



# Annual Report **2007**

Stredoslovenská vodárenská prevádzková spoločnosť, a.s.





# Contents

<b>Basic Data</b>	<b>4</b>
<b>Editorial</b>	<b>6</b>
<b>Company Profile</b>	<b>10</b>
<b>Financial Situation of the Company</b>	<b>12</b>
<b>Organizational Structure</b>	<b>13</b>
<b>Approach to Customer</b>	<b>16</b>
Contact with Customers	16
New Services	16
Quality System	18
Marketing and Communication	18
<b>Responsibility</b>	<b>22</b>
Human Resources	22
Qualification Structure of Employees	22
Age Structure of Employees	24
Social Sphere	26
Education of Employees, SEQUOIA Program	26
Internal Communication	27
<b>Solidarity</b>	<b>30</b>
Programs for Schools	30
Environment	31
Support of Regional Activities	31
<b>Innovations</b>	<b>34</b>
Production and Supply of Drinking Water	34
Innovation in the Area of Water Losses Reduction	35
Innovation in the Area of Sewerage Technics	35
Innovation in the Area of Energetics	36
Innovation of Information Technologies	37
<b>Performance Efficiency</b>	<b>40</b>
Production and Supply of Drinking Water	40
Sewage and Effluent Treatment	41
Quality Control of Drinking and Sewage Water	42
Realization of Investments	43
<b>Financial Part</b>	<b>46</b>
Cash Flow Statement	46
Profit-and-Loss Statement	47
Balance Sheet - Assets	48
Balance Sheet - Liabilities	49
<b>Board of Trustees Report</b>	<b>50</b>
<b>Contacts</b>	<b>51</b>





## Basic Data

Commercial Name:	Stredoslovenská vodárenská prevádzková spoločnosť, a. s. (The Central-Slovakian Waterworks Operation Company, joint-stock company)
Date of Establishment:	01. 01. 2006
Seat of the Company:	Partizánska cesta 5, 974 01 Banská Bystrica, Slovak Republic
Legal Form:	joint-stock company
Organization Identification Number:	36 644 030
VAT Registration Number:	SK 2022 1022 36
Authorized Capital of the Company:	1,000,000.- SKK
	The Companies' Register of the District Court in Banská Bystrica Section: Sa, Insertion-Nr. 840/S
Date of Registration:	01. 01. 2006



## Company Activities:

- operation of water-supply systems of 1<sup>st</sup> up to 3<sup>rd</sup> category,
- operation of public sewerage systems of 1<sup>st</sup> up to 3<sup>rd</sup> category,
- consulting, technical and expert assistance in the area of production, treatment and supply of drinking and industrial water, operation of water-supply systems, sewerage systems and sewage treatment plants,
- cleaning of water and sewerage piping,
- execution of sewerage systems inspections by instrument technics,
- searching of hidden water leaks by correlation and electro-acoustic technics,
- setting-out of water-supply systems, sewerage systems and armatures and determination of contact areas for instrument technics connecting,
- measurement of effluent quantities in measuring objects and sewerage systems with determination of immediate or cumulative flow by instrument technics,
- physical-chemical, radiological, microbiological and hydro-biological analysis of drinking, industrial and sewage water, including technological water analysis,
- execution of water-tightness tests of water management objects and equipment,
- business activities in the area of disposal of other than dangerous waste,
- execution of technical inspection of pipelines,
- renting of machines, instruments and equipment,
- designing, solution and evaluation of geological tasks of hydro-geological survey, engineering-geological survey and environment geological survey,
- public procurement,
- repairs and installation of water-meters,
- realization of buildings and their conversions,
- realization of simple and small buildings and their conversions,
- accomplishment of site manager activities,
- accomplishment of building inspection activities,
- repairs of electric equipment,
- execution of professional inspections and professional testing of dedicated electrical equipment,
- installation, maintenance and service of electrical equipment,
- road automobile transportation - domestic freight road transportation,
- renting of real estates,
- power production in small water power plants up to the output of 5 MW,
- engineering activities in building industry in range of free business license.





# Editorial

Dear Madams and Sirs, Dear Shareholders,

The year 2007 presented for our Company the year of organizational changes, implementing the new procedures, technologies and new approach to customer in the order to improve the quality of services provided for the final consumers.

The Company within its activities operates in accordance with the specified action plans basing on the continual improvement and development of added value of all interested employees, infrastructure owners, shareholders, customers. During the year 2007 our Company as the customer-oriented association put the Call Center into the operation with the target to facilitate the communication with our customers by the solution of defects, claims and total informedness of the customers. We have introduced the ISO 9001 Quality Management System in the area of customer services, supply of drinking water and sewage canalization.

For the proprietary company we realized the efforts in form of building activities, building-up of new water-supply systems and sewerage systems for the benefit of our partners – cities and villages.

Last but not least we paid considerable attention to the repairs and maintenance of the leased infrastructure, where the financial volumes increased about 34 % in comparison to the year 2006.



None of the set targets could ever have been met without the qualified and responsible employees. In compliance with the new strategy the Company attended to their continual education and motivation, whereby the obvious supposition was the fulfilment of collective agreement deepening the social conciliation and stability.

Our Company does not forget either the upbringing or education – the evidence for this are the projects “Vodný kufřík” (Water Suitcase) and “VodoVoda” (Water’s-Water). By means of these projects we are trying to evoke the environmental awareness in our youngest generation, further the relationship to the living environment and to the water as a fundamental of life. We wish to continue in similar activities also in the following period.

The achieved results in the year 2007 reinforce my confidence that we succeeded in fulfilment of all our planned targets in relationship to our shareholders and also to our partners – cities and villages.

At the conclusion I would like to express my great thanks to all employees for their dedicated and responsible work, to shareholders, board of directors and board of trustees for their support by the fulfilment of the difficult tasks.



Ing. Peter Martinka  
General Director of StVPS, a. s.









# Company Profile



# Company Profile

## Statutory Bodies of the Company on 31<sup>st</sup> December 2007

### Board of Directors

#### Chairman of Board of Directors

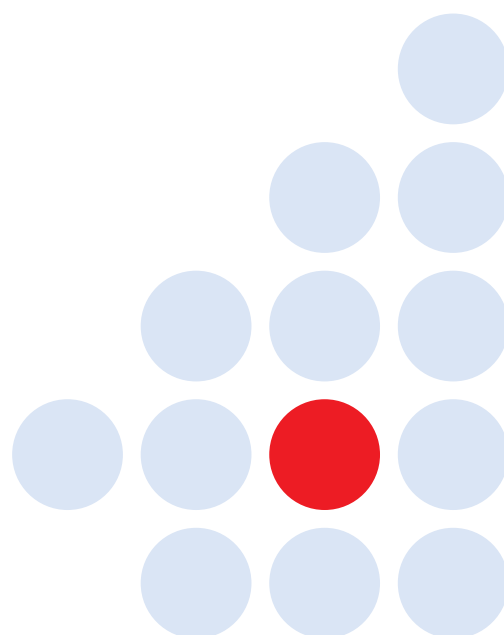
Philippe Guitard

#### Members of Board of Directors

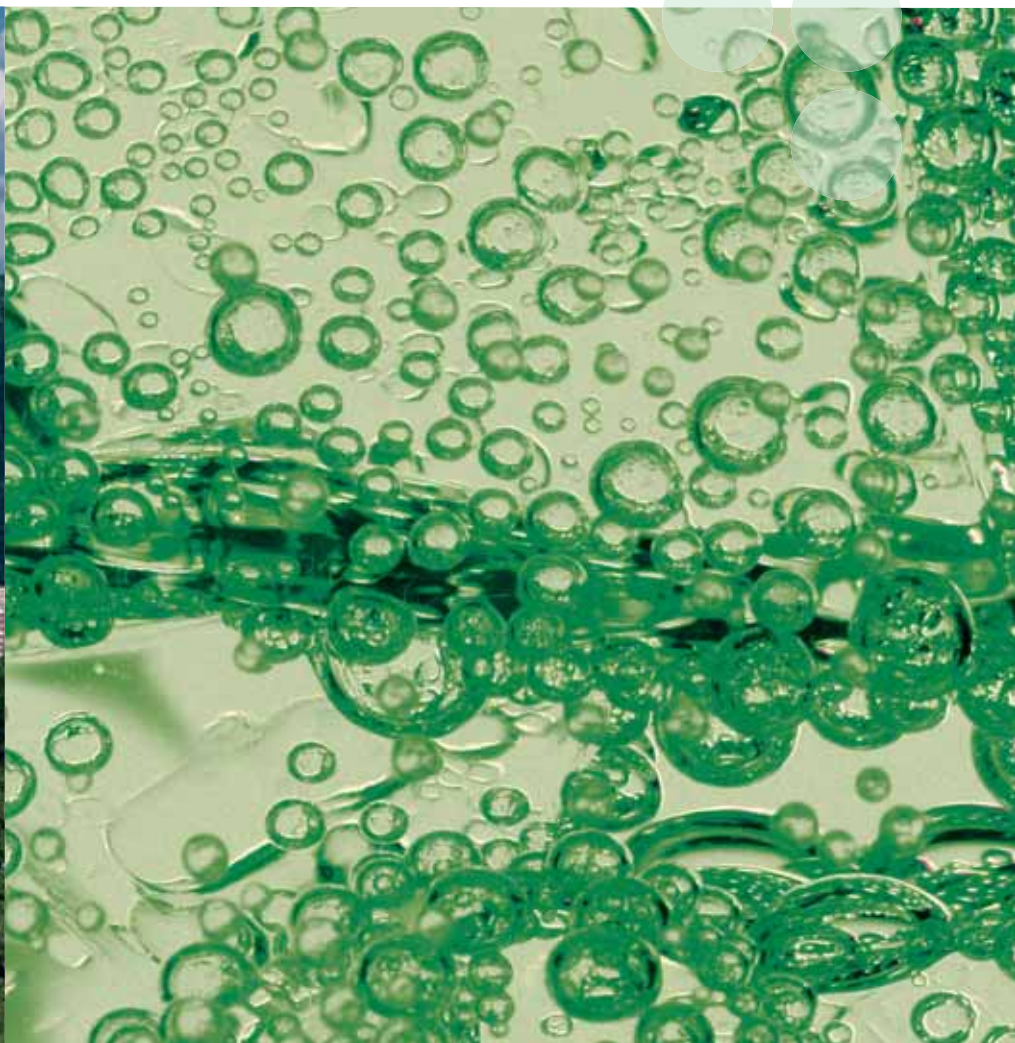
Etienne Petit  
Pierre Brunet  
Ing. Miroslav Kusein  
Ing. Peter Martinka

#### Board of Trustees

Ing. Robert Javorčík  
Tomáš Paclík  
Ing. Ivan Kubinec  
Rostislav Čáp  
Ján Kováčik  
Zdeněk David







## Executive Management of the Company

### General Director

Ing. Peter Martinka

### Economic Director

Ing. Peter Dobrý

### Director of Production-Operational Activities

Ing. Robert Javorčík

### Commercial Directress

Ing. Mária Vicianová

### Director of Strategy

Pierre Brunet

### Directors of Plants

Plant 01 Banská Bystrica

Plant 02 Lučenec

Plant 03 Prievidza

Plant 04 Rimavská Sobota

Plant 05 Veľký Krtíš

Plant 06 Zvolen, Žiar nad Hronom

Plant 08 SVS Banská Bystrica

*SVS - The Central-Slovakian Waterworks System*

Ing. Pavol Badinský

Ing. Ladislav Solkový

Ing. Vladimír Švec

Ing. Branislav Jurík

Mgr. Zoltán Balla

Ing. Milan Vlček

Ing. Jozef Ivanič





## Financial Situation of the Company

In the year 2007 the Company reached the receipts from the sales of own products and services in the amount of 1,464,072 thousand SKK. The decrease of receipts about 6,5 % in comparison to the year 2006 was caused to a great extent by the Decision of the Regulatory Office for Network Industries, which decided about the decrease of the maximal price for the production and supply of drinking water by public water-supply systems about 4,6 % in comparison to the year 2006 and the decrease of the maximal price for the effluent diversion and treatment by the public canalization for the consumers except the private households about 4,9 % in comparison to the year 2006.

The other reason of the mentioned decrease of receipts represented also the termination of the commercial activities for our Company from the side of some strategic business partners in the food industry. Because no suitable foreign or domestic investor entered the region of the Middle Slovakia, the Company did not find any replacement for them. Last but not least also the continual tendency of water savings by the consumers effected the considerable decrease of receipts.

Into the most important expense items of the Company in the year 2007 belonged: other services 611,963,000.- SKK, staff costs 450,843,000.- SKK, material consumption 184,576,000.- SKK, energy consumption 101,837,000.- SKK, repairs and maintenance 56,877,000.- SKK. In the year 2007 the total height of the assets 548,494,000.- SKK consisted mostly of the floating capital, whereby in comparison to the year 2006 the Company registered the increase in the purchase of non-current tangible and intangible assets about 34,829,000.- SKK.

In the year 2007 the Company has started to use a bank overdraft in order to cover the operating requirements. From the investment bank loan in the height of 160 million SKK granted to the Company in the year 2007 were realized: purchase of the new automobile park of the Company, modern equipment of laboratories, computer techniques, small mechanization and prepayment of leased infrastructure.

The negative indicator in term of cash flows remains further the unfavourable, cumulated payment discipline of state-owned health centers.

During the year 2007 the Company was able to fulfil the obligation to the state institutions, employees and other suppliers properly and in time.

With the total revenues 1,485,425 thousand SKK and the total costs 1,505,965 thousand SKK reached the Company in the year 2007 the negative economic result in the height of – 20,540,000.- SKK.

The share capital remains in the same value of 1 million SKK.

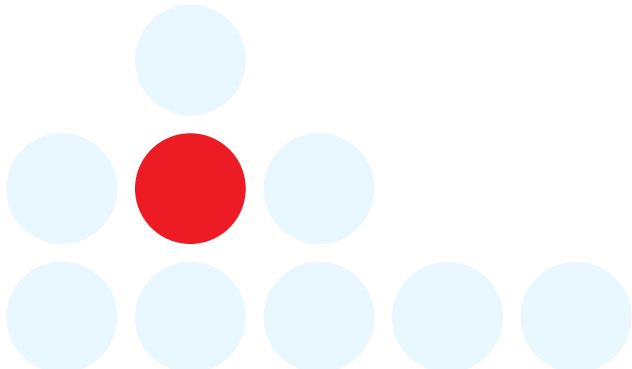
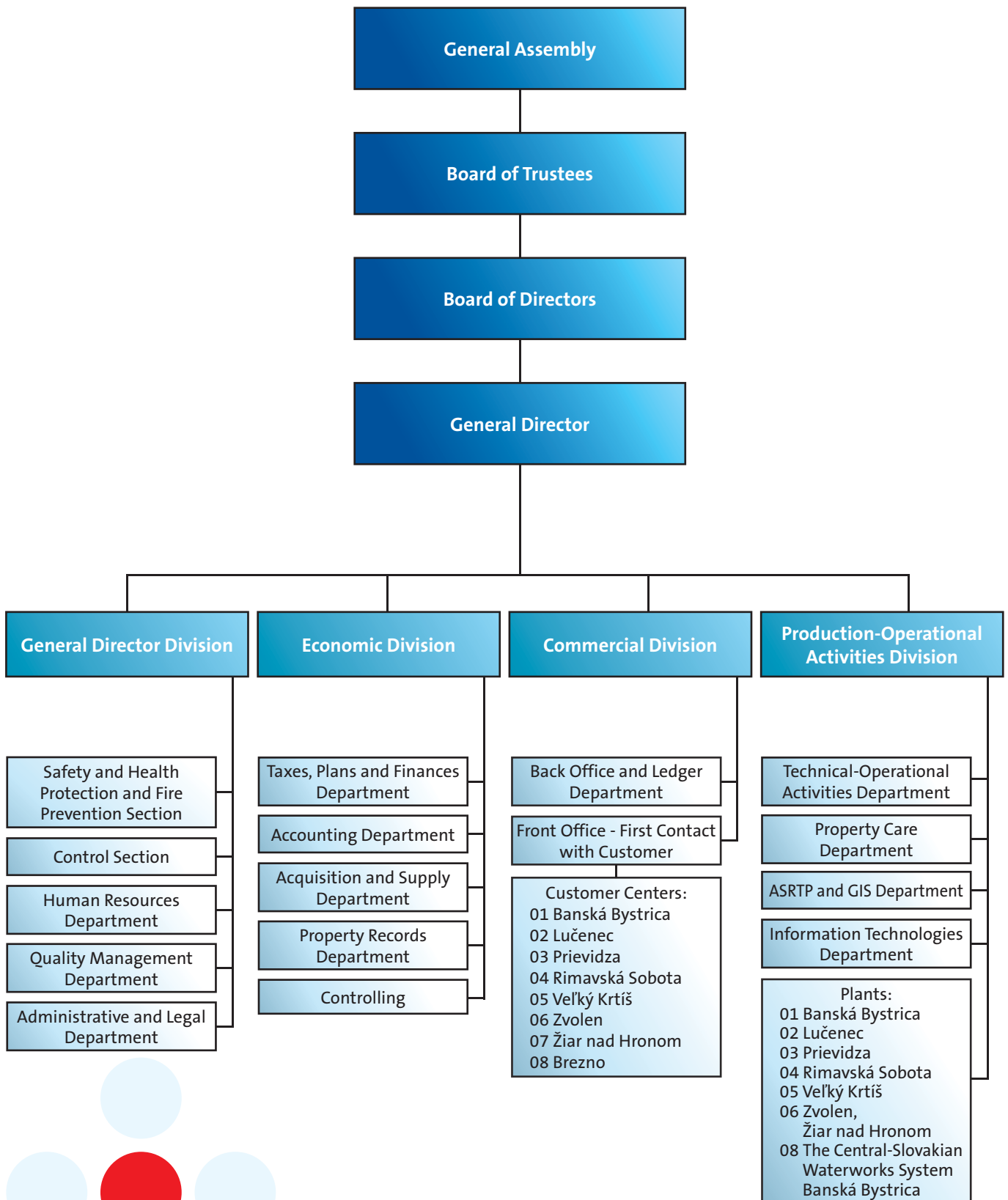
The Company Prvá vodárenská, a.s. (The First Waterworks Company, joint-stock company) with the seat in Bratislava, Slovakia, became in August 2006 the majority shareholder of our Company, through which our Company became the member of the International Group Veolia Voda, S. A., Paris.

Consequently starting in August 2007 the Company Prvá vodárenská, a.s. became the only shareholder of our Company.

*Worked-out by: Ing. Peter Dobrý*



# Organizational Structure









# Approach to Customer



# Approach to Customer

## New Services

Within providing the services the Company concentrated on the improvement of the services desired in the customer satisfaction research. Our customers prefer the basic requirements processing and the information providing by phone without the necessity of personal visiting the customer centres. In July 2007 the new modern CALL CENTER has been put into operation. The phone number 0850 111 234 is active from Monday till Friday 7.00 a.m. - 19.00 p.m. for the price of a local phone call in fixed network. On this phone number our customers can receive the information on the point of supply, contracts and invoices, on prices of the water and waste water utilities, on solving the lodged claims, on announced defects. The customers have welcomed this possibility and till the end of the year more than 8 thousand of phone calls were realized. This new possibility of executing the requirements was drawn into the attention of the customers also in form of short information listed on the envelopes of the outgoing post mail of the Company.

## Contact with the Customers

The Company Stredoslovenská vodárenská prevádzková spoločnosť a.s. in the year 2007 provided the direct personal contact with the customers through the enlarging net of its customer centers. Besides the 5 customer centers which have already provided their services in the new premises in the year 2006, the customer center in Žiar nad Hronom was originated. The same working procedures and the unified data forms are used in all customer centers. Besides the activities connected with the establishment, development and updating of the customer relationships the Company enlarged its activities especially in the field of information providing. The leaflets with useful information for the customers were issued and they are at the disposal in all customer centers in unified racks. The informedness of customers on the contacts to our Company was provided also by issue of the information visit-cards to the particular customer center.



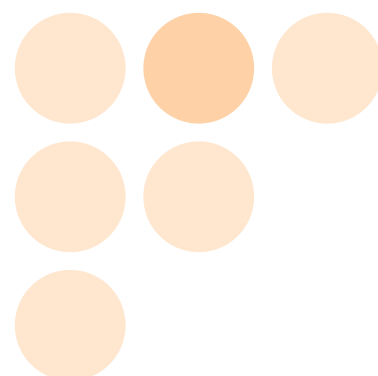


Our customers contacted our Company by phone, by mail or personally, on the average almost 11 thousand times per month. Mostly they were interested in:

	Totally	%
Water Supply, Water Sewage, Pressure, Water Quality and Damages	1 311	12,00 %
Connections and Water-Meters	1 094	10,02 %
Commercial Agreements	2 766	25,33 %
Invoicing	2 889	26,45 %
Other Information and Affairs	2 862	26,20 %
	<b>10 922</b>	<b>100,00 %</b>

### Structure of Negotiations Contents

- Water Supply, Water Sewage, Pressure, Water Quality and Damages (12,00 %)
- Connections and Water-Meters (10,02 %)
- Commercial Agreements (25,33 %)
- Invoicing (26,45 %)
- Other Information and Affairs (26,20 %)





## Quality System

Under the influence of the concentrated pressure of the present and potential customers and in an effort to adapt the organization to the requirements of the market environment we have started in the Company to introduce progressively the Quality Management System according to the International Standard STN EN ISO 9001:2001. Stredoslovenská vodárenská prevádzková spoločnosť, a.s. as the member of the Group Veolia Environnement on the 4th February 2008 has taken-over officially the Certificate of the Quality Management System according to the Standard STN EN ISO 9001:2001 for the area of "Services for the customers in supply of drinking water and sewage canalization", which was awarded to the Company by the Independent Certification Company TÜV SÜD Slovakia.

For the clients of the customer centers of our Company the acquirement of the Certificate STN EN ISO 9001:2001 presents especially the guarantee that all the activities and provided services are motivated by the attempt to meet their requirements and needs.

## Marketing and Communication

Our Company has used all the accessible means in order to increase a positive perception of the Company from the side of the general public, customers and shareholders too. Cultivation of the premises of our customer centers, accommodating approach to customers, introducing of new forms of the customer communication, communication with local municipalities and increase of informedness - these all are the steps which contributed markedly to the mentioned positive perception of our Company.

We inform our customers and the general public on the provided services and products of our Company also at the specialized exhibitions and trade fairs. In the year 2007 our Company presented itself on the own stand in the International Building Fair FOR ARCH in Banská Bystrica, Slovakia. Members of customer centers staff presented here the new services provided by our customer centers and by the new-originated CALL CENTER. Likewise we presented ourselves also in the International Trade Fair AQUA in Trenčín, Slovakia.

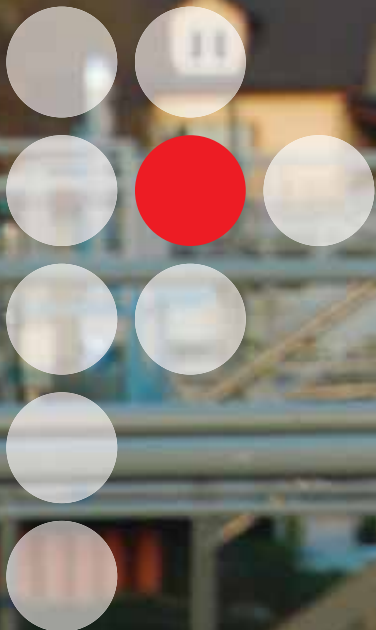




In the year 2007 we specialized also on the extension of the services provided in a complex and in the frame of the campaign "Friendly to nature and to people" we offered to our customers the disposal of waste from cesspools under the advantageous conditions. This campaign was oriented on the private households and the several organizational sections of the Company took part in it whereby the customers used the CALL CENTER number for ordering of the disposal and so, without the necessity of personal visit in our Company, the complex services were provided to them. One of the main communication instruments become the internet sites of our Company. Our aim is to bring as near as possible the contents of the web-sites to the requirements of customers and consumers.









**Responsibility**



# Responsibility

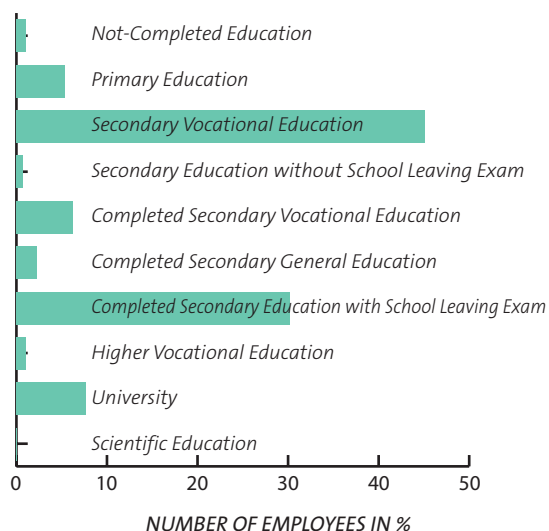
## Human Resources

The year 2007 brought several essential changes in the area of the human resources. Most significantly they were expressed by the successive process of the ISO 9001 Standards introduction in the individual Company divisions; in the social area the saving project SEQUOIA was introduced. In frame of the organizational changes of the Company these were reflected in the connection of two plants - Plant 06 Zvolen and Plant 07 Žiar nad Hronom.

In September 2007 the fusion of these two plants was realized and one plant was originated - Plant 06 Zvolen, Žiar nad Hronom.

## Education Structure

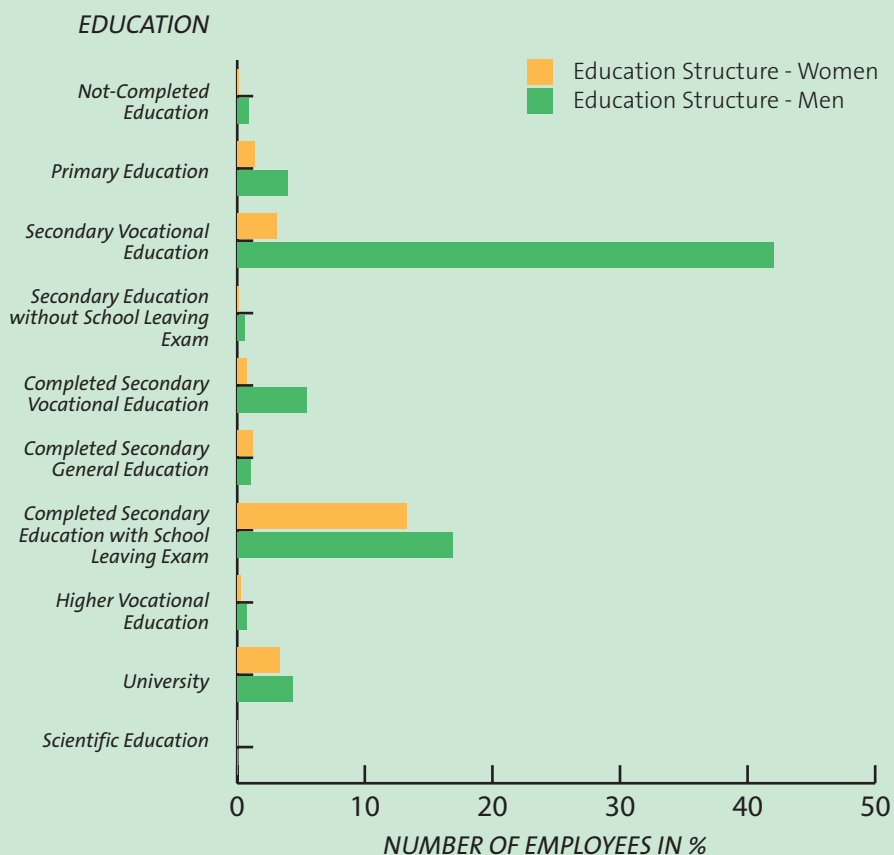
Education Degree	Totally	Totally in %
Not-Completed Education	14	1,07
Primary Education	70	5,38
Secondary Vocational Education	586	45,08
Secondary Education without School Leaving Exam	10	0,77
Completed Secondary Vocational Education	81	6,23
Completed Secondary General Education	30	2,31
Completed Secondary Education with School Leaving Exam	394	30,23
Higher Vocational Education	14	1,08
University	100	7,69
Scientific Education	2	0,16
	<b>1301</b>	<b>100,56</b>



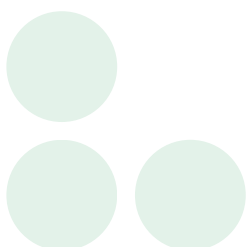




EDUCATION STRUCTURE - WOMEN / MEN



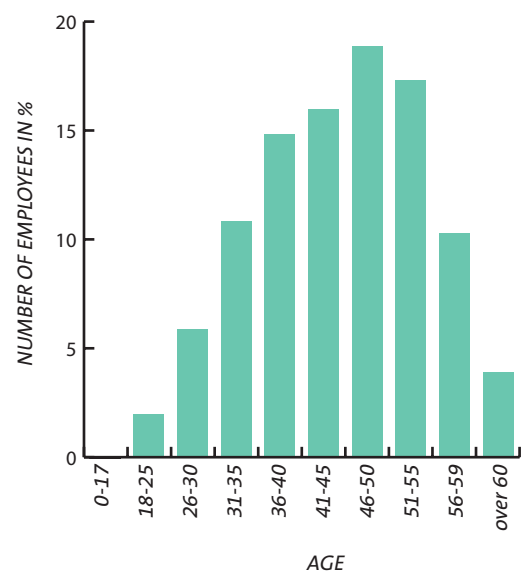
Education Degree	Totally Women	Totally Women in %	Totally Men	Totally Men in %
Not-Completed Education	2	0,15	12	0,92
Primary Education	18	1,38	52	4
Secondary Vocational Education	40	3,08	546	42
Secondary Education without School Leaving Exam	2	0,15	8	0,62
Completed Secondary Vocational Education	10	0,77	71	5,46
Completed Secondary General Education	16	1,23	14	1,08
Completed Secondary Education with School Leaving Exam	174	13,31	220	16,92
Higher Vocational Education	4	0,31	10	0,77
University	43	3,31	57	4,38
Scientific Education	1	0,08	1	0,08
	<b>310</b>	<b>23,77</b>	<b>991</b>	<b>76,79</b>





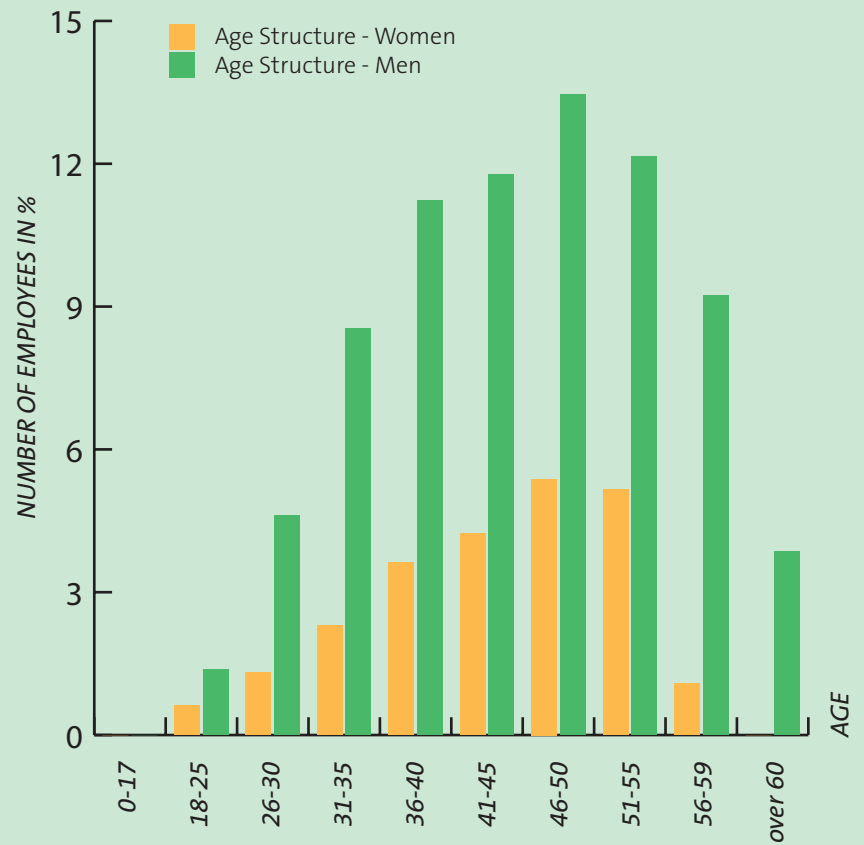
## Age Structure

Age Limit	Totally	Totally in %	Average Age
0-17	0	0	0,00
18-25	26	2,00	23,65
26-30	77	5,92	28,56
31-35	141	10,85	33,16
36-40	193	14,85	37,95
41-45	208	16,00	42,80
46-50	245	18,85	48,11
51-55	225	17,31	53,04
56-59	135	10,31	57,25
over 60	51	3,92	61,00
<b>Totally</b>	<b>1301</b>	<b>100,00</b>	<b>44,79</b>





AGE STRUCTURE - WOMEN / MEN



Age Limit	Women	Women in %	Women Average Age	Men	Men in %	Men Average Age
0-17	0	0	0	0	0	0
18-25	8	0,62	24,50	18	1,38	23,28
26-30	17	1,31	28,35	60	4,62	28,62
31-35	30	2,31	33,20	111	8,54	33,15
36-40	47	3,62	38,00	146	11,23	37,94
41-45	55	4,23	42,82	153	11,77	42,79
46-50	70	5,38	47,76	175	13,46	48,25
51-55	67	5,15	53,01	158	12,15	53,06
56-59	15	1,08	56,57	120	9,23	57,33
over 60	1	0	60	50	3,85	61,02
<b>Totally</b>	<b>310</b>	<b>23,78</b>	<b>43,89</b>	<b>991</b>	<b>76,23</b>	<b>45,06</b>





## Social Sphere

We have concluded the Collective Agreement in the Company setting the rules within labour-law relationships, employment, utilization of working hours, social care and health protection, which the Company conforms to. The part of the Collective Agreement forms the Appendix No. 1 Rules of Social Fund. The social fund was created in the height of 4,420,337.- SKK. It was drawn especially for the contribution to meals for employees in the height of 1,692,718.- SKK, contribution to regeneration of labour force and culture in the financial form and also in the form of money orders in the total value of 583,200.- SKK, rewards granted to employees celebrating significant life anniversaries and at retirement in the value of 145,900.- SKK, contributions to the blood-donors in the height of 13,500.- SKK, contributions to celebrations (International Children's Day, St. Nicholas) in the height of 230,600.- SKK. The balance of social fund is transferred to the year 2008.

## Education of Employees

In the year 2007 we focused in our Company on the development, raise of qualification and professional skills of our employees. This attempt to fulfil the targets in education started to be realized at the end of the year 2006 when we entered into co-operation with the Institute of Environmental Services (IES) in Prague that, since 2002, provides the training programs of high quality for the member companies of the Veolia Environment Group. In the co-operation with IES, in March, we organized the professional course for the directors of plants called „Training of Presentation Abilities“. All participants received the certificate at the conclusion of the course.

The other certified trainings were the trainings for the employees of customer centers and of the implementing Call Center. The participants learned about the form of operation of these centers and also about the situations, which happen every day within the communication with clients.

An important part of the education became the regular seminars concerning safety and health protection and fire prevention; also every new employee had to take part in. Within

these trainings and seminars we realized also the obligatory periodic trainings necessary for performing of their working functions. In addition to these trainings we aimed our attention also to the specialized courses and seminars for the broad spectrum of our employees from the area of tax law, accounting, health insurance and social security, professional trainings for the employees of quality management department and waste water treatment. In frame of the ISO 9001 Certification we have introduced the application of evaluative data forms called „Efficiency of Preparation“. So the participants of trainings and seminars, in form of answering the given questions, have the possibility to express their opinions on the quality of the provided trainings. In this way we can verify the quality of provided trainings and certainly also the efficiency of the invested financial resources.

In 2007 started the building-up of the training center of our Company in the premises of the Plant 01. We would like to provide the education services of high quality not only for the employees of our Company, but also for the employees of the other water-works companies. Following this target we worked-out also the business plan of the trainings for the year 2008.





## SEQUOIA

In September and October we introduced to the employees of our Company the saving project SEQUOIA. In framework of this project we offered to our employees the possibility to evaluate their financial resources in form of investment into the shares of Veolia Environnement through the funds in two saving programs (Sequoia Classic, Sequoia Plus).

Totally 384 employees took part in this project, what presents 29,07 %.

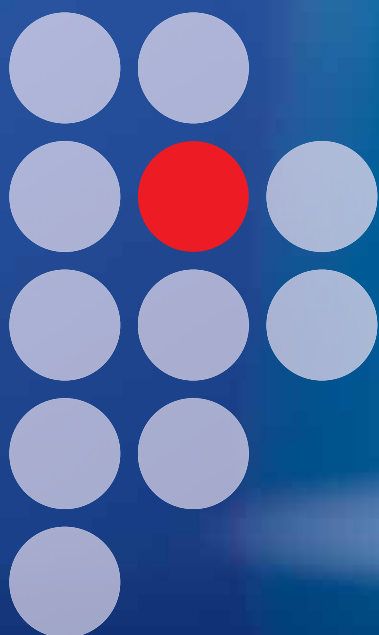
## Internal Communication

The quality internal communication does not influence only the working output, but also the total operation of the whole Company. The important element within the Internal Communication stays further the intranet. We follow on the publishing of magazine for our employees; it is issued every second month and its content is created in co-operation with Podtatranská vodárenská prevádzková spoločnosť, a.s.

The Company management together with the labour union organized, during the year, several social gatherings and sport meetings for the employees; the greatest one were the sport games.









**Solidarity**



# Solidarity

## Programs for Schools

The co-operation with schools started in the year 2006 and is oriented especially to the education of children toward the sustainable development and creation of positive relationship to water as a unique component of environment.

In the year 2006, we started with the distribution of special laboratory suitcases to the basic schools in the region of our activity in the frame of the project called "Tajomstvo vody" (Secret of Water). The project is determined for the pupils, students and pedagogues of basic and secondary schools. By means of almost four tens of experiments, exercise books and illustration poster the pupils disclose the secrets of water cycle in nature. They acquire the knowledge of physical principles, laws and terminology. With this special laboratory suitcase already work pupils at 150 basic schools.

The next project for the pupils of basic schools is the project called "VodoVoda" (Water's-Water).

This project is determined for the pupils and pedagogues at second grade of basic schools. Its target, besides the promotion of drinking water from public water-supplies as a drink for everyday consumption and environmental replacement of packaged water, is also the reducing of plastic bottle waste.

The main activity is to build up an innovative promotion campaign at the schools focused on increase in demand of water from water-supplies. The part of project is survey, courses for teachers in water monitoring and promotion campaign running.

The best campaign performed by school teams will be rewarded by a grant covering the costs for its realization, by an interesting trip and gifts.

The project "Maska pre planétu Zem" (Mask for the Earth Planet) was focused on the relationship of children to the living environment. This project was connected with the

campaign for children in the age of 8-11 years and dedicated to the idea of "Man and Nature in Former Times and Nowadays".

The task of children in the competition organized in co-operation with the DALKIA Company was to illustrate, in creative picture and literal form, the relationship between the man and the nature in different parts of the world and in different historical periods. They painted pictures and wrote short stories about the Earth.

Around 33 thousand children from the whole world took part in this project; in Slovakia it was 6 thousand children from 82 schools and 41 cities and villages. The pictures and stories created by children were evaluated in regional competitions. The winners were honoured with an interesting trip, financial gifts and worthwhile books from our Company.







## Environment

At the occasion of World Water Day we prepared for the general public the meetings focused on the providing the information on the quality of water, characteristics of water, how to save and protect water.

The actual information on products and services provided for the customers by our Company was at the disposal. The information stands for general public were located in the premises of Mestský úrad (Municipal Authority) in Banská Bystrica and in commercial centers.

Protection of environment was the key target of the campaign „Priateľsky k prírode i k ľuďom“ (Friendly to nature and people), where the disposal and the subsequent ecological liquidation of waste from cesspools under the advantageous conditions were offered to our customers.

The waste disposal in 36 Sewage Treatment Plants was arranged within the Plants in Banská Bystrica, Lučenec, Prievidza, Rimavská Sobota, Veľký Krtíš, Zvolen and Žiar nad Hronom.

This program enjoyed a great interest from the side of consumers.

The next campaign oriented on the increase of informedness of people on the quality of drinking water and at the same time on the increase of drinking water consumption was realized in summer months. In form of leaflets, advertisement in media and information on our internet side the public was informed on quality of drinking water and advantages of its consummation compared to the packaged water.

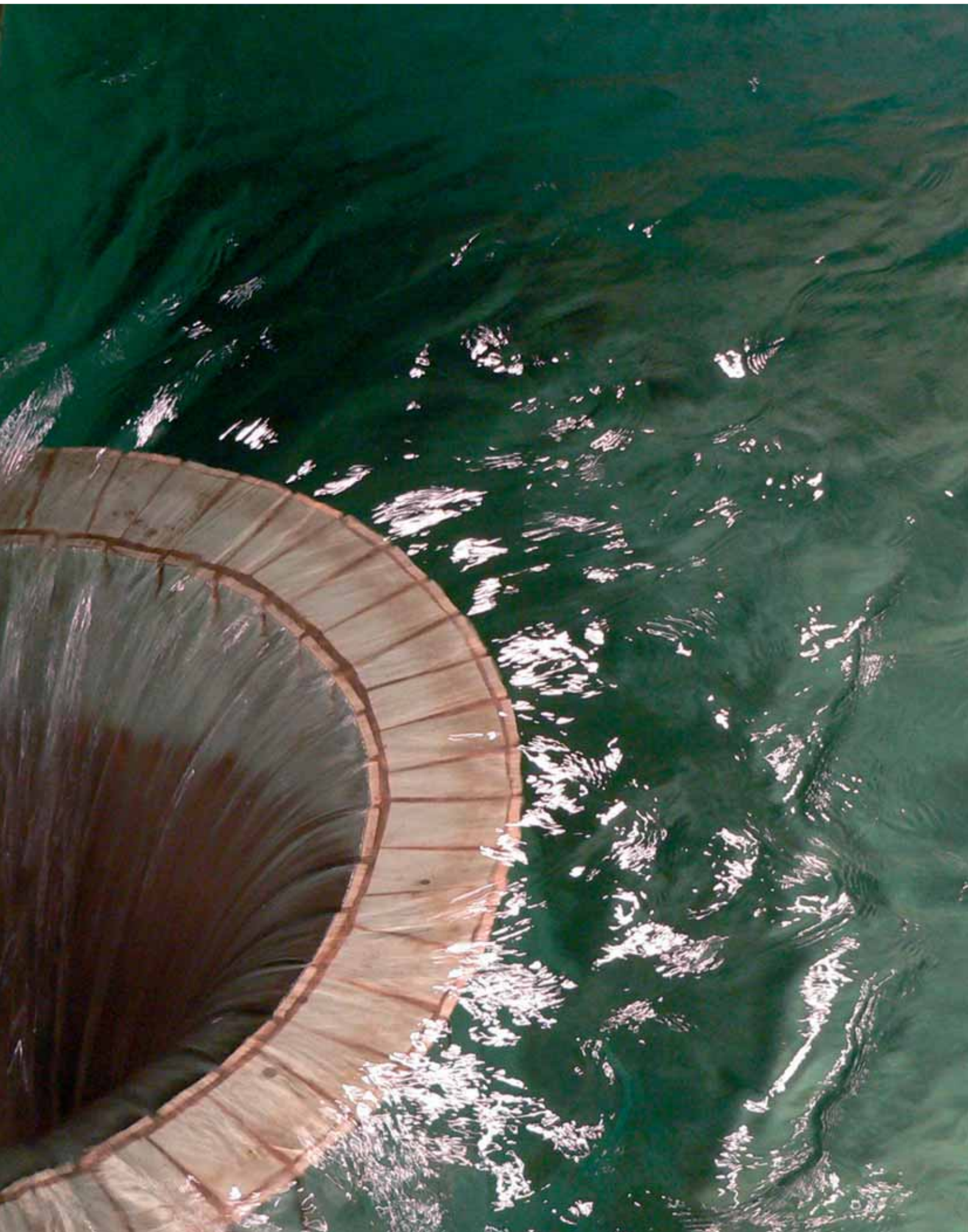
## Support of Regional Activities

The important part of the activities of our Company is also the support of regional activities determined for the general public. It is realized in form of financial contributions or provision of drinking water on mass public meetings.

Our Company participated in organizational arrangement and financial support of the events like the International Children's Day in Banská Bystrica, the cycle-racing Okolo Slovenska (Around the Slovakia) and many others.









# Innovations





# Innovations

## Modernisation of Water Treatment Technologies and Hygienic Safety of Drinking Water

In 2007, emphasising the quality of supplied drinking water to our consumers our Company realized the following projects:

- modernisation of sand filters in the filter plant Klenovec
- building of the filter plant Jasenie (in the district Brezno) implementing the technology for removal of arsenic in water in the group water-supply Jasenie - Predajná - Nemecká
- new technological unit - equipment for removal of manganese in raw water in the filter plant Klenovec
- modernisation of equipment for water disinfection in 16 water-supplies in the region of Banská Bystrica and Brezno for automated dosing of sodium hypochlorite
- removal of secondary iron in the village Rimavská Seč based on the principle of active zinc anode
- continuing in monitoring of equipment for water phosphatizing in order to decrease the content of secondary iron in the water-supply systems Lom nad Rimavicou, Drábsko and Filipov; on the basis of the results this technology was evaluated as a great merit, because the content of iron on the consumption places was decreased
- continuing in monitoring of the project focused on the removal of nitrates in drinking water in the supply territories Dubno, Studená, Gemerské Dechtáre also with the positive result





## Innovation in the Area of Water Losses Reduction

- The hidden water leaks form the most considerable part in water losses. They are not exposed by any visible water outflow from the defected water main on the surface; they are hidden, what means that they are shown by the increased water take-off, decreased water pressure, water overflowing into canalization etc. The detection of such leaks is very difficult; for this purpose the most modern devices were developed and our Company purchased such devices at the end of the year 2007.
- In March 2007 the Defects Finding Department was established. Four working teams perform the preventive checks of water supply systems with the aim to detect the hidden water leaks. The teams have the measuring vehicles at the disposal equipped with the complete instrument techniques - electro-acoustic devices, classic and cross correlators (ENIGMA), tracing equipment, hatch finders, nitrogen devices etc. In 2007 these teams checked 1 226 km of the water supply network - one third of the total length of the feeding pipeline. They detected 547 hidden defects, which were rectified thereafter by the maintenance workers.

## Innovation in the Area of Sewage Technics

In 2007, the personal gas indicators Solaris determined for detection and measurement of gases CO, H<sub>2</sub>S, CH<sub>4</sub> and O<sub>2</sub> were put into use in the individual canalization operation plants. These devices increase the safety of workers in the everyday activities of the canalization operation plants.

In the Sewage Treatment Plant Zvolen the continual analyser units of phosphorus and ammonia were brought into operation. These analysers provide the data for control of nutrients removal processes in the STP Zvolen.







## Innovation in the Area of Energetics

The basic energy medium purchased from the external suppliers on the technological objects operated by StVPS a.s. is and will remain also in the future is the electric energy. That is why the total costs for energies depend mostly on the electricity price development and on the ability of consumers to realize the saving arrangements. In order to increase the costs for power consumption, find out the current consumption, determine the necessity of network compensation and specify the equipment suitable for introduction of micro-regulation and application of regulated drive aimed at the power saving, the energetic audit was finished on 30.6.2007 on the following selected objects: sewage treatment plants, filter plants, pumping station and office building. The result of this audit was the passportization of the objects and the specific proposals and evaluations of the arrangements for decrease of the power consumption, which were worked into the plan of investments and repairs of energetic equipment for the years 2008 - 2012. The energy saving projects were integrated into the plans liable to several evaluative criteria, namely from the aspect of economy, environment, techniques, operation, legislation and utility value.

A great accent is put on the arrangements of organizational character, based on a consistent mutual communication of the workers of technical departments and workers performing the service, repairs and maintenance of the technological equipment with the power-supply manager in order to decrease the power consumption by meeting the technological requirements.

The regular verification of the contractual terms and conditions for the supply of energies, selection of suitable products provided by the energy suppliers especially after the substantial changes in volume of production and changes in energy demanding technological equipment, where the changes in energy consumption and output ratio can occur, lead to the decrease in costs for the purchased energies.





## Innovation of Information Technologies

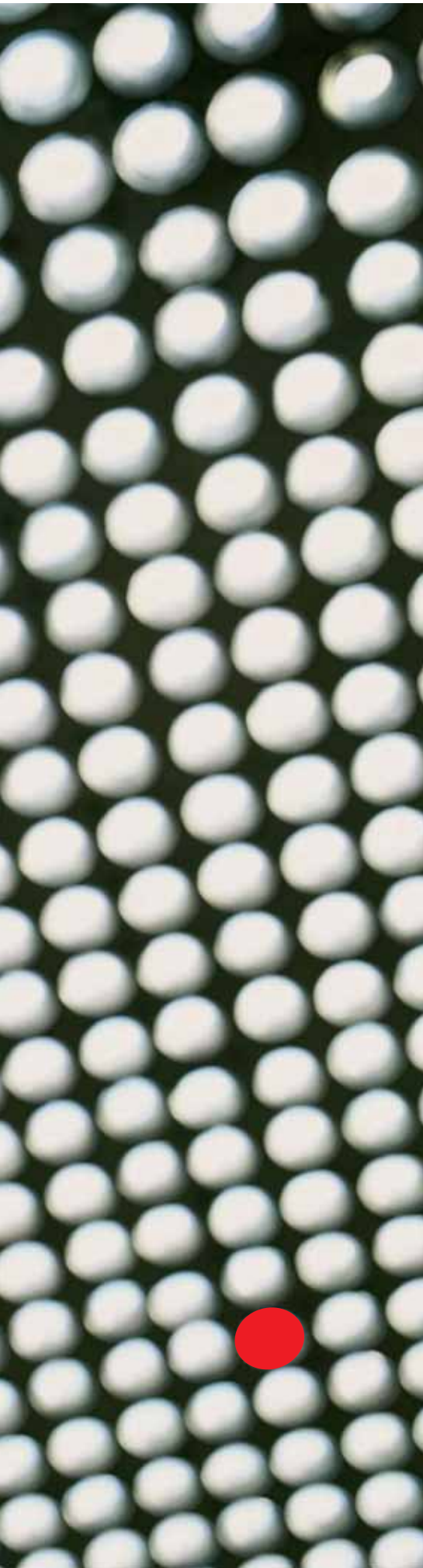
In 2007, the following projects were realized in the area of informatics:

- establishment of Call Center based on the IP telephony technology with the key accent on the improvement of the services provided to the customers and achievement of higher efficiency of the communication between the customer centers and the dispatching,
- implementation of the IP telephony - finishing of the first phase till the end of the year 2007 - the pilot project the Plant Lučenec and the customer centers,
- configuration of the IP telephone exchange with the possibility of interconnecting to the Customer Information System (CIS) and the Economic Information System (EIS) and the Dispatching,
- establishment of the data and communication center for the needs of Call Center,
- implementation of the Central Dispatching module for reporting the defects by means of the active data forms from the side of Call Center and the internet data forms from the side of the customers through internet,
- generation of the communicational connection with the company Podtatranská vodárenská prevádzková spoločnosť, a.s. with the aim to provide the services of Call Center in form of outsourcing,
- unification of consumer environment on the working stations and servers by the central software LANDesk (with extension to the hardware and software inventory control),
- working-out of documents regarding the safety policy of the Company in consideration of the ISO Standards,
- implementation of the centralized laboratory software LabSystem for the collection and evidence of results of laboratory measurements of the drinking and waste water,
- implementation of the Document Management System (DMS) determined for solving the circulation and administration of documents in the area of orders and liquidation of invoices in electronic form with unified application in the Company in the first quarter 2008,
- pilot operation of the interconnection of the dispatching with the technological control units in the sewage treatment plants and filter plants through GPRS,
- vectorizing and digitizing of the follow-up maps into the Geographic Information System (GIS).









## Performance Efficiency



## Performance Efficiency

Also in the year 2007 a downward trend in consumption of drinking water continued further. In the yearly comparison against 2006 the decrease of invoiced water presented 1,218 thousand m<sup>3</sup>, what means the decrease about 3,87%. A weak decrease was recorded also by the produced water.

In canalized sewage water a weak increasing trend was recorded; in comparison to the year 2006 the interim increase presented 128 thousand m<sup>3</sup>.

### Production and Supply of Drinking Water

Length of water supply system in km	4 154
Number of water-service pipes	105 208
Length of water-service pipes in km	727
Number of pumping stations	224
Number of water tanks	533
Number of water treatment plants	24
Number of inhabitants supplied	647 149
Produced water in thousands m <sup>3</sup>	49 389
Water for realization in thousands m <sup>3</sup>	49 298
Invoiced water in thousands m <sup>3</sup>	30 219
Non-invoiced water in thousands m <sup>3</sup>	19 080
Water for own consumption in thousands m <sup>3</sup>	1 535
Water losses in pipe network in thousands m <sup>3</sup>	17 497
Total number of water-meters in network	104 965
Specific consumption of drinking water in liter/inhabitant/day	209





## Sewage and Effluent Treatment

Length of sewage system in km	853
Number of sewer connections	26 565
Length of sewer connections in km	216
Number of pumping stations	11
Number of sewage treatment plants	35
Number of inhabitants connected to sewage system	414 445
Number of inhabitants connected to sewage treatment plants	386 606
Invoiced waste water in thousands m <sup>3</sup> /year	24 813
Purified waste water in thousands m <sup>3</sup> /year	49 577
Quantity of produced sludge in t/year	29 163





## Quality Control of Drinking and Sewage Water in 2007

In 2007, the Company secured through its 9 laboratories the quality control of water resources, water treatment plants, group water-supplies, water tanks and consumption places of drinking water in compliance with the Government Order No. 354/2006 Coll. and the Regulation No. 636/2004 Coll. The quality control of waste water drains, control of producers, sewage system monitoring, control of technological process of sewage treatment plants, check of sludge and cesspool contents cleaned in the sewage treatment plants in compliance with the resolutions and with the Regulation No. 315/2004 Coll. In the year 2007 the laboratories were integrated; their number was reduced from 23 to 9. Accreditation Certificate of the Slovak National Accreditation Service was granted to the LBB Laboratory in Banská Bystrica for drinking water and also waste water. During the year the accreditation of the laboratory of waste water in Zvolen was prepared, with the successful completion in January 2008.

The second laboratory is situated in Lučenec. It is the central laboratory of drinking and waste water for the regions of Lučenec, Rimavská Sobota and Veľký Krtíš. The third laboratory of drinking water is in Prievidza. The fourth laboratory of waste water for the territory of Zvolen, Žiar nad Hronom and Prievidza is located in Zvolen. The fifth laboratory of drinking water is in Žiar nad Hronom.

In the water treatment plants in Turček, Hriňová, Málinec and Klenovec are arranged the technological laboratories.

In the year 2007, the following number of analysis was performed by the laboratories in the finished water samples, in water tanks and in water-supply system:

- 4 800 microbial and biologic samples
- 55 528 microbial and biologic analysis
- 5 513 physical-chemical samples
- 21 604 physical-chemical analysis

As for the drinking water, from the total number of water samplings the impurity was detected in 12,63 % of cases, thereof the microbial and biological impurity 1,67 % and the physical-chemical impurity 10,96 %. The unfavourable situation was caused by creation of secondary iron in old steel feed piping, which came to 6,53 %. However, the planned allowable limit of impurity of supplied drinking water in the height of 15,25 % was not exceeded.

As for the waste water, according to the water-management decisions, 995 water samplings were realized in the sewage treatment plants, thereof 135 samplings were impure. The number of analysis was 7 808, thereof 283 impure what means the impurity of 3,62 %.

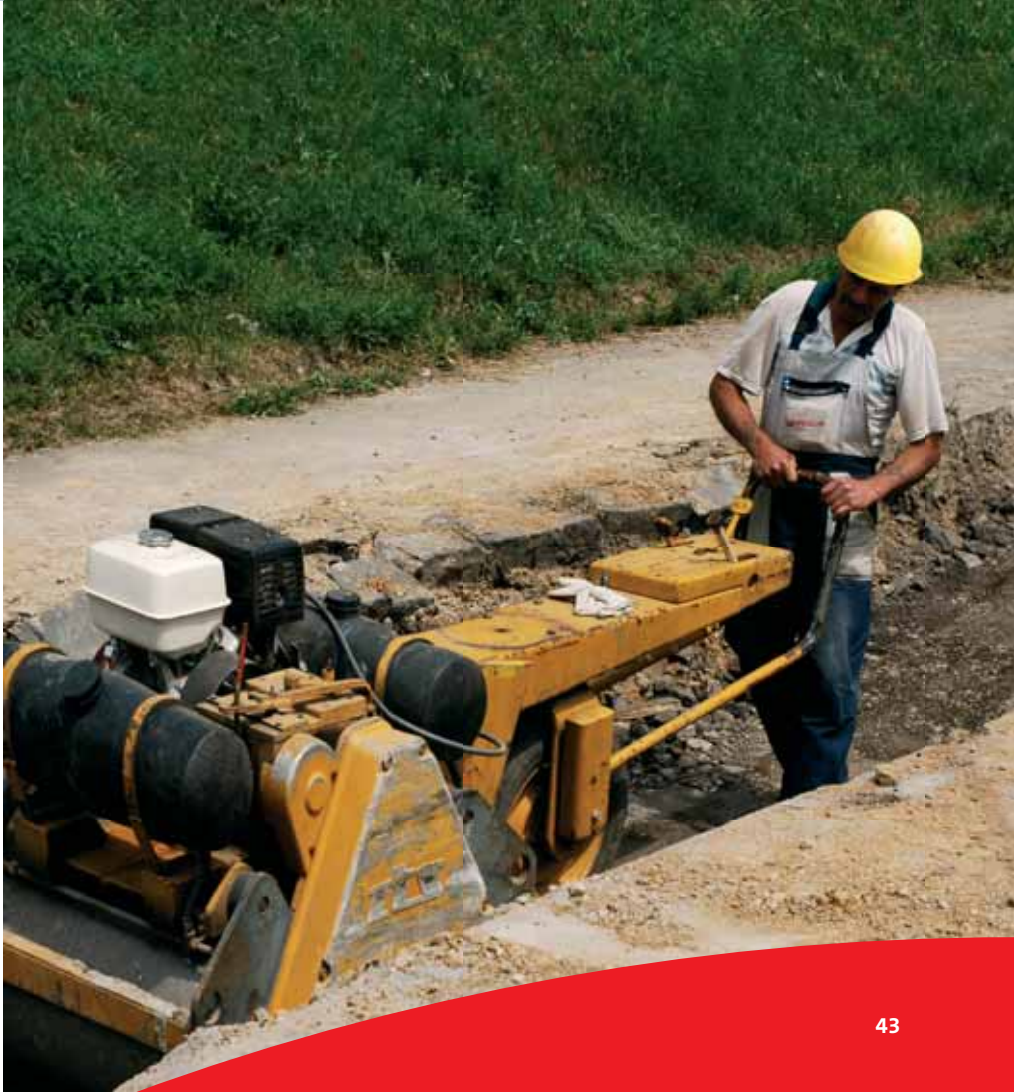
In the public sewage system 482 samples takings were performed, thereof 97 samples were impure. The number of analysis was 1 879, thereof 221 were impure, so the impurity reached 11,76 %.





## Realization of Investments

According to the contract with the infrastructural company, in 2007 our Company performed the preparation and realization of certain investments financed from the sources of the infrastructural company. So we achieved more effective utilization of resources and increase of output of our Company. Namely, we realized the small-size investments, but with high priority from the aspect of objective infrastructure operation. In 2007, the total financial volume of the investments realized in this way by our Company reached 110 mil. SKK. By this activity participated our Company in the development and reconstruction of the leased infrastructure and thereby also in satisfying the requirements of the infrastructural company and its shareholders.











## Financial Part

# CASH FLOW STATEMENT

	in Thousands of SKK	in Thousands of SKK
	2007	2006
<b>Net profit (before deducting interest, tax and extraordinary items)</b>	<b>-18 704</b>	<b>106 535</b>
Adjustments for non-cash transactions:		
Depreciations of fixed assets and rectifying item to fixed assets	2 276	0
Rectifying item to receivables	17 956	1 519
Rectifying item to inventories	217	7 759
Rectifying item to non-current tangible assets	0	0
Rectifying item to non-current financial assets	0	0
Unrealized exchange-rate losses	0	0
Unrealized exchange-rate profits	0	0
The rest reserves	27 825	17 360
Loss from the sale of non-current assets	0	0
Revenues from non-current financial assets	0	0
Allowance to social fund from profit	-800	0
Profit from current activities before change in working capital	28 770	135 087
Change in working capital:		
Decrease (increase) of receivables from business relation and other receivables (including accruals and deferrals of assets)	47 061	-463 262
Decrease (increase) of inventories	6	-28 510
(Decrease) increase of liabilities (including accruals and deferrals of liabilities)	-155 825	305 401
<b>Cash flows from current activities</b>	<b>-79 988</b>	<b>-51 284</b>
<b>Cash flows from operational activities</b>		
Cash flows from current activities	-79 988	-51 284
Interests paid	-4 587	-2 343
Interest received	46	430
Corporate income tax paid	-33 154	-60
Dividends paid	0	0
Cash flows before extraordinary items	-117 683	-53 257
Receipts from extraordinary items	0	0
<b>Net cash flows from operational activities</b>	<b>-117 683</b>	<b>-53 257</b>
<b>Cash flows from investment activities</b>		
Receipts from sale of non-current assets	0	0
Purchase of non-current assets	-34 829	0
Dividends received	0	0
<b>Net cash flows from investment activities</b>	<b>-34 829</b>	<b>0</b>
<b>Cash flows from financial activities</b>		
Receipts from increase of share capital	0	1 100
Receipts from credits and loans	160 000	100 000
Repayments of long-term liabilities	0	0
Grant loans	-81 261	-10 117
Repayments of withdrawn credits and loans	-100 000	10 000
<b>Net cash flows from financial activities</b>	<b>-21 261</b>	<b>100 983</b>
(Decrease) increase of cash and cash equivalents	-173 773	47 726
Cash and cash equivalents at the beginning of the accounting period	47 726	0
<b>Cash and cash equivalents at the end of the accounting period</b>	<b>-126 047</b>	<b>47 726</b>



# PROFIT-AND-LOSS STATEMENT

in Thousands of SKK

Code	Item	Line Nr.	Real Status	
			Current Accounting Period	Immediate Previous Accounting Period
a	b	c	1	2
II.	Production	04	1 464 490	1 566 891
II. 1.	Incomes for sale of own products and services	05	1 464 072	1 566 891
3.	Activation	07	418	
B.	Production costs	08	957 402	975 253
B. 1.	Consumption of material, energy and other inventory out of stock	09	286 630	283 317
2.	Services	10	670 772	691 936
+	Added value	11	507 088	591 638
C.	Staff costs totally	12	450 843	409 985
C. 1.	Wages and salaries	13	311 544	288 958
2.	Remuneration of members of the company bodies and co-operatives	14	2 160	1 220
3.	Social insurance costs	15	109 614	101 300
4.	Employee welfare costs	16	27 525	18 507
D.	Taxes and fees	17	6 616	5 355
E.	Depreciations of non-current tangible and intangible assets	18	2 276	
III.	Revenues from sales of non-current assets and material	19	71	226
IV.	Other revenues from economy activities	21	17 603	10 298
G.	Other costs for economy activities	22	83 350	78 151
*	Economic result from economy activities	25	-18 323	108 671
X	Credit interests	37	3 199	430
M.	Expense interests	38	4 587	2 343
XI.	Exchange-rate profit	39	62	3
N.	Exchange-rate loss	40	123	41
O.	The rest costs for financial activities	42	320	184
*	Economic result from financial activities	45	-1 769	-2 135
R.	Income tax from current activities	46	448	24 297
R. 1.	Payable	47	-328	22 485
2.	Deferred	48	776	1 812
**	Economic result from current activities	49	-20 540	82 239
***	Economic result for the accounting period	57	-20 540	82 239

# BALANCE SHEET – ASSETS

in Thousands of SKK

Code	ASSETS	Line Nr.	Current Accounting Period		Immediate Previous Accounting Period
			Gross - Part 1 Correction - Part 2	Net	
a	b	c	1	2	3
	TOTAL ASSETS	001	578 221 29 727	548 494	530 337
A.	Receivables for equity subscribed	002			
B.	Non-current assets	003	34 829 2 276	32 553	
B.I.	Non-current intangible assets	004	7 964 445	7 519	
B.I.1.	Organization start-up costs	005		0	
3.	Software	007	7 964 445	7 519	
B.II.	Non-current tangible assets	013	26 865 1 831	25 034	
B.II.1.	Lands	014			
2.	Constructions	015			
3.	Individual movable assets and sets of movable assets	016	26 865 1 831	25 034	
B.III.	Non-current financial assets	023			
C.	Current assets	032	421 670 27 451	394 219	529 675
C.I.	Inventory	033	28 532 7 976	20 556	40 208
C.I.1.	Material	034	28 463 7 976	20 487	20 751
5.	Livestock	038	41	41	
7.	Advance payments on account of inventories	040	28	28	19 457
C.II.	Non-current receivables	041	891	891	
C.II.1.	Trade receivables	042	162	162	
6.	Deferred tax receivable	047	729	729	
C.III.	Current receivables	048	389 878 19 475	370 403	441 741
C.III.1.	Trade receivables	049	289 106 19 475	269 631	406 562
2.	Receivables against daughter accounting unit and mother accounting unit	050	67 891	67 891	
3.	Other receivables within consolidation group	051	16 639	16 639	117
6.	Tax receivables	054	11 058	11 058	
7.	Other receivables	055	5 184 0	5 184	35 062
C.IV.	Financial accounts	056	2 369	2 369	47 726
C.IV.1	Cash	057	865	865	868
2.	Bank accounts	058	1 504	1 504	46 858
D.	Accruals and deferrals	062	121 722	121 722	662
D.1.	Prepaid expenses	063	120 867	120 867	151
2.	Prepaid incomes	064	855	855	511



# BALANCE SHEET - LIABILITIES

in Thousands of SKK

Code	LIABILITIES	Line Nr.	Current Accounting Period	Immediate Previous Accounting Period
a	b	c	4	5
	Total shareholder's equity and liabilities	065	548 494	530 337
A.	Shareholder's equity	066	65 316	83 339
A.I.	Share capital	067	1 000	1 000
A.I.1	Share capital	068	1 000	1 000
A.II.	Capital funds	071	100	100
3.	Legal reserve fund from capital deposits	074	100	100
A.III.	Reserve funds from profit	078	100	
A.III.1.	Legal reserve fund	079	100	
A.IV.	Economic result of the last years	082	84 656	
A.IV.1	Retained earnings of the last years	083	84 656	
A.V.	Economic result for the accounting period	085	-20 540	82 239
B.	Liabilities	086	482 261	443 900
B.I.	Reserves	087	45 185	17 360
3.	Short-term reserves	090	45 185	17 360
B.II.	Long-term liabilities	091	1 411	2 689
8.	Liabilities of social fund	099	1 411	877
10.	Deferred tax liability	101		1 812
B.III.	Current liabilities	102	147 249	323 851
B.III.1.	Trade liabilities	103	93 002	179 376
2.	Un-invoiced supplies	104	4 957	11 259
6.	Liabilities to employees	108	18 995	18 746
7.	Liabilities of social insurance	109	12 507	12 299
8.	Tax liabilities and subsidies	110	17 678	27 321
9.	Other liabilities	111	110	74 850
B.IV.	Bank loans and borrowings	112	288 416	100 000
B.IV.1.	Long-term bank loans	113	160 000	
2.	Current bank loans	114	128 416	
3.	Current borrowings	115		100 000
C.	Accruals and deferrals	116	917	3 098
C.1	Accruals	117	491	3097
2.	Deferred incomes	118	426	1

# BOARD OF TRUSTEES' REPORT

## BOARD OF TRUSTEES' REPORT OF THE COMPANY StVPS, a.s.

The Financial Statements and the Annual Report of the Company were verified by the audit company KPMG Slovensko spol. s r.o. Bratislava appointed by the Board of Directors of StVPS, a.s. for the year 2007 on the base of public tender (Articles of Association, Article XV., Clause 2, according to which an auditor is appointed by the Board of Directors).

The Board of Trustees examined the Regular Financial Statements at its meeting, in accordance with the Commercial Code, § 198 and the Articles of Association, Article XII., Clause 4.

Having examined the Financial Statements, and in connection with the Auditor's Report, the Board of Trustees states herewith that the Company conducts the accounting process in compliance with the Accounting Act and the other related regulations. By investigating the data listed in the Financial Statements for the year 2007 no objections were discovered which could restrain the approval of the Financial Statements and the Annual Report of the Company.

The Company reached the loss in the height of – 20,540,000.- SKK in 2007.

Further, the Board of Trustees negotiated and examined the Proposal of the Board of Directors for the Profit Appropriation.

The Board of Trustees has no remarks to these documents and recommends to the General Assembly to **approve** the Financial Statements and the Profit Appropriation.



Tomáš Paclík  
Chairman of Board of Trustees





# Customer Centers

**Customer Center Banská Bystrica**  
Partizánska 73, 974 01 Banská Bystrica

**Customer Center Prievidza**  
V. Clementisa 52, 971 55 Prievidza

**Customer Center Lučenec**  
Komenského 4, 984 53 Lučenec

**Customer Center Veľký Krtíš**  
Banícka 39, 990 01 Veľký Krtíš

**Customer Center Brezno**  
Sekurisova 4, 979 01 Brezno

**Customer Center Zvolen**  
Ľ. Štúra 2208, 961 05 Zvolen

**Customer Center Rimavská Sobota**  
Dukelských Hrdinov 42, 979 01 Rimavská Sobota

**Customer Center Žiar nad Hronom**  
SNP 125, 961 50 Žiar nad Hronom

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**Call Center - Customer Line**  
tel.: 0850 111 234  
e-mail: [cc@stvps.sk](mailto:cc@stvps.sk)  
fax: 00421 / (0)48 / 4327 888



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

Partizánska cesta 5, 974 01 Banská Bystrica, Slovak Republic  
Tel.: 00421 / (0)48 / 4327 111, 4143 251, e-mail: [info@stvps.sk](mailto:info@stvps.sk), [www.stvps.sk](http://www.stvps.sk)

**Call Center 0850 111 234**