

# Annual Report 2006

Stredoslovenská vodárenská  
prevádzková spoločnosť, a.s.



# CONTENTS

<b>Basic Data</b>	<b>1</b>	<b>Solidarity</b>	<b>8</b>
		● Programs for Schools	
<b>Financial Situation of the Company</b>	<b>2</b>	<b>Innovations</b>	<b>9</b>
<b>Editorial</b>	<b>2</b>	● Modernization of Water Treatment Technologies and Hygienic Safety of Drinking Water	
<b>Company Profile</b>	<b>3</b>	● Innovation in the Area of Water Losses Reduction	
<b>Organizational Structure</b>	<b>4</b>	● Innovation in the Area of Sewerage Technics	
<b>Approach to Customer</b>	<b>5</b>	● Innovation in the Area of Energetics	
● Contact with Customers, New Services		● Innovation of Information Technologies	
● Structure of Customers			
● Quality System			
<b>Responsibility</b>	<b>6</b>	<b>Performance Efficiency</b>	<b>10</b>
● Human Resources		● Production and Supply of Drinking Water	
● Age Structure of Employees		● Sewage and Effluent Treatment	
● Qualification Structure of Employees		● Emergencies	
<b>Social Sphere</b>	<b>7</b>	● Water Leaks	
● Education of Employees		● Quality Control of Drinking and Sewage Water	
		● Realization of Investments	
	<b>6</b>	<b>Financial Part</b>	<b>11</b>
		● Cash Flow Statement on 31 <sup>st</sup> December 2006	
		<b>Auditor´s Verdict</b>	<b>12</b>
	<b>7</b>	<b>Board of Trustees Report</b>	<b>13</b>
		<b>Contacts</b>	<b>14</b>



# Basic Data

<b>Commercial Name:</b>	Stredoslovenská vodárenská prevádzková spoločnosť, a. s. (The Central-Slovakian Waterworks Operation Company, joint-stock company)
<b>Date of Establishment:</b>	01. 01. 2006
<b>Seat of the Company:</b>	Partizánska cesta 5, 974 01 Banská Bystrica, Slovakia
<b>Legal Form:</b>	joint-stock company
<b>Organization Identification Number:</b>	36 644 030
<b>VAT Registration Number:</b>	SK 2022 1022 36
<b>Authorized Capital of the Company:</b>	1 000 000,- SKK
<b>The Companies' Register of the District Court in Banská Bystrica, Section: Sa, Insert-No.:</b>	<b>840/S</b>
<b>Date of Registration:</b>	01. 01. 2006

## Main Subjects of 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 service 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 and sewerage systems and armatures and determination of contact areas for instrument technics connecting,
- measurement of effluent quantities at 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, service 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 inspections 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.





# Editorial

Dear Sirs, Dear Madams,

I have great pleasure to introduce you the first Annual Report of our company StVPS, a.s. Our company has started its activity on 15<sup>th</sup> January 2006 in accordance with the contract agreed with the company StVS, a.s. on rental and operation for delivering the services in the area of production and distribution of drinking water and in the effluent diversion and treatment. Consequently the employees providing these services were relocated from StVS to our company StVPS. Further, on the 1<sup>st</sup> July 2006, after the so called transition period, came also to the transfer of the contractual relationship with the clients and to the transfer of invoicing, whereby the total responsibility for the services resigned to our company was finalized. This six-month transition period enabled progressively to stabilize a new organization and working of the company StVPS. During the 1<sup>st</sup> half-year StVPS decided to choose a strategic partner and started the process of sale to its daughter-company StVPS. Consequently after the international public tender the company Veolia Voda was chosen and in August 90 % of the StVPS shares were transferred to the company Veolia. In the name of Veolia I would like to express my great thanks to all elected mayors in the region, we are supplying, for the demonstrated confidence.

Entry of new shareholder into our company was accompanied with new approaches at the very beginning. Important changes related to the customer services. In compliance with the obligation of the company Veolia the customer satisfaction research was realized during three months, which allowed the better knowing of their expectations and confirming thereby of the actions taken for their satisfaction. That is why in cooperation with StVS the new customer centers with the adjusted opening hours were established. These new centers are already in operation or they are just found in Banská Bystrica, Prievidza, Zvolen, Lučenec, Žiar nad Hronom, Rimavská Sobota, Veľký Krtíš and Brezno. These centers create a better environment for our customers and for our employees too. At the same time we are preparing the establishment of telephone center, and so thank completion of all means, could we give a full answer to the requirements of our customers. And finally, behind all these changes the operating procedures and the organizational system are standing, which have been changed with the aim to improve the efficiency of our services. After its entry Veolia performed the analysis of the whole operation of our company in order to identify the direction of the possible improvement. On the base of it the activities in the area of technics, operation, finances and business and in the sphere of human resources were defined. Our company takes part in the specialized working meetings of the company Veolia and also in the meetings of expert character with the partner company SČVK in the Czech Republic.



The result of such meetings is the useful exchange of experiences and the application of new more effective operation procedures. We continue in the technical innovations, especially in the area of effluent diversion and treatment (improvement of sewage water treatment thanks coagulant dosing, new utilization of sediments in the sewage treatment plants). Between the companies StVPS and StVS was generated the effective cooperation in defining the investments for infrastructure improvement. Incorporation into the Veolia group concerns equally all employees who create the primary fortune of our company. Thanks to them and their efforts, adaptability and thanks to their capabilities the company StVPS could have passed successfully the following two phases: the establishment of the company and the entry of the new shareholder in 2006.

The financial results of the year 2006 exceeded the plan. The company turnover, which was difficult to be evaluated during the year because of the invoicing transfer, showed itself to be higher in comparison to the plan especially thanks to the activities in the building sector. The expenses were monitored during the whole year very carefully and the attained result enables therefore to release the financial resources for fulfillment of obligations against StVS and support of investments. The summary of our obligations towards StVS and towards our shareholder was fulfilled in 2006. I thank to the company StVS, a.s. for the cooperation. Our company employs ca 1400 people securing the providing of services for ca 700 000 inhabitants of the region. We are aware of the responsibility towards our employees and our customers, who will further present the center of interest of our company. And finally, we do not forget the activities which can be made by us for our inhabitants in frame of environment protection. For this purpose we have started to distribute the pedagogical aid called "water suitcase" to the schools which enables for children to create a positive relationship to protection of water resources thanks the practical experience.

The year 2007 allowed us to continue in the activities started in 2006. Herewith I would like to express my great thanks to our partners and employees for the cooperation in the year 2006 and I wish to all us the equally successful year 2007.

Pierre Brunet  
General Director  
and Member of Board of Directors  
of Joint-Stock Company





# Company Profile

## Statutory Bodies of the Company on 31<sup>st</sup> December 2006

### 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

Ing. Ján Králik

Rostislav Čáp

Ján Kováčik





## **Executive Management of the Company**

### **General Director**

Pierre Brunet

### **Director of Production-Operational Activities, Deputy of General Director**

Ing. Peter Martinka

### **Economic Director**

Ing. Peter Dobrý

### **Commercial Directress**

Ing. Mária Vicianová

### **Directors of Plants**

OZ 01 Banská Bystrica	Ing. Pavol Badinský
OZ 02 Lučenec	Ing. Ladislav Solkový
OZ 03 Prievidza	Ing. Vladimír Švec
OZ 04 Rimavská Sobota	Ing. Branislav Jurík
OZ 05 Veľký Krtíš	Mgr. Zoltán Balla
OZ 06 Zvolen	Ing. Róbert Javorčík
OZ 07 Žiar nad Hronom	Ing. Milan Vlček
OZ 08 SVS Banská Bystrica	Ing. Jozef Ivanič



# Financial Situation of the Company

The financial situation of the company was in a stable state in the year 2006. At the beginning of the activity the liquidity of the company was secured by the short-term credit in the height of 100 million SKK granted from the mother-company StVS, a.s. at that time. The company was able to fulfill its obligations during the year 2006.

The **assets** of the company reached the height of 530 337 million SKK. Because the company did not own any long-term tangible or intangible properties in the year 2006, the assets were created particularly by a floating capital (current receivables, stocks, financial accounts).

The most items of the **liabilities** were the obligations with the share of 83.7 % of the total liabilities and the equity with the share of 15.7 %.

In the year 2006 the company reached the **profit in the height of 82 239 thousand SKK** (pre-tax profit 106 536 thousand SKK), namely by the revenues 1 686 514 thousand SKK and the costs 1 604 276 thousand SKK.

The receipts from the sales of own products and services reached the amount of **1 566 891 thousand SKK**.

From the area of costs the most important were the infrastructure rental costs, personal costs, material and power consumption.

Our company started to develop its activity in the year 2006. In the first half-year, in accordance with the contract of lease with StVS, a.s., the transition period has passed, during which the receipts from water and wastewater utilities were collected on behalf and account of StVS, a.s. The activity was secured by the employees of our company. After expiration of the transition period the services delivered by us were invoiced to the company StVS, a.s., namely in the height of the collected costs from water and wastewater utilities.

After the transition period expiration came to the deduction of water-meters by all customers (so called „Stop-deduction“) and the new invoice cycles were determined.

In July 2006 came to the change in the invoicing of rental for StVS, a.s., namely from the quarter to the monthly invoicing, what influenced significantly the time schedule of our costs and also obligations during the last year.

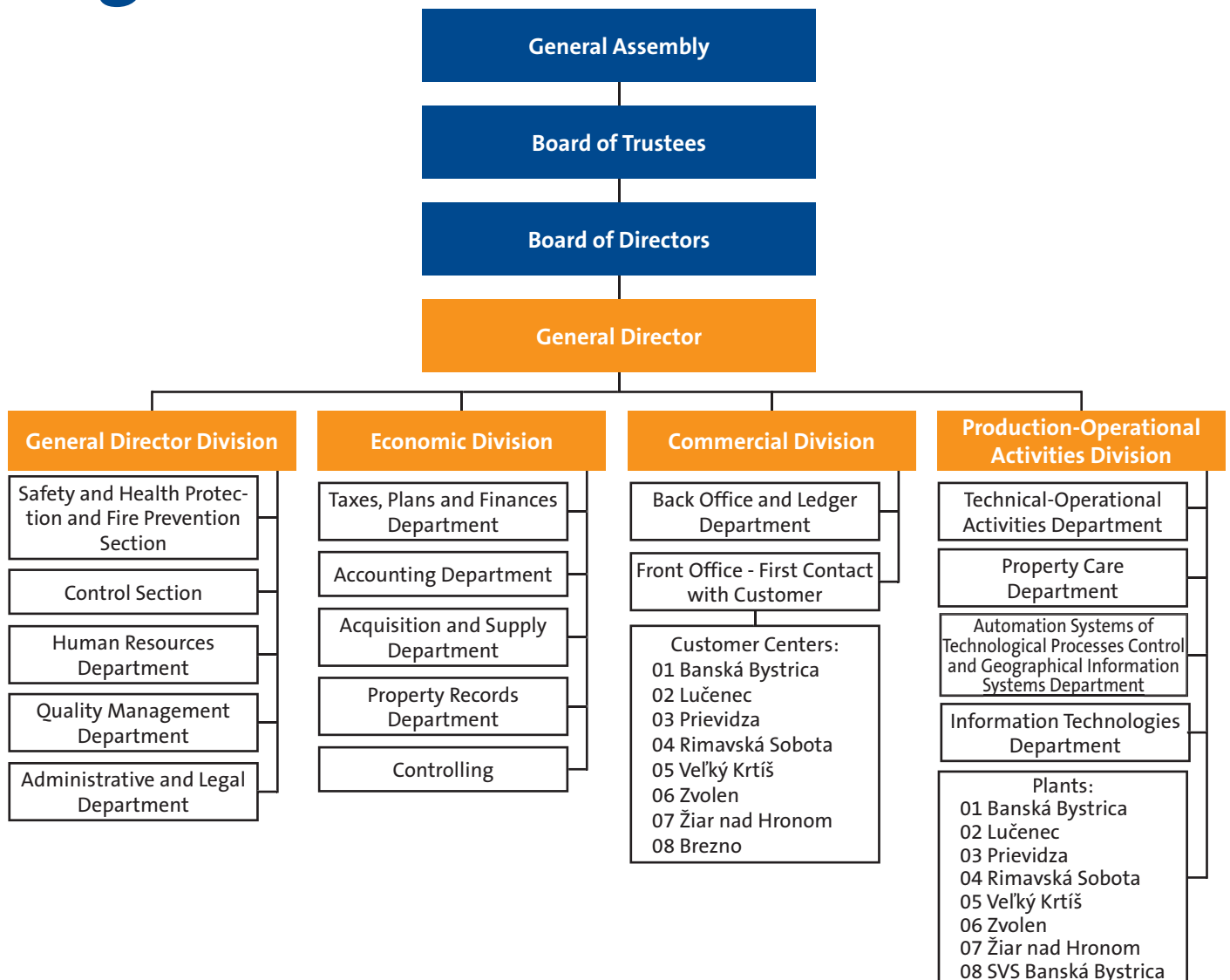
In August 2006 the French company Veolia entered our company through the company Prvá vodárenská, a.s. and so became our majority shareholder. In this connection it came also to the changes in the management of our company.

*Ing. Michal Urbančok*





# Organizational Structure





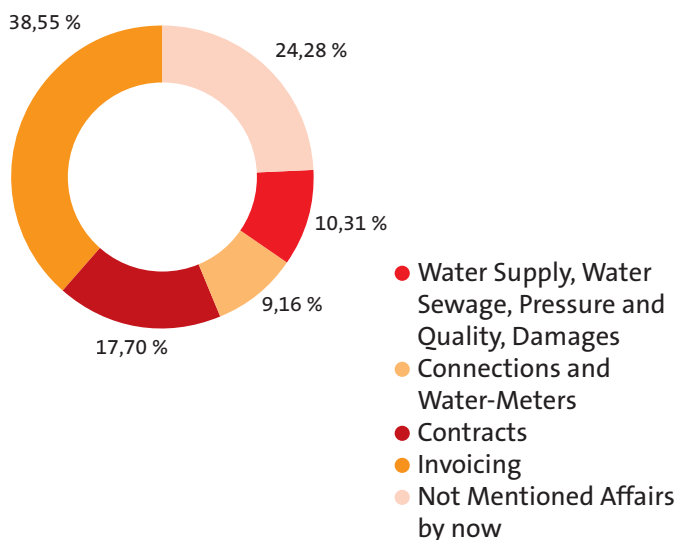
# Approach to Customer

## Contact with the Customer, New Services

The company Stredoslovenská vodárenská prevádzková spoločnosť, a. s. in the year 2006 started to realize the direct personal contact with the customer through the enlarging net of its customer centers, which are situated in all important cities in sphere of authority of StVPS, a.s. The equipment of these customer centers enables to secure all activities connected with the establishment, development and updating of the customer relationships. 5 customer centers were opened till the end of the year: in Zvolen, Banská Bystrica, Lučenec, Rimavská Sobota and Veľký Krtíš.

The phone calls represent the other very important communication channel used very intensively. With the interest to improve the services delivered by this way the company is preparing the establishment of call center in 2007, which will bring the company close to the customers through one phone line.

## Structure of Negotiations Content



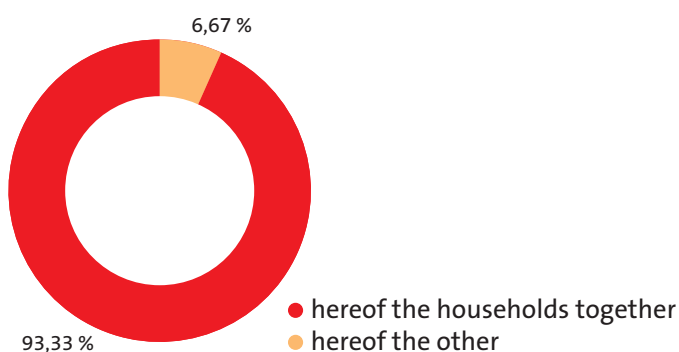
Average Data on Numbers of All Contacts per Month regarding:	To-gether	%
Water Supply, Water Sewage, Pressure and Quality, Damages	2214	10,31 %
Connections and Water-Meters	1968	9,16 %
Contracts	3801	17,70 %
Invoicing	8279	38,55 %
Not Mentioned Affairs by now	5213	24,28 %
<b>Summary</b>	<b>21475</b>	<b>100,00 %</b>



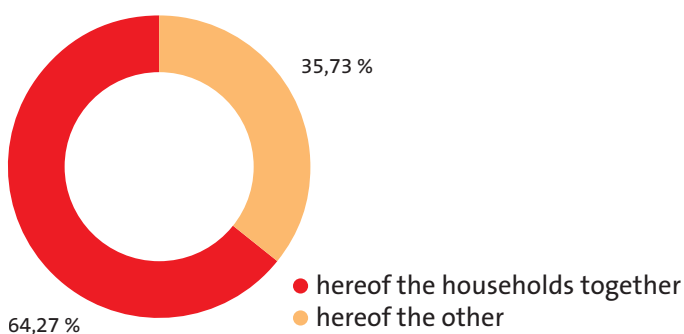
## Structure of Customers

As for the number of customers of the company the largest is the category of households, which form up to 93,33 %, whereby the households as the individual customers form 91,54 %. Also in the sales volume presents this category in the height of 64,27 % the determining group of customers. As it is clear also from the schedule of the ten most important companies, just nine from this category to be in turnover.

### Structure According to Number of Customers



### Structure According to Sales Volume



### 10 most important customers in the year 2006

	Name
1	BBES, a.s. Banská Bystrica (Energy Company, joint-stock company, Banská Bystrica)
2	Stavebné bytové družstvo Banská Bystrica (Cooperative Building Society, Banská Bystrica)
3	Okresné stavebné bytové družstvo Prievidza (District Cooperative Building Society, Prievidza)
4	Stavebné bytové družstvo Zvolen (Cooperative Building Society, Zvolen)
5	MPBH, spol. s r.o. Zvolen (Delivery of Heat and Warm Service Water to Households, Zvolen)
6	Fakultná nemocnica s poliklinikou F. D. Roosevelta, BB (Faculty Hospital with Policlinic of F. D. Roosevelt, Banská Bystrica)
7	Okresné stavebné bytové družstvo Rimavská Sobota (District Cooperative Building Society, Rimavská Sobota)
8	Stavebné bytové družstvo Žiar nad Hronom (Cooperative Building Society, Žiar nad Hronom)
9	Stavebné bytové družstvo Lučenec (Cooperative Building Society, Lučenec)
10	Prievidzské tepelné hospodárstvo a.s. (Heat Economy Prievidza, joint-stock company, Prievidza)

## Quality System

The customer services present an important area and the company wishes to deliver them in top-quality. That is why the company is planning to integrate its commercial activities in 2007 and to prepare them for implementation of ISO Standard.

*Ing. Mária Vicianová*





# Responsibility

### Human Resources

During the transformation process of the company into the VEOLIA Voda group it came to extensive changes in the area of human resources. These changes related to the manpower management, wages administration, organizational structure and social sphere.

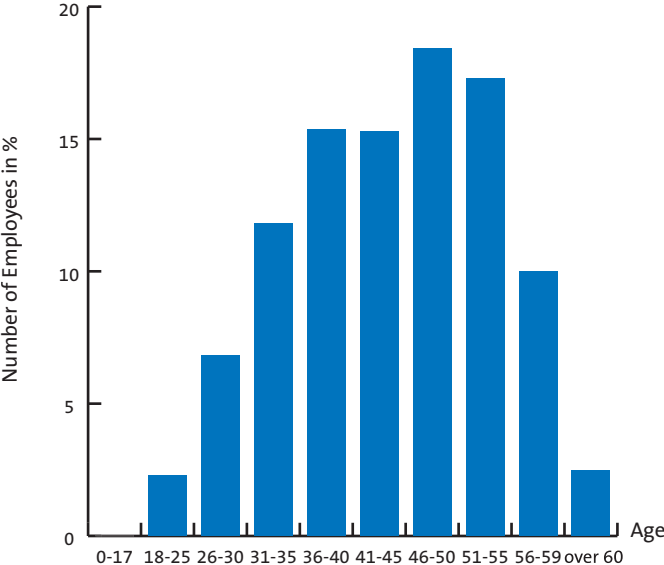
At the beginning of the transformation process the company registered 1366 employees. On 31.12.2006 we registered 1348 employees, thereof 928 employees in the category of workers, what represents 69 % and 420 employees in the category of operation-economic staff, what represents 31 %.

*Elena Sanitrová*

### Age Structure of Employees

Age Limit	Totally
0-17	0
18-25	31
26-30	92
31-35	159
36-40	207
41-45	206
46-50	248
51-55	233
56-59	135
over 60	37
<b>Totally</b>	<b>1348</b>

### Age Structure

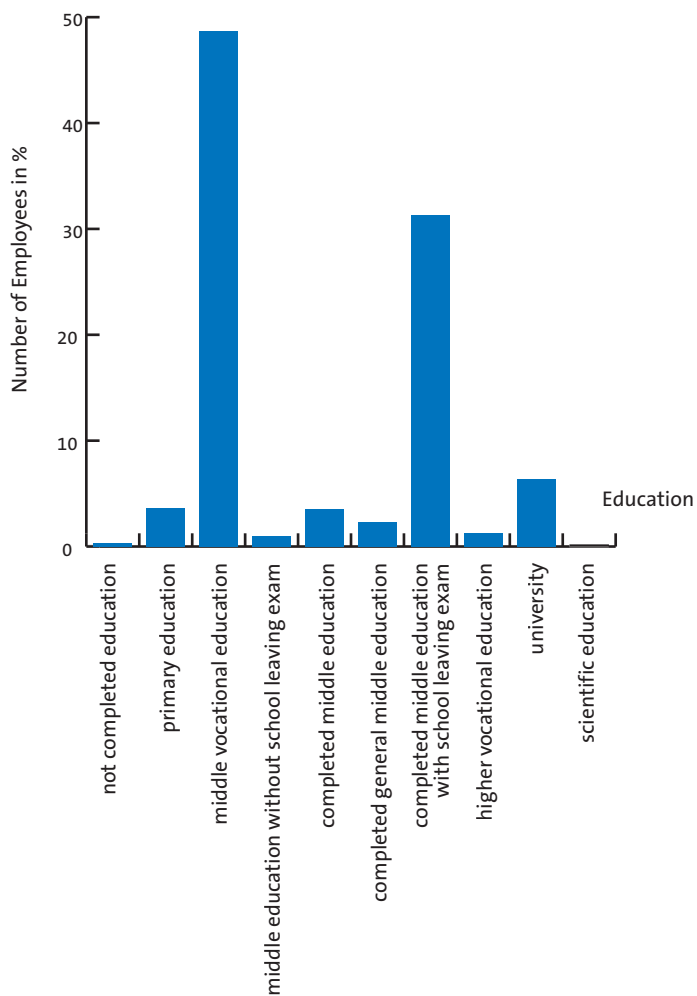




## Qualification Structure of Employees

Education	Totally
Not Completed Education	4
Primary Education	58
Middle Vocational Education	662
Middle Education without School Leaving Exam	14
Completed Middle Education	48
Completed General Middle Education	32
Completed Middle Education with School Leaving Exam	424
Higher Vocational Education	17
University	87
Scientific Education	2
<b>Totally</b>	<b>1348</b>

## Education Structure





# Social Sphere

In the company was concluded the collective agreement, which set out the rules in the sector of organization-legal relationships, employment, utilization of leisure time, social-service work and health protection, which the company conformed to.

In the year 2006 was created the social fund in the height of 2701 thousand SKK. This fund was utilized especially as the boarding-out allowance for employees in the height of 1669 thousand SKK, rewards of employees by meaningful work and life jubilees in the height of 97 500 SKK, contributions to blood-donors in the height of 31 500 SKK, single help by working distress in the height of 19 thousand SKK. Social fund balance in the height of 876 thousand SKK was transferred to the year 2007. In the frame of social costs the company contributed for employees to additional pension insurance

in the total amount of 3493 thousand SKK. The catering of employees besides the social fund was contributed in the height of 13 378 SKK.

## Education of Employees

Stredoslovenská vodárenská prevádzková spoločnosť, a. s. together with Institut enviromentálných služieb Praha (Institute of Environmental Services, Prague) entered into relations on the field of progressive education process of the company employees at all management levels.

Thanks large variability of trainings and high-quality professional readiness of advisors exists here the guarantee that the education process is already today a necessary part of good working company. It is just the education of employees, which should become an effective instrument of the total improvement of working process.

Just the education projects and building of training centre are the reaction on the permanent necessity to improve ourselves from the working and also human point of view. The self-presentation of everyone from us means at the same time the also the presentation of our company.

Our target is to prepare and to provide excellent conditions for trainings of the employees in our company. The training centre is the ideal place, where we would like to realize our plans during the next year 2007 and to provide our employees with the professional education forms with its further utilization for the benefit of our company.

*Mgr. Matej Ďurian, Elena Sanitrová*







# Solidarity

## Programs for Schools

One of the priorities of Stredoslovenská vodárenská prevádzková spoločnosť, a.s. is also the cooperation with schools and young people. We would like to improve the interest of young people in human living environment and to help them to understand the necessity of maintaining the healthy environment for us all.

In the year 2006 in the frame of the project called “Secret of Water” we have started with the distribution of special laboratory suitcases to the basic schools (BS Golianova Banská Bystrica, BS Tatranská Banská Bystrica). The suitcases will be handed-over in 120 schools in sequence.

This project is determined for the pupils, students and pedagogues of basic and middle schools. By means of almost four tens of experiments, exercise books and illustration poster the pupils disclose the secrets of water cycle in the nature. They learn the knowledge of physical principles, laws and terminology. Variability of this suitcase allows its usage also in the apparently unrelated subjects, like e.g. Slovak

language or ethic education. Pupils learn to perform the experiments in practise and at the same time they exercise their communication abilities, work in a group, they learn intelligent verbalization and communication, how to make a protocol and evaluation. All these facilities can be used in all subjects, further during the study at the middle school, at the university and fist of all later in the praxis.

The laboratory suitcase will become for children the entertaining teaching aid, which will increase their receptiveness of such important topic like the protection of water and living environment really is. An interactive character of the experiments enables that the pupils can absorb the quantity of new information in complex and in connections and so they can fulfil the target of the whole project: the development of a positive relationship of children to the basic component of environment – water and the general growth of interest in the human living environment.

*Mgr. Slavomíra Vogelová*





# Innovations

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

In the year 2006 within the company StVPS, a.s. the first technology for removal of secondary iron with piping passivation by phosphatizing was performed on the filling station in Lom nad Rimavicou. By addition of polyphosphates into water in the first phase the protection film in piping is created and by the further process optimization the iron content is kept to the limit of conforming 0,2 mg.l-1.

In the supply territories Studená, Dubno and Gemerské Dechtáre the technologies for removal of nitrates have been introduced at the original filling stations, whereby the limit values quoted in Government Order of the Slovak Republic No. 354/2006 Coll. have been adhered.



In the year 2006 we have continued in the modern methods of hygienic water safety by light beams in ultra-violet area of light spectrum by UV lamp assembly at the water resource in Čačín.

## Innovation in the Area of Water Losses Reduction

In the year 2007 we have followed in the renovation and completing of instrument techniques used for searching of hidden water leaks. For the determination of defects the approved correlators have been used, together with the new devices of the Radeton Company. The detection and localization of defects by means of the Radeton devices were tested in the Plant 01 in Banská Bystrica, namely by the Enigma correlator, by which the measurements especially in the quarters of the city Banská Bystrica were performed. There were used also the dataloggers and the pertaining plotting devices. The plan for the year 2007 contains the centralization and the control change in the area of hidden water leaks detection.

## Innovation in the Area of Sewerage Technics

In the year 2006 we have bought the further two combined sewage vehicles Hellmers with recycling system. They are assigned in the Plants in Prievidza and Zvolen and they are used also in the regions of Žiar nad Hronom, Žarnovica, Nová Baňa and Banská Štiavnica. Together with the other two vehicles from the year 2005 they form the sufficient technical facilities for sewer systems cleaning and accidents removal in the sewage network at the whole territory of StVPS, a. s. and also for covering of inquiry from the side of other personal and legal entities. These vehicles are used in cooperation with the TV camera system for the preventive inspections of sewage systems, and also for the inspection





of damaged sewer stages with the target to determine the technical condition of sewage system, for setting of sewer route and arrangement of decision process documents in the case of repair and reconstruction planning and also in solution of emergency conditions.

### Innovations in the Area of Energetics

With regard to the increasing prices of energies the target to decrease the power consumption was adopted within the whole company. On this basis we worked-out the Plan of Rationalization Measurements, which contained the specific investment operations. This plan related especially to power reduction of pumping devices and installation of

frequency changers on the individual objects. Further in the year 2006 we have secured the energy audit execution, the outputs of which will form the important document by the next reduction of power costs within our company.

### Innovation of Information Technologies

In the year 2006 in the area of informatics the following projects were realized:

- configuration of servers together with loading environment SAN - cluster database solution,
- generating of MPLS VPN unique data communication layer,
- generating of VPN unique voice communication (mobile and stationary type),
- implementation of unique Economic Information System (EIS) - wages, personnel, stocks, bookkeeping, logistics, properties,
- implementation of Customer Information System (CIS) with the possibility to extend the connection to call centre, dispatching,
- establishment of customer centres,
- Management Information System (MIS) with interconnection to EIS, ZIS, planning and real production indicators of the company,
- pilot implementation of geographic information system (GIS) - generating of digital maps, drawing of water-work objects,
- unification of user environment on work stations,
- working-out of documents related to security policy of the company,
- working-out of documents for control of licences and legality of software equipment.

*Ing. Ondrej Trebula, Ing. Pavel Király*







# Performance Efficiency

In the year 2006 continued further (although in lower measure) a downward trend in consumption of drinking water. In the yearly comparison against 2005 the decrease of invoiced water presented 867 thousand m<sup>3</sup>, what is decrease about 2,68 %.

Weak decrease was recorded also by the produced water. In the area of sewage water was recorded a downward trend too, when in comparison to the year 2005 the inter-year decrease about 1142 thousand m<sup>3</sup> was recorded. In the year 2006 the capacity of sewerage plant was increased in comparison to the year 2005 about 68 740 equivalent inhabitants.

## Production and Supply of Drinking Water

Length of water supply system in km	4 105
Number of water-service pipes	102 189
Length of water-service pipes in km	727
Number of filling stations	226
Number of water tanks	532
Number of water treatment plants	25
Number of supplied inhabitants	647 490
Produced water in thousands m <sup>3</sup>	50 765
Water for realization in thousands m <sup>3</sup>	50 783
Invoiced water in thousands m <sup>3</sup>	30 547
Non-invoiced water in thousands m <sup>3</sup>	20 236
Water for own need in thousands m <sup>3</sup>	3 569
Water losses in pipe network in thousands m <sup>3</sup>	15 098
Total number of water-meters in network	100 606
Specific consumption of drinking water in liter/inhabitant/day	224





## Sewage and Effluent Treatment

Length of sewage system in km	853
Number of sewer connections	25 622
Length of sewer connections in km	215
Number of filling stations	11
Number of sewage treatment plants	35
Number of inhabitants connected to sewerage system	414 258
Number of inhabitants connected to sewage treatment plants	390 874
Invoiced wastewater in thousands m <sup>3</sup> /year	23 991
Purified wastewater water in thousands m <sup>3</sup> /year	50 075
Quantity of produced sludge in t/year	24 039



## Emergencies

Number of emergencies (defects) in the water supply systems and sewerage systems depends on the technical condition of systems. Emergencies occur on the supply lines and water-service pipes too, in wintertime the increased number of emergencies is caused by freezing of water-service pipes. In order to prevent the emergencies there are performed the searching of hidden water leaks by means of measurement technics and monitoring of piping by camera system. First of all the reconstruction of most faulty networks, building of measurable zones and expansion of dispatchings contribute to the reduction of emergencies in the interest of better knowledge in networks condition.

## Water Leaks

The effort of the company is to reduce the volume of non-invoiced water and the related water leaks from pipes. By systematic activities the company targets to reduce the volume of non-invoiced water to the acceptable level (26 - 28 %). Water losses, which form one of the non-invoiced water components, are high especially by the obsolete steel and cast-iron pipes. The further component of non-invoiced water is the own need, the volumes of which remain substantial, because from the reason of water quality security in accordance with the valid regulations the frequent defecation and the scavenging of pipes are necessary.





## Quality Control of Drinking and Sewage Water

Stredoslovenská vodárenská prevádzková spoločnosť, a. s. through its 23 laboratories secured in the year 2006 the quality control of water resources, water treatment, trunk pipes, water tanks, consumption places of drinking water and quality control of producers' waste water, sewage system monitoring, control of technological process of sewage treatment plants, drain mouths check and sludge check in compliance with the Government Order of the Slovak Republic No. 354/2006 Coll., Regulation No. 636/2004 Coll., Resolution and Regulation No. 315/2004 Coll.

The Certificate of Accreditation from the Slovak National Accreditation Service is saved only in the testing laboratory of general headquarters.

Special analyses are secured by the testing laboratory of general headquarters in Banská Bystrica for all plants and also per order.

The laboratories are able to analyse all parameters in drinking and waste waters required by the legislation, with exception of AOX, which are ordered per supplier by SVP, š. p., Povodie Hrona (Slovak Water-Management Company, state-owned company).

In the year 2006 the laboratories of StVPS, a. s. performed in the finished water samples in water tanks in network and consumption places the following number of tests:

4 034	microbial tests of samples
45 561	microbial analysis
9 467	chemical tests of samples
95 304	chemical analysis

Percentage of inconvenient microbial and chemical analysis in the individual plants is presented in the enclosed charts.

By the waste water, according to the water-management decisions, in the year 2006 were performed in the sewage treatment plants the 2272 samples takings with the percentage "objectionable level" of 3,49 %.

At the same time the 23 062 analyses were performed, whereby the percentage "objectionable level" was 0,65 %.

In the public sewage system, according to the water-management decisions, in the year 2006 were performed the 495 samples takings and 4000 analyses. The percentage of faulty analyses presented 2,95 %





## Realization of Investments

In accordance with the contract with the infrastructural company performed our company in the year 2006 the preparation and realization of certain investment acts financed from the infrastructural company resources. So we have reached more effective utilization of resources and increase in turn-out of our company. This related especially to small-size investment acts, but with high priority from the view of objective infrastructure operation. In the year 2006 presented the total financial volume of so realized investments ca 76 mil. SKK. By this activity our company participated in the development and reconstruction of rented infrastructure and thereby also in the satisfying the needs of the infrastructural company and its share-holders.

*Ing. Ondrej Trebula, Ing. Radúz Vazan*





# Financial Part

## CASH FLOW SURVEY AS ON 31<sup>st</sup> DECEMBER 2006

Code	Item Name	No.	Real Status in thousands of SKK	
			Current Accounting Period	Last Accounting Period
	Cash flow from operational activities			
Z/S	Economic result from current activity prior income tax (+/-)	1	106 535	0
A.1.	Non-monetary operations influencing the economic result from current activities prior Income tax (summary A.1.1. to A.1.13.) (+/-)	2	11 715	0
A.1.1.	Depreciations of long-term intangible assets and long-term tangible assets (+)	3	0	0
A.1.2.	Salvage value of long-term intangible assets and long-term tangible assets charged by rejection of these assets into costs for current activity excluding their sale (+)	4	0	0
A.1.3.	Depreciation of correction item to acquired assets (+/-)	5	0	0
A.1.4.	Change in condition of long-term reserves (+/-)	6	0	0
A.1.5.	Change in condition of correction items (+/-)	7	9 278	0
A.1.6.	Change in condition of accruals and deferrals of costs and incomes (+/-)	8	2 436	0
A.1.7.	Dividends and other profit sharing charged into revenues (-)	9	0	0
A.1.8.	Interests charged into costs (+)	10	0	0
A.1.9.	Interests charged into incomes (-)	11	-314	0
A.1.10.	Income from exchange rate calculated to monetary funds and monetary equivalents as on day of balance sheet is being elaborated (-)	12	-3	0
A.1.11.	Loss from exchange-rate calculated to monetary funds and monetary equivalents as on day of balance sheet is being elaborated (+)	13	41	0
A.1.12.	Result from sale of long-term assets with the exception of assets considered to be monetary equivalent (+/-)	14		



A.1.13.	The rest items of non-monetary character which affect the economic result from current activity excluding those which are specified separately in other parts of the cash flow survey (+/-)	15	277	0
A.2.	Influence of changes in labour capital, which is understood for the purpose of this measurement the relationship between current assets and short-term liabilities excluding the floating capital items which are the part of monetary funds and monetary equivalents, to the economic result from current activity (summary A.2.1. to A.2.4.)	16	-171 624	0
A.2.1.	Change in condition of receivables from operational activity (-/+)	17	-443 260	0
A.2.2.	Change in condition of liabilities from operational activity (+/-)	18	319 603	0
A.2.3.	Change in state of stock (-/+)	19	-47 967	0
A.2.4.	Change in state of short-term financial property excluding the property which is the part of monetary funds and monetary equivalents (-/+)	20		0
	Cash flow from operational activity excluding the incomes and expenses which are specified separately in other parts of cash flow survey (+/-), (summary Z/S + A.1.+ A.2.)	21	-53 374	0
A.3.	Interests accepted excluding those which are incorporated into investment activities (+)	22	0	0
A.4.	Expenses for interests paid excluding those which are incorporated into financial activities (-)	23	0	0
A.5.	Incomes from dividends and other profit sharing excluding those which are incorporated into investment activities (+)	24	0	0
A.6.	Expenses for paid dividends and other profit sharing excluding those which are incorporated into financial activities (-)	25	0	0
	Cash flows from operational activity (+/-), (summary A.1. to A.6.)	26	-53 374	0
A.7.	Expenses for income tax of accounting entity excluding those which are incorporated into investment activities or financial activities (-/+)	27	0	0
A.8.	Incomes of extraordinary character related to the operational activity (+)	28	0	0
A.9.	Expenses of extraordinary character related to the operational activity (-)	29	0	0
A.	Net cash flows from operational activity (summary A.1. to A.9.)	30	-53 374	0



	Cash flow from investment activity			
B.1.	Expenses for purchase of long-term intangible assets (-)	31	0	0
B.2.	Expenses for purchase of long-term tangible assets (-)	32	0	0
B.3.	Expenses for purchase of long-term securities and shares in other accounting entities, excluding the securities which are considered to be monetary equivalents and the securities determined for sale or trading (-)	33	0	0
B.4.	Incomes from sale of long-term intangible assets (+)	34		0
B.5.	Incomes from sale of long-term tangible assets (+)	35	0	
B.6.	Incomes from sale of long-term securities and shares in other accounting entities, excluding the securities which are considered to be monetary equivalents and the securities determined for sale or trading (+)	36	0	0
B.7.	Expenses for long-term loans provided by the accounting entity to the other accounting entity, which forms a part of consolidated unit (-)	37	0	0
B.8.	Incomes from repayment of long-term loans provided by the accounting entity to the other accounting entity, which forms a part of consolidated unit (+)	38	0	0
B.9.	Expenses for long-term loans provided by the accounting entity to the third persons excluding the long-term loans provided to the accounting entity which forms a part of consolidated unit (-)	39	0	0
B.10.	Incomes from repayment of loans provided by the accounting unit to the third persons excluding the loans provided to the accounting entity which forms a part of consolidated unit (+)	40	0	0
B.11.	Incomes from rental of set of movable assets and immovable assets used and depreciated by renter (+)	41	0	0
B.12.	Interest received excluding those which are incorporated into operational activities (+)	42	0	0
B.13.	Incomes from dividends and other profit sharing excluding those which are incorporated into operational (+)	43	0	0
B.14.	Expenses related to derivations with exception, if they are determined for sale or trading or if these expenses are considered to be cash flows from financial activity (-)	44	0	0
B.15.	Incomes related to derivations with exception, if they are determined for sale or trading or if these expenses are considered to be cash flows from financial activity (+)	45	0	0
B.16.	Expenses for income tax of accounting entity, if it can be incorporated into investment activities (-)	46	0	0
B.17.	Incomes of extraordinary character related to investment activity (+)	47	0	0
B.18.	Expenses of extraordinary character related to investment activity (-)	48	0	0
B.19.	The rest incomes related to investment activity (+)	49	0	0
B.20.	The rest expenses related to investment activity (-)	50	0	0
B.	Net cash flows from investment activity (summary B.1. to B.20.)	51	0	0

Cash flows from financial activity				
C.1.	Cash flows in stockholder's equity (summary C.1.1. to C.1.8.)	52	1 100	0
C.1.1.	Incomes from subscribed shares and traded shares (+)	53	1000	0
C.1.2.	Incomes from other deposits into stockholder's equity by the associates or personal entity which is an accounting entity (+)	54	100	0
C.1.3.	Financial donations received (+)	55	0	0
C.1.4.	Incomes from settlement of loss by the associates (+)	56	0	0
C.1.5.	Expenses for purchase or redemption of original issue stocks and own business shares (-)	57	0	0
C.1.6.	Expenses related to reduction of funds created by the accounting entity (-)	58	0	0
C.1.7.	Expenses for payout of share in shareholder's equity by the associates of the accounting entity or personal entity which is an accounting entity (-)	59	0	0
C.1.8.	Expenses and incomes due to other reasons connected with decreasing of stockholder's equity (-/+)	60	0	0
C.2.	Cash flows rising from long-term liabilities and short-term liabilities from financial activity (summary C.2.1. to C.2.10.)	61	100 000	0
C.2.1.	Incomes from emission of debt securities (+)	62	0	0
C.2.2.	Expenses for settlement of liabilities from long-term securities (-)	63	0	0
C.2.3.	Incomes from credits, which were provided to the accounting entity by a bank or branch of foreign bank, excluding the credits provided for securing the main subject of activity (+)	64	0	0
C.2.4.	Expenses for repayment of credits, which were provided to the accounting entity by a bank or branch of foreign bank, excluding the credits provided for securing the main subject of activity (-)	65	0	0
C.2.5.	Incomes from loans received (+)	66	100 000	0
C.2.6.	Expenses for repayment of loans (-)	67	0	0
C.2.7.	Expenses for payment of liabilities rising from using the assets, which present the subject of the contract on leased object purchase (-)	68	0	0
C.2.8.	Expensed for payment of liabilities for rental of set of movable assets and immovable assets used and depreciated by renter (-)	69	0	0
C.2.9.	Incomes from other long-term liabilities and short-term liabilities flowing from financial activity of accounting entity, excluding those which are specified separately in other part of cash flow survey (+)	70	0	0
C.2.10.	Expenses for repayment of other long-term liabilities and short-term liabilities flowing from financial activity of accounting entity, excluding those which are specified separately in other part of cash flow survey (-)	71		0
C.3.	Expenses for paid interests, excluding those which are incorporated into operational activities (-)	72		0
C.4.	Expenses for paid dividends and other profit sharing, excluding those which are incorporated into operational (-)	73		0
C.5.	Expenses related to derivations, with exception, if they are determined for sale or trading or if they are considered to be cash flows from investment activity (-)	74		0
C.6.	Incomes related to derivations, with exception, if they are determined for sale or trading or if they are considered to be cash flows from investment activity (+)	75		0
C.7.	Expenses for income tax of accounting entity, if they can be incorporated into financial activities (-)	76		0
C.8.	Incomes of extraordinary character related to financial activity (+)	77		0
C.9.	Expenses of extraordinary character related to financial activity (-)	78		0
C.	Net cash flows from financial activity (summary C.1. to C.9.)	79	101 100	0
D.	Net increasing or net decreasing of monetary funds (+/-) (summary A + B + C)	80	47 726	0
E.	Status of monetary funds and monetary equivalents at the beginning of accounting period (+/-)	81	0	0

## PROFIT-AND-LOSS STATEMENT - SIMPLIFIED

	TSKK	
	Net 2006	Net 2005
Incomes for sale of goods	0	0
Costs of sold goods	0	0
Business margin	0	0
Production	1 566 891	0
Production consumption	955 601	0
Value added	611 290	0
Personal costs	405 463	0
Taxes and fees	5 355	0
Depreciations of long-term intangible and tangible assets	0	0
The rest revenues from economy activity	119 190	0
The rest costs for economy activity	210 991	0
Economic result from economy activity	108 671	0
Financial revenues	433	0
Financial costs	2 568	0
Economic result from financial operations	-2 135	0
Extraordinary revenues	0	0
Extraordinary costs	0	0
Economic result from extraordinary activity	0	0
Pre-tax economic result	106 536	0
Income tax - payable	22 485	0
Income tax - deferred	1 812	0
Economic result or accounting period	82 239	0



## BALANCE SHEET - SIMPLIFIED

TSKK

Code	ASSETS	Net 2006	Net 2005
	<b>TOTAL ASSETS</b>	<b>530 337</b>	<b>0</b>
A.	Receivables for own assets subscribed	0	0
B.	Non-current assets	0	0
B.I.	Long-term intangible assets	0	0
B.II.	Long-term tangible assets	0	0
B.III.	Long-term financial assets	0	0
C.	Current Assets	529 675	0
C.I.	Stocks	40 208	0
C.II.	Long-term receivables	0	0
C.III.	Short-term receivables	441 741	0
C.IV.	Financial accounts	47 726	0
D.	Accruals and deferrals	662	0

TSKK

Code	LIABILITIES	Net 2006	Net 2005
	<b>TOTAL SHAREHOLDER'S EQUITY AND LIABILITIES</b>	<b>530 337</b>	<b>0</b>
A.	Shareholder's equity	83 339	0
A.I.	Common stock	1 000	0
A.II.	Capital funds	100	0
A.III.	Funds from profit	0	0
A.IV.	Economic result of last years	0	0
A.V.	Economic result for the accounting period	82 239	0
B.	Liabilities	443 900	0
B.I.	Reserves	17 360	0
B.II.	Long-term liabilities	2 689	0
B.III.	Short-term liabilities	323 851	0
B.IV.	Bank credits and subsidies	100 000	0
C.	Accruals and deferrals	3 098	0

# Auditor's Verdict



## INDEPENDENT AUDITOR'S REPORT

To the Shareholders of Stredoslovenská vodárenská prevádzková spoločnosť, a. s.

We have audited the accompanying statements of the company Stredoslovenská vodárenská prevádzková spoločnosť, a. s., Partizánska cesta 5, Banská Bystrica, which comprise the balance sheet as at 31<sup>st</sup> December 2006, the income statement and the notes for the year then ended, and a summary of significant accounting policies and accounting methods and other explanatory notes.

The company management is responsible for the preparation and fair presentation of these financial statements in accordance with Accounting Act No. 431/2002 Coll. as amended by its ordinances. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatements, whether due to fraud or error, further selecting and applying appropriate accounting policies and accounting methods, and making accounting estimates that are reasonable in the circumstances.

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. These Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

The audit involves performing procedures to obtain audit evidence about amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks or material misstatements of the financial statements, whether due to fraud or error. In making these risk assessments, the auditor considers internal control relevant to the preparation and fair presentation of the financial statements in the accounting entity in order to design audit procedures that are appropriate in circumstances, but not for the purpose of expressing an opinion on the effectiveness of the internal control of the accounting entity. The audit also includes evaluating the appropriateness of used accounting policies and accounting methods and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

In our opinion, the financial statements present fairly, in all material respects the financial position of the company Stredoslovenská vodárenská prevádzková spoločnosť, a. s. as at 31<sup>st</sup> December 2006 and of its economic results and its cash flows for the year then ended in accordance with the Accounting Act.

Zvolen, 22<sup>nd</sup> March 2007

INTERAUDIT Zvolen, spol. s r. o.  
J. Kozáček 5  
960 01 Zvolen  
Commercial Registry of the District Court Banská Bystrica,  
Section: Sro, Insert: 257/S  
SKAu License No. 25

Ing. Lenka Naňová  
Auditor  
SKAu License No. 376



# Board of Trustees Report



## Board of Trustees' Report of the Company StVPS, a.s.

Financial Statements and Annual Report of the company were verified by the audit company Interaudit Zvolen, spol. s r. o., which was appointed by the Board of Directors of StVPS, a.s. for the year 2006 on the base of public tender (Articles of Association, Article XV., Clause 2, according to which the Board of Directors appoints an auditor).

The auditor in its report to General Assembly of the Company states that the financial statements present fairly, in all material respects the financial position of the company as at 31<sup>st</sup> December 2006 and the economic results in accordance with the Slovak Accounting Act.

The Board of Trustees investigated on its session the ordinary financial statements in accordance with the § 198 of the Commercial Code and the Article XII., Clause 4 of the Articles of Association.

After investigating the financial statements and in connection to the opinion of auditor the Board of Trustees states herewith that the company conducts the accounting procedures in compliance with the Accounting Act and its particular amendments. By investigating the data listed in the financial statements for the year 2006 no objections were discovered.

In the year 2006 the company reached the post-tax-profit in the amount of 82 239 thousand SKK.

Further the Board of Trustees negotiated and investigated the proposal of Board of Directors for profit distribution.

Board of Trustees has no remarks to these documents and recommends to the General Assembly to authorize the financial statements and the profit distribution.

Tomáš Pacík  
Chairman of Board of Trustees



## Stredoslovenská vodárenská prevádzková spoločnosť, a. s.

Partizánska cesta 5, 974 01 Banská Bystrica

Tel.: 00421 / (0)48 / 4327 111, 4143 251, e-mail: info@stvps.sk, www.stvps.sk

### Call Centre 0850 111 234

#### Banská Bystrica

Customer centre 00421/(0)48/4717575  
Plant 01 00421/(0)48/4717511  
Dispatching 00421/(0)48/4717539  
STP Badín 00421/(0)48/4162571

#### Brezno

Customer centre 00421/(0)48/6114544  
Dispatching 00421/(0)48/6114048  
STP Brezno 00421/(0)48/6112882

#### Lučenec

Customer centre 00421/(0)47/4302116  
Plant 02 00421/(0)47/4302111  
Dispatching 00421/(0)47/4326996  
STP Lučenec 00421/(0)47/4332516  
STP Filakovo 00421/(0)47/4381474  
STP Poltár 00421/(0)47/4222205

#### Prievidza

Customer centre 00421/(0)46/5420092  
Plant 03 00421/(0)46/5425021  
Dispatching 00421/(0)46/5425500  
STP Prievidza 00421/(0)46/5413126  
STP Handlová 00421/(0)46/5470289  
STP Lehota pod Vtáčnikom 00421/(0)46/5469072

#### Rimavská Sobota

Customer centre 00421/(0)47/5616116  
Plant 04 00421/(0)47/5631131  
Dispatching 00421/(0)47/5616111  
STP Rimavská Sobota 00421/(0)47/5633064  
STP Tisovec 00421/(0)47/5493317  
STP Klenovec 00421/(0)47/5484615  
STP Hnúšťa 00421/(0)47/5422469  
STP Číž 00421/(0)47/5591125

#### Veľký Krtíš

Customer centre 00421/(0)47/4812305  
Plant 05 00421/(0)47/4812301  
Dispatching 00421/(0)47/4812333  
STP Veľký Krtíš 00421/(0)47/4830604

#### Zvolen

Customer centre 00421/(0)45/5322408  
Plant 06 00421/(0)45/5320016  
Dispatching 00421/(0)45/5325190  
STP Zvolen 00421/(0)45/5335191  
STP Detva 00421/(0)45/5455507

#### Žiar nad Hronom

Customer centre 00421/(0)45/6723401  
Plant 07 00421/(0)45/6723401  
Dispatching 00421/(0)45/6725790  
STP Žiar nad Hronom 00421/(0)905628051  
STP Horná Ves 00421/(0)45/6743544  
STP Nová Baňa 00421/(0)45/6743544  
STP Banská Štiavnica 00421/(0)45/6920531

\*STP - sewage treatment plant