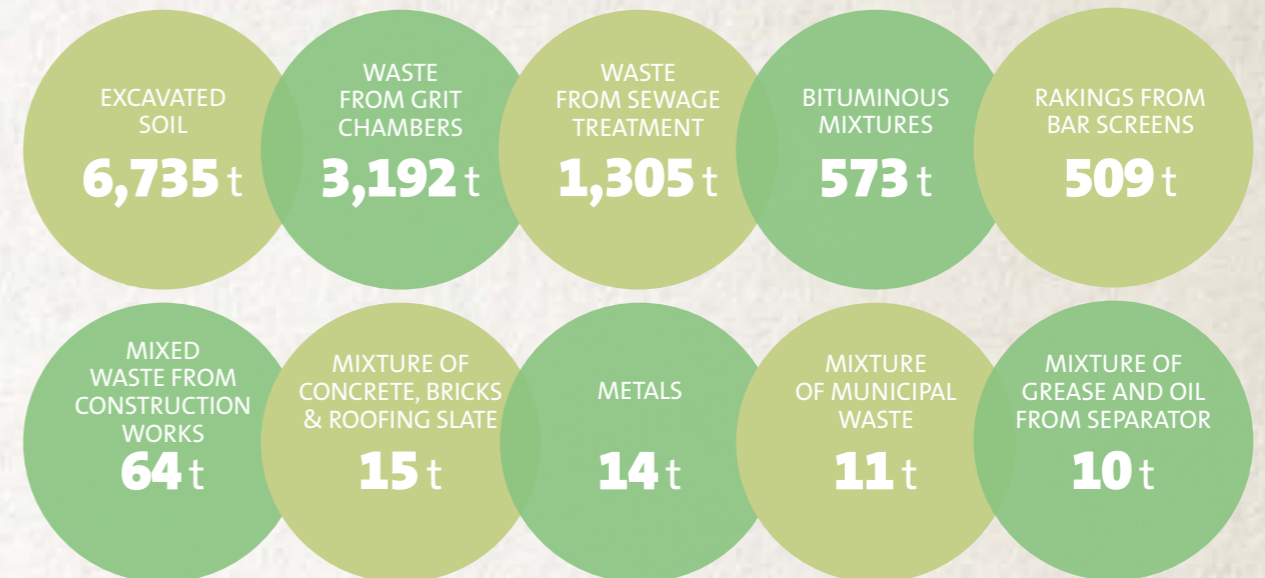
waste management



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 savings have been reused to improve the environment in waste management. Further activity in the field of waste management was mainly focused on the consistent separation of waste and the improvement of the possibilities of collection in our plants.



Another 10 types of waste from production:



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.

WITHIN THE FRAMEWORK OF THE TECHNOLOGICAL PROCESSING OF BIODEGRADABLE WASTE IN THE WASTE MANAGEMENT SYSTEM, WE SUCCEEDED IN GAINING THE FOLLOWING:



The total costs of disposal of waste and sludge, including transport costs incurred in 2017:
€ 989,399

environmental responsibility and protection of biodiversity



A key project aimed at protecting and supporting biodiversity is the “Protection of biodiversity in the Veolia technical premises” programme.

After carrying out environmental audits and processing the proposed measures, the programme was moved to the implementation phase. In cooperation with the Ekopolis Foundation, work began in two pilot locations. The aim of the project is to implement measures to improve the

state of natural biodiversity in the area of the Rakytovce WWTP and Veolia Utilities Žiar nad Hronom. Preparation of a situational and outline plan for the creation of a forest biotope on the premises of the waste water treatment plant in Rakytovce began. This biotope will consist of

species naturally occurring in the Zvolen basin. Due to the natural diversity of the planned biotope (up to 250 species), a forester and garden architect were invited to work together. In the current phase of work, boxes for bats and animals such as dormice and hedgehogs were purchased.

in 2017, within the framework of the project we realized:

- CREATING THE FOUNDATION FOR A WOODLAND BIOTOPE BY PLANTING 115 TREES AND 175 SHRUBS (28 VARIOUS SPECIES ARE REPRESENTED) BASED ON THE CREATION OF A LANDSCAPE PLAN;
- PLACEMENT OF 30 BIRD NESTING BOXES (7 DIFFERENT TYPES) AND 1 BIRD DRINKING STATION;
- PREPARATION AND PLACING OF 2 INFORMATION TABLES: BIODIVERSITY AND WOODLAND BIOTOPE;
- PLACEMENT OF 9 BAT BOXES (3 TYPES), 1 BAT TOWER, 2 DORMOUSE BOXES AND 2 BOXES FOR HEDGEHOGS;
- PLACEMENT OF 3 BEE HIVES, 3 HIVES FOR SOLITARY BEES, 5 INSECT BOXES OF VARIOUS SIZES AND ONE DETACHABLE COVER FOR OBSERVATION OF INSECTS.

further activities from our company to support protection of the environment:

- events on **World Water Day** - presentations to the public, lectures at schools, free analysis of drinking water from individual sources for nitrates,
- an exhibition **Water and Biodiversity** on the occasion of the International Biodiversity Day (May 2017, Bratislava Zrkadlový háj),
- **support for beekeeping** by natural means in the premises of StVPS, a. s. reservoirs,
- the project „**Revitalization of original fish species in the premises of COV Brezno**“ - preparatory work,
- a presentation at the **CSR Forum**, where StVPS, a.s. activities aimed at protecting and promoting biodiversity were presented,
- engaging in the competition **For water** which is aimed at solving specific problems with water.



educating children

We support environmental education in primary schools. For primary school pupils we organize traditional educational competitions aimed at protecting the environment. The Secret Life of the City is the name of a school project implemented in Slovakia and the Czech Republic. The task of the pupils was to map plant species in the city where they live. The results will be used to create a Slovak and Czech database of plant species in the Plant-Net app for tablets and phones. The app is also available to the general public as a tool for identifying different plant species.

forests for water

„Forests for Water“ is a project whose main aim is the planting of forests in hydrogeologically endangered areas. The new forest originated in the Beňuš locality, where the State Forest planted 23,700 seedlings of selected tree species with the financial and technical contribution of our company.

innovations

As part of our core business of drinking water supply and sewage drainage, we pay close attention to modernization, quality improvement and production efficiency, which have a significant impact on the greening of all our activities.



pumping stations and reservoirs

The following measures and innovations were implemented in 2017 within the pumping stations (PS) and reservoirs:

- Modernization of the pumping equipment at the Iliáš, Bystričany, Kostolná Ves, Ratková, Kyjatice, Plachtince, Vinica, Dolná Strehová and Modrý Kameň PSs;
- Repair of electrical installations in Hel'pa reservoir and Filipo and Hel'pa CSs;
- Start of the overall reconstruction of the Baďín storage reservoir within the investment activity of StVS, a.s., scheduled to end in 2018;
- Repair of building units at the Dolný Harmanec, Podrečany, Tomášovce, Filákov, Tužina, Hostice, Petrovce, Kružno, Hostišovce, Padarovce, Nižná Pokoradz, Klenovec and Veľký Krtíš reservoirs and at the Lehota pod Vtáčnikom, Ješkova Ves, Hostice, Luboreč, Hrušov, Ihráč and Žarnovica PSs;
- Completion of data transfers to Morovno reservoir;
- Repair of the electrical connections at the Hostice and Selány reservoirs and Hostice PS, repair of the transformers at the Lučenec (Čurgov), Rimavská Sobota (Bokorová) and Tisovec reservoirs and at the Ábelová, Hnúšťa, Tisovec and Luboreč PSs;
- Correction of algorithms at the Rimavská Sobota (Bokorová) and Tisovec reservoirs;
- Repair of turbidimeters at the Veľká Lehôtka and Prochot reservoirs;
- Completion of the new reservoir for the municipality of Kocurany within the framework of the construction of „Kocurany - water reservoir 100 m³“ and completion of the construction of three storage reservoirs within the framework of the „Water supply from DVZ Tajov“ construction.

sewage treatment plants

In 2017, the following measures and innovations were implemented in the waste water treatment technology and wastewater treatment plants (WWTP):

- At the end of the trial operation of the construction „Podbrezová WWTP - intensification“, the cleaning plant was put into permanent operation. The new WWTP technological line ensures the quality of the treated waste water in accordance with the valid legislation;
- After completion of construction of „Divín - WWTP, addition of relief, mechanical pre-treatment and tertiary stage“, the cleaning plant was put into the test stage. A new relief step and a new mechanical pre-treatment were built within the structure and an intensified biological stage;
- At the end of the trial operation of the „Poltav - sewerage and intensification of the WWTP“ construction, the cleaning plant was put into permanent operation. On site, the reconstruction of the offshore objects on the network and intensification of WWTPs was carried out in order to remove nutrients. The new WWTP technological line ensures the quality of the treated waste water in accordance with the valid legislation. The construction was co-financed by EU funds;
- Upon completion of the trial operation of the „Krupina - sewerage and WWTP“ construction the cleaning plant was put into permanent operation. The construction of new lightning facilities on the network, the construction of new sewerage sections and the construction of a new wastewater treatment plant, serving the town of Krupina, were carried out. The construction was co-financed by EU funds;
- Implementation of II stage of the reconstruction of the control system at the Rimavská Sobota WWTP was completed and the construction of „Rimavská Sobota WWTP and restoration of the biological stage - turbo-charger“ was carried out;
- StVPS, a. s., commenced the contractual operation of the sewage, rain-water sewerage and WWTP of the Víglaš industrial park. The owner of the infrastructure is the municipality of Víglaš. The operation contract was concluded in 12/2016;
- The construction of the „Hriňová Agglomeration - Sewerage and WWTP“ was started;
- Implementation of the construction „Valaská Agglomeration - Valaská, Hronec – sewage removal“ started;
- Contractual technical assistance in the operation of water management and PSA Peugeot Trnava WWTP continued for Sloveo.

water preparation

In 2017, the following measures and innovations were implemented in potable water technologies and water treatment plants (WTP):

- The preparation of the reconstruction of the Hriňová WTP continued with securing the building permit and the selection of the contractor;
- Partial recycling of wastewater from filter washing was put into operation in the Hriňová WTP;
- A deoxidation filter in the water reservoir of the Sihla municipality was put into operation with an improvement in the quality of the drinking water supplied as shown by the indicators colour, sludge, iron content and corrosion of the pipeline;
- The realization of direct water hardening technology was completed at the Turček WTP in order to minimize the corrosion of water pipes and the formation of secondary iron in the drinking water supply, and the trial operation of this technology was started;
- In accordance with the Regional Public Health Authority guidelines, monitoring of the occurrence of cyanobacteria in the water reservoirs and the Turček, Málinec, Hriňová and Klenovec WTPs continued. In the Autumn, water turbulence in the Turček water reservoir deteriorated which was then solved by a provisional dose of powdered activated carbon at Turček WTP;
- The effectiveness of drinking water disinfection has been increased thanks to the implementation of operational measures and the installation of a new chlorine dioxide generator in the Hriňová WTP, the repair of the UV-emitter in the Vrchl pumping station in the village of Lom nad Rimavicou and the replacement of the chlorine gas dosing device at Turček WTP;
- New dosage pumps for sodium hypochlorite in the Brezno-Vrchdolin, Vyhne, Svätý Anton, Tajov, Dražovec and new continual measurements of free chlorine content in disinfected water were provided;
- In 2017, several malfunctioning or obsolete devices have been replaced to indicate emergency leakage of chlorine gas, in the Málinec, Hriňová and Motyčky WTPs;
- On the basis of a concluded contract in 2017 between StVS a.s., StVPS a.s. and the Banská Bystrica Regional Public Health Authority on cooperation in the implementation of the project „Drinking water quality and by-product disinfection“, the trial operation of the public water supply in the municipality of Osrblie with dosage of minimal quantities of active chlorine was completed;
- Testing of the Čierny Balog, Donovaly, Tále, Jarabá and Povrazník water supply lines to verify the disinfection using a stabilized chlorine dioxide solution (Duozone 100 L) - improving the microbiological quality of the supplied water in the mentioned consumer products;
- The implementation of the „ Čierny Balog - pH Adjustment“ project commenced, which deals with the deoxidation of water from the water sources of Urbanov vrch and the „Slaská WTP, sludge tip“ construction, which solves the construction of the missing sludge tip and the pre-treatment of waste water from the washing of the filters.

sewer network

The company strives to minimize the impact of its activities on individual components of the environment, whether using new technologies or responsible and safe operation of existing facilities.

In 2017, reconstruction of the relief chambers continued on the sewer networks, which are carried out in order to harmonize the state of the buildings with valid legislation. The refurbishment is equipping the facilities with devices for capturing floating and drifting substances from the waste water and measuring devices for monitoring the operation of the relief chambers. These adjustments will result in a reduction in the burden on the recipient from waste water pollution. The reconstruction of the blast chambers in Banská Bystrica was completed. Reconstruction is being prepared in Zvolen and Nová Bana and on the relocation chamber of Žiar nad Hronom.

information system and APCS

- » In connection with the termination of the validity of the radio transmission authorization, ensuring the dispatching control of the water distribution network, radio broadcasting equipment was replaced in 2017 by data transmission devices in the networks of mobile operators, 41 facilities were replaced in total;
- » In the framework of the reconstruction of the relief chambers, in accordance with the valid legislation, devices are used for measuring the relief, from which the outputs are sent to the central server;
- » At present, 302 water mains and 109 sewerage facilities are connected to the dispatching control system; remote access to 18 sewage treatment plants is established in order to monitor the operation of sewage treatment plant technology.

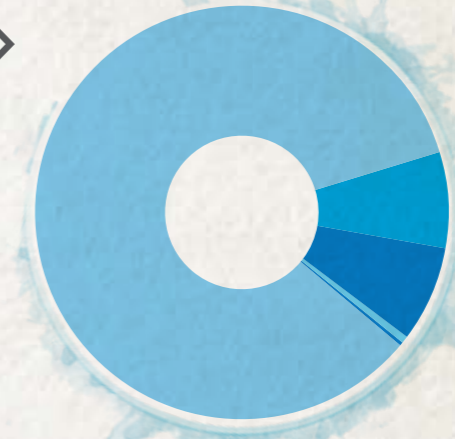
power engineering

To operate the technological, control and safety devices in individual StVPS a. s. sites in Banská Bystrica it was necessary in 2017 to ensure the supply of necessary energy media such as electricity, natural gas, heat, propane-butane and solid fuels.



THE SHARE OF TOTAL ENERGY AND FUEL COSTS:

The main energy medium purchased from outside suppliers in technology objects remains the purchase of electricity with a share of approximately 73%, a substantially smaller share of about 19% of natural gas and heat supply of 8% of the total consumption of energy purchased



- **84.4%** ELECTRICAL ENERGY
- **7.7%** NATURAL GAS
- **7.3%** HEAT SUPPLY
- **0.6%** ALL OTHER SOLID FUELS
- **0.2%** PROPANE-BUTANE

To reduce costs and manage the energy media, the company was provided with an internal and subsequently external energy audit in 2017, aiming at a technical and economic assessment of the potential for energy savings and the design of energy-conscious modernization of buildings and facilities. Based on the

results of the energy audits, austerity projects have been incorporated into the investment and repair plans, subject to a number of evaluation criteria, from an economic, environmental, technical, operational and legislative point of view. In order to reduce energy consumption in meeting the technological require-

ments, measures of an organizational nature were taken, consisting of a thorough mutual communication of the technical department staff, the personnel carrying out the operation, and the repair and maintenance of the individual technological equipment with power engineering.

Implementation of energy saving measures:

- » legislative nature - elaboration of the missing technical and construction documentation concerning dedicated technical facilities pursuant to Decree No. 508/2009 Coll. and related regulations covering more than 100 objects;
- » hydraulic regulation and thermostatization of heat distribution and central heating at the Málinec water treatment plant;
- » use of biogas for the production of electricity and heat to 88.9% of the total biogas production in the sewage treatment plants, saving the costs of electricity consumption to the sum € 168,614.00;
- » addition of frequency converters of electric motors in the Dobrá Niva pumping station;
- » replacement of main circuit breakers in the REs - reduction of flat-rate charges for the current values of circuit breakers before invoicing measurements in 44 objects;
- » developing a list of objects with recommendations for the rehabilitation of obsolete electric drives in order to optimize the operation and consequently to reduce the cost of maintenance and consumption of electricity;
- » secure measurement of full-load transformer compensation for power plants, reports sent to SSE-Distribution in order not to be charged over a one-year period;
- » optimization of external lighting - exchange of non-economic light sources after the relevant service life of said sources in the 01 Banská Bystrica plant, Valaská sewage treatment plant, 03 Prievidza plant, 04 Rimavská Sobota plant, in Rákoš and in the Nová Baňa sewage treatment plant.

financial statement

The company posted a positive economic result after tax of € 1,232,563

comments on the financial results in 2017

The economic result of our company after tax increased by 4.9% compared to 2016. This growth was accompanied by revenue growth of 4.2% and a 4.3% increase in costs. The company achieved a positive after-tax profit for the year 2017 of € 1,233 thousand. This result of the company's total revenues amounted to € 58,876 thousand and total costs of € 57,275 thousand. Current income tax amounted to € 625 thousand, the deferred tax amounted to € 256 thousand.

The largest cost items for this year were other services of € 25,075 thousand, of which the largest part consisted of renting infrastructure and subcontracting. Other significant cost items included personal expenses of € 17,453 thousand, energy consumption € 4,191 thousand, material costs € 3,942 thousand, and repair and maintenance costs of € 1,889 thousand. In 2017, the company started a project to launch a new Helios Green information system, and at the same time the harmonization of reporting through the HERP project was under way.

The total assets of the Company amounted to € 22,382 thousand, of which non-current assets amounted to a residual value of € 5,535 thousand. Investments of € 1,918 thousand were directed to the modernization of tangible and intangible assets in order to increase customer satisfaction.

The company is drawing down a medium-term loan of € 4,600 thousand from Veolia Environnement Finance, Paris. In addition, the company has

drawn down a short-term loan of € 2,450 thousand from Veolia Environnement Finance, Paris, to finance the operating costs of a 15.4% reduction in commitment compared to 2016.

The overall financial position of the company has been stable over the year and the company has fulfilled all its obligations properly and in a timely manner. These included, in particular, commitments to employees, private and public institutions, partners and all the other suppliers.

The achieved positive economic result contributed to an increase in equity of € 4,550 thousand, an increase of 1.3% compared to 2016. The company's share capital remained unchanged at the level of € 34 thousand.

The General Meeting shall decide on the distribution of the economic outturn for the accounting period 2017. The statutory body proposes to the General Meeting the payment of dividends to the sum of € 1,207,912 to the sole shareholder of the Stredoslovenská vodárenská prevádzková spoločnosť, a. s. and a contribution of € 24,651 to the Social Fund.

After 31 December 2017 there were no events that would have a significant impact on the fair presentation of the facts that are the subject of accounting. The company did not carry out research and development activities in 2017. During 2017, the company did not acquire its own shares, temporary letters, trading shares and stocks, temporary letters and business shares of the parent accounting entity.

comment on the maximum prices in 2017

As decided by the Office for Regulation of Network Industries no. 0214/2017 / V of 24 February 2017 the following approved maximum prices (excl. VAT) were valid for our company from January 1, 2017 to December 31, 2021:

Maximum price for the production and supply of drinking water by means of a public water-supply network

€ **1.1700** /m³

Maximum price for the production and distribution of drinking water by means of a public water-supply network

€ **0.6622** /m³

Maximum cost for drainage and treatment of waste water by means of public sewers

€ **1.0983** /m³

Due to a significant change in the economic parameters that were used to determine the maximum prices, in May 2017, the company proposed a change of Decision no. 0214/2017 / V dated 24 February 2017 to the Office for Regulation of Network Industries. In June 2017, the Office for Regulation of Network Industries amended its decision and the new decision no. 0259/2017 / V dated 20 June 2017 fixed the maximum prices valid from the date of delivery of the decision of the Office for Regulation of Network Industries until 31.12.2021:

€ **1.2010** /m³

MAXIMUM PRICE FOR THE PRODUCTION AND SUPPLY OF DRINKING WATER BY MEANS OF A PUBLIC WATER-SUPPLY NETWORK

€ **0.6797** /m³

MAXIMUM PRICE FOR THE PRODUCTION AND DISTRIBUTION OF DRINKING WATER BY MEANS OF A PUBLIC WATER-SUPPLY NETWORK

€ **1.1615** /m³

MAXIMUM COST FOR DRAINAGE AND TREATMENT OF WASTE WATER BY MEANS OF PUBLIC SEWERS

The prices are exclusive of VAT. The company has applied these **since July 1, 2017**.

These prices are approved in accordance with Act no. 250/2012 Coll. on regulation in network industries and on the amendment and supplementation of some laws as amended and in accordance with the Decree of the Office for Regulation of Network Industries no. 21/2017 Z. z. of 13 February 2017 by Decision No. 0259/2017 / V of 20 June 2017.

development of water and sewage prices excluding VAT in 2006 - 2017

YEAR	PRICE EXCLUDING VAT	GROWTH IN %
2017	2.3625 €	4.2 %
2016	2.2683 €	0.0 %
2015	2.2683 €	0.0 %
2014	2.2683 €	3.9 %
2013	2.1832 €	1.7 %
2012	2.1465 €	8.7 %
2011	1.9746 €	5.0 %
2010	1.8806 €	4.0 %
2009	1.8077 €	6.6 %
2008	1.6962 €	5.0 %
2007	1.6149 €	-3.4 %
2006	1.6710 €	

development of water prices excluding VAT in 2006 - 2017

2017	1.2010 €	2.65 %
2016	1.1700 €	0.00 %
2015	1.1700 €	0.00 %
2014	1.1700 €	4.75 %
2013	1.1169 €	1.33 %
2012	1.1022 €	8.90 %
2011	1.0121 €	5.00 %
2010	0.9639 €	3.50 %
2009	0.9313 €	4.30 %
2008	0.8929 €	4.87 %
2007	0.8514 €	-4.65 %
2006	0.8929 €	

development of sewage prices excluding VAT in 2006 - 2017

2017	1.1615 €	5.75 %
2016	1.0983 €	0.00 %
2015	1.0983 €	0.00 %
2014	1.0983 €	3.00 %
2013	1.0663 €	2.11 %
2012	1.0443 €	8.50 %
2011	0.9625 €	5.00 %
2010	0.9167 €	4.60 %
2009	0.8764 €	9.10 %
2008	0.8033 €	5.21 %
2007	0.7635 €	-1.88 %
2006	0.7781 €	

BALANCE SHEET on 31.12.2017 (in €)

Code	ASSETS	Line Number	Current Accounting Period		Previous Accounting Period
			Gross- section 1 Correction- section 2	Net 2	Net 3
a	b	c	1		
	Total assets l. 02 + l. 33 + l. 74	01	36,841,163 14,459,488	22,381,675	19,913,242
A.	Long-term assets l. 03 + l. 11 + l. 21	02	18,193,098 12,658,040	5,535,058	4,988,658
A.I.	Long-term intangible fixed assets total (l. 04 to l. 10)	03	2,707,548 1,684,149	1,023,399	667,559
2.	Software	05	2,306,845 1,684,149	622,696	578,106
6.	Procured long-term intangible fixed assets	09	400,703	400,703	89,453
A.II.	Long-term tangible fixed assets total (l. 12 to l. 20)	11	15,455,906 10,973,891	4,482,015	4,292,001
2.	Buildings	13	7,050 3,871	3,179	3,767
3.	Individual movable assets and sets of movable assets	14	15,445,156 10,970,020	4,475,136	4,282,780
6.	Other long-term tangible assets	17	3,700	3,700	3,700
7.	Procured long-term tangible fixed assets	18			1,754
A.III.	Non-current financial assets total (l. 22 to l. 29)	21	29,644	29,644	29,098
A.III.1	Securities and shares in affiliated accounting units	22			923
2	Securities and shares with the exception of affiliated accounting units	23	29,644	29,644	28,175
B.	Short-term assets l. 34 + l. 41 + l. 53 + l. 66 + l. 71	33	18,103,923 1,801,448	16,302,475	14,687,661
B.I.	Stocks total (l. 35 + l. 40)	34	652,273 50,466	601,807	569,003
B. I.1.	Material	35	650,339 50,466	599,873	568,428
6.	Inventory prepayments provided	40	1,934	1,934	575
B.II.	Long-term receivables total (l. 42 + l. 46 + l. 52)	41	528,985	528,985	277,749
B.II.1.	Trade receivables (l. 43 + l. 45)	42	819	819	5,982
1.c.	Other trade receivables	45	819	819	5,982
8.	Deferred tax receivables	52	528,166	528,166	271,767
B.III.	Short-term receivables total (l. 54 + l. 58 + l. 65)	53	14,136,208 1,750,982	12,385,226	12,600,155
B.III.1.	Trade receivables total (l. 55 to l. 57)	54	14,102,450 1,750,982	12,351,468	11,039,132
1.a.	Trade receivables from affiliated accounting units	55	202,337	202,337	152,612
1.c.	Other trade receivables	57	13,900,113 1,750,982	12,149,131	10,886,520
2.	Net contract value	58	1,576	1,576	2,375
3.	Other receivables from affiliated accounting units	59			962
7.	Tax receivables and subsidies	63			1,532,096
9.	Other receivables	65	32,182	32,182	25,590
B.V.	Total financial accounts (l. 72 to l. 73)	71	2,786,457	2,786,457	1,240,754
B.V.1.	Cash	72	16,993	16,993	19,660
2.	Bank accounts	73	2,769,464	2,769,464	1,221,094
C.	Total accruals and deferrals (l. 75 to l. 78)	74	544,142	544,142	236,923
C.1.	Expenses for future periods, long-term	75	401,966	401,966	140,130
2.	Expenses for future periods, short-term	76	142,176	142,176	96,793

VAT reg. No. 2022102236

Identification No. 36644030

Code	PASSIVES	Line Number	Current Accounting Period	Previous Accounting Period
			4	5
a	b	c		
	TOTAL EQUITY AND LIABILITIES l. 80 + l. 101 + l. 141	79	22,381,675	19,913,242
A.	Equity l.81+l.85+l.86+l.87+l.90+l.93+l.97+l.100	80	4,549,706	4,491,843
A.I.	Basic capital total (l.82 to l.84)	81	34,000	34,000
A.I.1.	Registered basic capital	82	34,000	34,000
A.II.	Emission premium	85		
A.III.	Other capital funds	86	4,444,123	4,444,123
A.IV.	Legal reserve funds (l.88+l.89)	87	10,120	10,120
A.IV.1.	Legal reserve fund and indivisible fund	88	10,120	10,120
A.V.	Other funds from profit (l.91+l.92)	90		
A.VI.	Valuation differences from the revaluation sum (l.94+96)	93	- 1,171,100	- 1,171,646
A.VI.1.	Valuation differences from revaluation of assets and liabilities	94	- 1,171,100	- 1,171,646
A.VII.	Profit/Loss from previous years l.98 + l.99	97		
A.VII.1.	Retained earnings from previous years	98		
A.VIII.	Profit / loss for the period after tax (+/-) l.01 - (l.81+l.85+l.86+l.87+l.90+l.93+97+101+141)	100	1,232,563	1,175,246
B.	Liabilities l. 102+118+121+122+136+139+140	101	17,824,511	15,414,709
B.I.	Long-term liabilities total (l. 103+107 to 117)	102	4,750,703	4,753,877
B.I.1.	Long-term trade liabilities (l. 104 to l. 106)	103	11,689	23,377
1.c.	Other trade liabilities	106	11,689	23,377
3.	Other liabilities to affiliated accounting units	108	4,600,000	4,600,000
9.	Liabilities from the Social Fund	114	139,014	130,500
B.IV.	Short-term liabilities total (l.123+127 to 135)	122	12,099,545	9,278,251
B.IV.1	Trade liabilities total (l. 124 to 126)	123	6,059,361	3,511,853
1.a.	Trade liabilities to affiliated accounting units	124	375,779	433,260
1.b.	Trade liabilities with the exception of liabilities to affiliated accounting units	125	9,691	7,447
1.c.	Other trade liabilities	126	5,673,891	3,071,146
3.	Other liabilities to affiliated accounting units	128	2,755,971	3,250,671
6.	Liabilities to employees	131	836,596	766,866
7.	Social insurance liabilities	132	578,057	548,524
8.	Tax liabilities and subsidies	133	1,663,489	1,087,223
10.	Other liabilities	135	206,071	113,114
B.V.	Short-term reserves (l.137+138)	136	974,263	1,382,581
B.V.1.	Legal reserves	137	50,614	63,833
2.	Other reserves	138	923,649	1,318,748
B.VI.	Current bank loans	139		
C.	Total accruals and deferrals (l. 142 to l. 145)	141	7,458	6,690
2.	Short-term deferred expenditures	143	7,389	6,621
4.	Short-term deferred revenues	145	69	69

Profit and Loss Statement as of 31. 12. 2017 (in €)

Code	Item	Line Number	Real status	
			Current Accounting Period	Previous Accounting Period
a	b	c	1	2
*	Net turnover (part of acct. 6 in accordance with the law)	01	58,239,007	54,997,268
**	Total revenue from economic activities (I. 03-09)	02	58,875,598	56,486,260
III.	Revenue from sales of services	05	58,239,007	54,997,268
V.	Activation	07	18,391	23,702
VI.	Sales of fixed intangible assets tangible fixed assets and materials	08	18,553	9,734
VII.	Other revenues from economic activity	09	599,647	1,455,556
**	Operating costs in total (I. 11+12+13+14+15+20+21+24+25+26)	10	57,136,779	54,776,525
B.	Consumed material, energy and other non-inventory items	12	9,709,364	9,249,288
C.	Adjustments to inventories	13	3,533	11,429
D.	Services	14	27,064,325	26,010,670
E.	Personal costs	15	17,452,939	16,800,977
E.1.	Wages and salaries	16	12,098,044	11,620,900
2.	Remuneration to members of corporate bodies and cooperatives	17	106,885	106,154
3.	Social insurance costs	18	4,399,966	4,211,218
4.	Social costs	19	848,044	862,705
F.	Taxes and charges	20	1,183,561	1,246,502
G.	Write-offs and provisions for intangible fixed assets and tangible fixed assets (I.22+23)	21	1,336,114	1,350,024
G.1.	Depreciation of intangible and non-current tangible fixed assets	22	1,336,114	1,350,024
H.	Net book value of fixed assets and inventory sold	24	4,865	6,006
I.	Adjustments to receivables	25	82,132	109,481
J.	Other operating costs	26	299,946	- 7,852
***	Economic outturn (I. 02 to I. 10)	27	1,738,819	1,709,735
*	Added value (I.03+04+05+06+07) – (I.11+12+13+14)	28	21,480,176	19,749,583
**	Revenues from financial activity in total (I.30+31+35+39+42+43+44)	29	271	189
XI.	Interest on income (I. 40 + I. 41)	39	5	130
XI.1.	Interest on income from affiliated entities	40		- 2
2.	Other interest income	41	5	132
XII.	Exchange rate gains	42	266	59
**	Financial activity costs in total (I.46+47+48+49+52+53+54)	45	138,264	124,680
N.	Interest on costs (I.50+51)	49	106,641	100,862
N.1.	Interest on costs for affiliated accounting entities	50	106,641	100,862
O.	Exchange rate losses	52	9,164	1,015
Q.	Other costs of financial activity	54	22,459	22,803
***	Profit / loss from financial activity (I. 29 to I. 45)	55	- 137,993	- 124,491
****	Profit / loss for the accounting period before tax (+/-) (I. 27 + I. 55)	56	1,600,826	1,585,244
R.	Income tax (I. 58 + I. 55)	57	368,263	409,998
R.1.	Income tax payable	58	624,662	52,071
2.	Income tax deferred	59	- 256,399	357,927
****	Profit / loss for the accounting period after tax (+/-) (I. 56 - I. 57 - I. 60)	61	1,232,563	1,175,246

Cashflow Statement as of 31. 12. 2017 (in €)

	2017 (EUR)	2016 (EUR)
CASH FLOW FROM OPERATING ACTIVITIES		
Cash flow from operating activities	3,216,808	5,325,287
Interest paid	- 106,641	- 100,862
Interest received	5	130
Income tax paid	1,467,439	- 2,461,982
Dividends paid	- 1,151,741	- 2,638,478
Cash flows before items of exceptional extent or occurrence	3,425,870	124,095
Income from items of exceptional extent or occurrence	0	0
Net cash flow from operating activities	3,425,870	124,095
CASH FLOW FROM INVESTMENT ACTIVITIES		
Purchase of fixed assets	- 1,885,778	- 1,694,604
Revenue from sale of fixed assets	17,299	8,806
Net cash flow from investment activities	- 1,868,479	- 1,685,798
CASH FLOW FROM FINANCIAL ACTIVITIES		
Revenue from loans - group	0	0
Repayments of received loans	0	0
Long-term liabilities	- 11,688	23,377
Net cash flow from financial activities	- 11,688	23,377
(Decrease) increase of cash and cash equivalents	1,545,703	- 1,538,327
Cash and cash equivalents at the beginning of the accounting year	1,240,754	2,779,080
Cash and cash equivalents at the close of the accounting year	2,786,457	1,240,754
NET PROFIT (before deduction of interest, tax items and items of exceptional extent or occurrence)	1,707,462	1,685,976
Adjustments of non-cash operations:		
Depreciation of long-term tangible and intangible assets	1,336,114	1,350,024
Rectified item to receivables	57,176	70,124
Rectified item to inventories	3,533	11,429
Reserves	- 408,318	- 90,569
Other non-cash operations	- 13,489	- 3,657
Operating profit before change in working capital	2,682,478	3,023,327
Change in working capital:		
Decrease (increase) in trade receivables and other receivables (including accruals and deferrals of assets)	- 1,656,628	460,941
Decrease (increase) of inventories	- 36,337	- 12,531
(Decrease) increase of liabilities (including accruals and deferrals of passives)	2,227,295	1,853,550
Cash flow from current operations	3,216,808	5,325,287

Cash

Cash is understood as cash, cash equivalents, current account funds in banks or branches of foreign banks, an overdraft account, and part of the balance of the money which is used to bridge the time gap between transfers between the current account and petty cash or between two bank accounts.

Cash equivalents

Cash equivalents means short-term financial assets that are exchangeable for a pre-determined amount of cash that is not subject to a significant change in value over the next three months from the date on which the financial statements are prepared, for example, term deposits in bank accounts that are deposited on a three-month notice period, liquid securities for trading, preference shares purchased by an entity that are due within three months of the date of preparation of the financial statements.



Independent Auditor's Report



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Independent auditor's report

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

Report from the Audit of Financial Statement

Conditional Opinion

We have conducted an audit of the enclosed financial statement of Stredoslovenská vodárenská prevádzková spoločnosť, a.s. (hereinafter "Company") which contains the balance sheet as of 31st December 2017, the profit and loss statement for the year ending on that date and comments that include a summary of significant accounting policies and accounting methods.

In our opinion, in addition to the impact of the statement described in the paragraph Basis for Conditional Opinion, the accompanying financial statements give a true and fair view of the Company's financial position as of 31st December 2017 and the result of its management for the year ending on that date, in accordance with Law No.431/2002 Coll. on Accounting as amended („Accounting Act“).

Basis for Conditional Opinion

As stated in the comments to the financial statements, the Company depreciated a one-time goodwill to the sum of Eur 24,661,000 in the costs for 2010. In our opinion, this procedure is not in compliance with the Slovak Accounting Act which determines that goodwill is amortized over the estimated useful life of the corresponding consumption of future economic benefits from the asset. The estimated duration of economic benefits is twenty-six years based on the duration of the lease and service contract of the water and sewerage infrastructure, from the valuation which was created the goodwill of the Company. Using this lifetime, the annual depreciation amount would amount to Eur 948.5 thousand. Taking into account the necessary adjustments, the value of long-term intangible assets and equity capital of the Company increased by Eur 17,073 thousand as of 31st December 2017. EUR and the profit would be reduced by an annual depreciation of Eur 948.5 thousand.

We conducted our audit in accordance with International Standards on Auditing (ISA). Our responsibility under these standards is set out in the Auditor's Responsibility for the Audit of Financial Statements. We are independent of the Company under the provisions of Act No. 423/2015 Z. z. on Statutory Audit and on Amendments to Act No. 431/2002 Coll. („Statutory Audit Act“) relating to ethics, including the Auditor's Code of Ethics, relevant to our audit of the financial statements, and we have complied with the other requirements of these ethical provisions. We are convinced that the audit evidence we have obtained provides a sufficient and appropriate basis for our conditional opinion.

The responsibility of the statutory body and those persons charged with the governance and management for the financial statements

The statutory body is responsible for preparing these financial statements in order to provide a true and faithful view in accordance with the Act on Accounting and the internal controls it deems necessary for the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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



In preparing the financial statements, the statutory body is responsible for assessing the Company's ability for uninterrupted continuity of its business activities, for describing the facts relating to the uninterrupted continuity of its business activities, if necessary, and by using the assumption of uninterrupted continuity of its business activities in the accounting, unless the Company intends to discontinue or terminate its activity, or would have no other realistic option than to do so.

Those charged with governance and management are responsible for overseeing the Company's financial reporting process.

Auditor's responsibility for the audit of the financial statements

Our responsibility is to obtain reasonable assurance whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and issue the auditor's report, including the opinion. Reasonable assurance is a high degree of assurance, but it is not a guarantee that an audit performed in accordance with international auditing standards will always reveal significant misstatements if they exist. Misstatements may arise as a result of fraud or error and are considered significant if they could reasonably be expected that individually or in total could affect the economic decisions of users made on the basis of these financial statements.

As part of the audit conducted according to international auditing standards, we use expert judgment throughout the audit and maintain professional scepticism. In addition to which:

- we identify and assess the risks of material misstatement of financial statements whether due to fraud or error, we propose and perform audit procedures that respond to those risks and we obtain audit evidence that is sufficient and appropriate to provide the basis for our opinion. The risk of not revealing a material misstatement due to fraud is greater than this risk due to an error because fraud may involve a secret agreement, forgery, deliberate omission, false declaration, or misuse of internal control.
- we acquaint ourselves with internal controls relevant to the audit so that we can propose audit procedures that are appropriate in the circumstances, but not to express an opinion on the effectiveness of the Company's internal controls.
- we evaluate the appropriateness of the accounting policies and accounting methods used and the adequacy of the accounting estimates and the disclosure of related information as carried out by the statutory body.
- we conclude whether the statutory body appropriately uses in its accounting the assumption of uninterrupted continuity of its business activities and, based on the audit evidence obtained, concludes that whether there is significant uncertainty about events or circumstances that could significantly undermine the Company's ability to continue uninterrupted in its business activities. If we conclude that there is significant uncertainty, we are required to indicate in our auditor's report the related information contained in the financial statements or, if that information is inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained by the date of issue of our Auditor's Report. However, future events or circumstances may cause the Company to cease uninterrupted continuity in its business activities.
- we evaluate the overall presentation, structure and content of the financial statements, including the information contained therein as well as whether the financial statements capture the transactions and events in a manner that leads to their faithful presentation.



We communicate with those personnel charged with the governance and management, inter alia, about the planned scope and timing of the audit, and the significant audit findings, including all significant internal control deficiencies that we may find during our audit.

Report on further requirements of laws and other legislation

Report on the information to be included in the annual report

The statutory body is responsible for the information contained in the Annual Report, compiled according to the requirements of the Accounting Act. Our aforementioned opinion on the financial statements does not apply to other information in the Annual Report.

In relation to the auditing of financial statements, it is our responsibility to be aware of the information contained in the Annual Report and to assess whether such other information is not inconsistent with the audited financial statements or our knowledge that we obtained during the audit of the financial statements or otherwise appear to be significantly wrong.

We did not have the Annual Report available at the date of issue of the auditor's report on the audit of the financial statements.

When we receive the Annual Report, we will assess whether the Company's Annual Report contains information required by the Accounting Act and, based on the work conducted during the audit of the financial statements, we express the view that:

- the information provided in the Annual Report compiled for the year 2017 is consistent with the financial statements for the year,
- the Annual Report contains information in accordance with the Act on Accounting.

In addition, we report whether we have identified material misstatements in the Annual Report on the basis of our knowledge of the Company and the situation we have acquired in our audit of the financial statements.

20th March 2018
Bratislava, Slovak Republic

Auditing company:
KPMG Slovensko spol. s r. o.
Licence SKAU no. 96



Executive auditor
accountable for the audit:
Ing. Marek Žuffa
Licence UDVA no.1086

Report of the supervisory board 2017

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

At its meeting, the Supervisory Board examined the regular financial statements pursuant to Section 198 of the Commercial Code and Art. XII. para. 4 of the Company's Articles of Incorporation and reviewed the company's draft annual report for the year 2017.

After reviewing the financial statements for 2017 and the independent auditor's report conducted by KPMG Slovensko spol. s r.o., the Supervisory Board states that the Company keeps their accounts in accordance with the Accounting Act and internal regulations. It also takes into account the conditional opinion of the auditor regarding the one-off write-down of goodwill at the discretion of the sole shareholder and declares that no deficiencies have been identified that would impede the approval of the company's financial statement and annual report for 2017. The company posted a post-tax profit of EUR 1,232,563 for the year 2017.

The Supervisory Board further discussed the Board of Directors' proposal for profit sharing. It does not have any comments on these documents and recommends the General Meeting to approve the financial statements, annual report and distribution of profits.

In Banská Bystrica, 21.5.2018



Tomáš Paclík
predseda dozornej rady

2017

ANNUAL REPORT

Stredoslovenská vodárenská
prevádzková spoločnosť, a. s.

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Rimavská Sobota

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Veľký Krtíš

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