

www.bvsas.sk



ANNUAL REPORT 2009

ANNUAL REPORT 2009



BVS
BRATISLAVSKÁ
VODÁRENSKÁ
SPOLOČNOSŤ



Contents

4

Introduction from the General Director	6
Introduction from the Chairman of the Supervisory Board	8
What 2009 brought (significant events)	10
Aims and goals for 2010	12
Company profile	13
Organisational structure	14
Company structure	15
Company Management	16
Company bodies	18
Board of Directors	19
Supervisory Board	21
Vision and Mission	22
Subsidiaries	24
Infra Services	24
Subsidiary BIONERGY	28
Structure of customers	32
Human resources	34
Public relations and internal communication	37
Company in the media	39
Corporate responsibility	42
BVS Water Company Museum	43
Safe company	44

BVS and the environment	45
For customers	48
Price for producing, distributing and delivering drinking water and for collecting and treating wastewater	49
Drinking water production and supply	51
Wastewater disposal and treatment	53
Lab activities	56
Investment construction	58
Potential modernisation of BVS infrastructure	61
Management comments as to the company's performance and asset situation	63
Report on the activities of the supervisory board	64
Consolidated financial statements	66
Notes to the financial statements	69
Three-year summary financial statements	86
Summary balance sheet per 3 years	86
Summary income statement per 3 years	87
Summary cash flow per 3 years	88
Fixed assets 2007 – 2009	91
Equity 2007 - 2009	93
Shares in 2007 – 2009	94
Independent Auditor's Report	98
The Corporation's Rating	99
Contact	100

5

Introduction from the General Director

6



The year 2009 was marked by the global financial crisis and the water industry was also affected. The decline in sales of potable water along with the revenue from such sales continued and a decline in the payment ability of our customers was noted. Company management attempted to face these negative effects of the crisis to the best of its available options. The Regulation Office in this year continued with the regulation policy from 2007 of setting price caps for water and sewage. The establishment of price caps as a regulation method, which is both unprofessional and in conflict with international practices, caused continuing problems in generating the resources necessary to finance required investment construction work. It is necessary to keep in mind that the undercapitalisation of the water company represents a significant problem with regards to the territorial development of the cities and villages in which BVS operates. The slow pace of water infrastruc-

ture construction in a number of cities and villages led to a situation that borders on a construction freeze. The implementation of a social aim instead of the application of economic criteria within regulated utility networks leads to deformations that in very short order are reflected in the lives of all residents, including those that the Regulation Office seeks to protect. The company entered into 2009 with a balanced financial plan with the goal of maintaining financial stability and payment ability. The strategic goal of company management was to maintain the company's good name and the trust of its business partners, customers, banks as well as rating and audit companies. The company's planned earnings were achieved at the cost of restrictive measures applied during the entire year. In spite of the company's earnings insufficient resources for financing investment construction work in the scope that BVS had planned in previous years were generated.

The scope of investment construction work in these years is significantly affected by national requirements for the reconstruction and modernisation of sewer networks and wastewater treatment plants. The obligation to modernise these facilities is the Slovak Republic's obligation to the European Union. The paradox remains as the state expects that this obligation will be fulfilled for it by water companies yet it does not create the conditions needed for water companies to meet this obligation, conversely, the state senselessly limits these companies' ability to generate profits, which are the single internal resource for financing investment construction work. In spite of the added complications of the economic situation, the company did not give up and continued with restructuring and development. Within the continuing focus on core business, company management proposed to assign a portion of company assets and to establish subsidiaries that will focus on side and support activities. These are the

joint-stock companies Bionergy, which focuses on waste and the energy sector, and Biolab, which focuses on laboratory activities. The company's general meeting approved these plans with the exception of the inclusion of laboratory activities. Bionergy was founded on 31 December 2009 and focuses on the processing and additional steps with treatment plant sludge and the production, distribution and sales of electricity. Effective dealings with company resources that form a significant portion of the company's expenses are considered by the company as an area that requires constant attention. In 2008 the company prepared, discussed with employee representatives and on 1 January 2009 launched a new employee remuneration system that included the introduction of a motivational salary component. Among the significant investments that were completed in the last year I would like to highlight in particular the Small Carpathians Sewage Collec-

tor that received the Construction of the Year Prize in its category as well as the commencement of renovation and modernisation of the office building on Prešovská ulica in Bratislava. Construction work continues with partial operations still ongoing in the building and this requires a lot of patience from company employees and customers alike. The goal is to build a new customer centre for the company and create suitable work conditions for company employees. I would like to thank all the company's shareholders and members of the company's bodies but in particular those employees, who understood the company's business plans, realised that without them the company's development could not continue and those that participated in the important steps that were completed in the past year.

 Ing. Daniel Gerneran
General Director

7

Introduction from the Chairman of the Supervisory Board



At the end of June the board of directors of Bratislavská vodárenská spoločnosť (BVS) submitted BVS's business results for 2009 to the general meeting for discussion and approval. The submitted report and financial statements showed a before tax profit of € 6.4 thousand. After income tax and deferred taxes the company recorded a loss of € 122.1 thousand. Please allow me as the Chairman of the Supervisory Board to express my personal opinion toward the results shown above. From 2005 to 2008 our company made a profit that continued to shrink, mainly due to price regulation of water and sewer fees. The regulated prices for water and sewer fees gradually removed the company of its ability to generate adequate profits from which it would be possible to finance to a suitable degree investments into technology and infrastructure; the result of this are the business results from 2009. Despite the shareholder decision taken during company establishment that the company's profits are to be used for investments,

and for this our shareholders should be thanked, since 2008 the level of company investments has declined. The use of all generated profits had previously allowed company management to take strategic decisions towards the implementation of large investment activities to modernise our equipment, which creates the pre-requisites for good business results in the future. From the business results from 2009 it is clear that the company stands before a serious decision as to how to secure financing for critical investment activities to secure future growth, in particular due to the unrealistic expectation that unchanged price for water and sewer fees will generate profits in the future. Revenues from water and sewer fees from customers as well as the high level of savings measures no longer cover the justified expenses for the production and distribution of water and for its collection and treatment. Growth in energy costs, the cost of replacement parts and other expenses cannot be covered by savings from inside

the company. If the behaviour of the water and sewer price regulator (Utility Network Regulation Office - ÚRSO) remains unchanged it will be necessary to secure additional sources of financing. In spite of all of these facts our company in 2009 constructed and placed into operation a sewer network in the Small Carpathian Region stretching from the city of Pezinok to the Vrakuňa Wastewater Treatment Plant in Bratislava, which helps to secure additional growth in this region. The renovation and modernisation of the Hamuliakovo Wastewater Treatment Plant was also completed and also secures future growth in this region. In 2010 necessary investments will exceed available internal resources. Securing financing will only be possible by securing funding from the European Union or by obtaining loans for individual activities. As our joint-stock company is healthy

and creditworthy it is expected that we will be successful in obtaining financing. I wish our shareholders, the board of directors and executive management a lot of success in this area. In conclusion please allow me in the name of the entire supervisory board to thank all the employees of our company for the quality of their work in 2009 and express the conviction that the high professionalism and the hard work of our employees will allow us to successfully complete all tasks in the future as well.

A stylized blue ink signature of Ing. Karol Kolada.

Ing. Karol Kolada
Chairman of the Supervisory Board

What 2009 brought

(significant events)

10 January

- 6th Anniversary of establishment of BVS

February

- 123rd Anniversary of establishment of city water company

March

- Free analysis of water samples from wells during International Water Day
- Opening of exhibition of freestyle works of art under the name H2O+ART in the Water Company Museum
- “Water for the Future” photography competition for secondary and post-secondary school students and BVS employees.

April

- Extraordinary general meeting
- BVS participates in the “Bratislava for All” event organised by the capital city’s magistrate office – an open house day and a program for children at the Water Company Museum

May

- The Water Company Museum participates in the international event for the public: “Night of Mu-

seums and Galleries”

- 5th Annual “Present and Future of Water Companies in Slovakia” professional conference; BVS participates as a co-organiser
- End of Small Carpathian Collector Project - connection of Bratislava and foothill networks

June

- Ordinary general meeting
- Launch of water network and sewer piping refurbishment on Mýtna ulica in Bratislava

July - August

- Water and hydration supplies provided for Bratislava – Inline summer event in the city
- Finale of the 1st annual educational project known as the Stockholm Junior Water Prize in Stockholm where students from a Bratislava gymnasium participated

September

- Extraordinary general meeting
- Participation in the Slovak final of the “Water Company Employee Skills Competition” in Senica where BVS took second place.
- Launch of Slovak advertising campaign from the Association of Water Companies to support

drinking tap water

- Presentation of long-term BVS education project known as Blue School (Modrá škola) and launch of web page www.modraskola.sk

October

- Extraordinary general meeting
- 3rd place in the Slovak competition for the best annual report in 2008 in the “Print Annual Report” and a prize for annual report quality in the category of “Electronic Annual Report”
- Prize from the Slovak Chamber of Construction Engineers for the best project solution in the “Construction of the Year 2009” competition for the Small Carpathian Region sewer project.

November

- Start of renovation work to customer centre and office building on Prešovská ulica in Bratislava

December

- Formation of subsidiary Bionergy
- Introduction of corporate dress code



Aims and goals for 2010

The foundation for the proposed goals and targets is on-going economic and financial consolidation on a European and global scale. The company has interest in re-evaluating strategic company documents - its vision and mission statement - and the completion of secondary company documents. It wants to focus its work on re-organising the employee remuneration system (adjustments to the motivational component of salaries, an inventory and re-evaluation of the system of financial and non-financial benefits for employees as well as the reorganisation of the system for providing extraordinary bonuses) with the goal of implementation from 1 January 2010. The company also wants to discuss and approve of these changes with employee representatives. The new remuneration system will contribute to increased efficiency in dealing with company financial resources and will become an important tool for managing labour productivity and increasing added value in the company. The company will support the business goals of its subsidiaries and create suitable conditions for them. The company will strengthen the synergy achieved in cooperation of the companies within the BVS group. The BVS group of companies focuses on projects that support the interests of the Capital City of the Slovak Republic, Bratislava, as its majority shareholder. The company will also prepare other projects grouped into non-core business outside of the BVS framework. The company will reorganise company management sections and analysis of possible additional reorganisation of the production and distribution divisions will be completed. In 2010 we anticipate the completion of invest-

ment preparation and the commencement of strategic construction work such as the wastewater treatment plants in Vrakuňa, Petržalka, Holíč and Senica. The prerequisites for success are obtaining resources from Euro funds and securing the best possible conditions from the selected commercial bank in order to co-finance the construction work. We anticipate the progressive turnover of reconstructed and modernised premises in the office building on Prešovská ulica. The company will also continue, though to a lesser degree, financial support for its Voda (Water) foundation as well as for cities, villages and non-governmental organisations.

Company profile

Bratislavská vodárenská spoločnosť is a drinking water producer and supplier and water main system and sewerage system operator in the region of Bratislava, in some parts of the region of Trnava (districts of Skalica, Senica) and one part of the region of Trenčín (district of Myjava). Its principal activities include drinking water supply to population, industry, agriculture and other consumers, wastewater disposal through public sewerage systems and wastewater treatment. Apart from that, BVS administers and maintains public water management facilities and provides water management and technical development and investment construction.

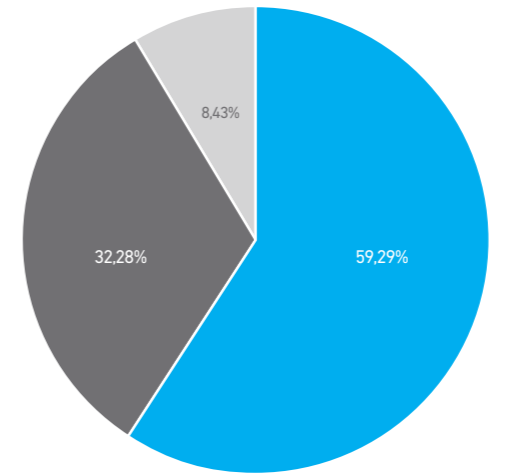
Identification data:

Business Name:	Bratislavská vodárenská spoločnosť
Registered Office:	826 46 Bratislava, Prešovská 48
Company Registration No.:	35 850 370
Date of Entry:	7 January 2003
Legal Form:	joint stock company

Line of Business:

- Operation of public water mains of the 1st – 3rd category
- Operation of public sewerage system of the 1st – 3rd category
- Performance of physical-chemical, biological and microbiological analyses of surface water, drinking water and wastewater
- Disposal of other than dangerous waste
- Engineering activity in the building industry – procurement activity in the building industry
- Electricity generation and supply from renewable energy resources
- Simple constructions, minor constructions and related alterations

Shareholder's structure



Nominal value, number, type, form and nature of shares:

Share capital amount:	€281,365,934.89 (SKK 8,477,431,000)
Nominal value of one share:	€33.19 (SKK 1,000)
Number of shares:	8,477,431
Type of shares:	ordinary
Form of shares:	registered shares
Nature of shares:	non-certified

Other legal facts:

Joint stock company Bratislavská vodárenská spoločnosť, Prešovská 48, Bratislava was founded in compliance with Resolution No. 853 on Privatization issued by the Ministry of Administration and Privatization of the National Property of the Slovak Republic as of October 2, 2002, file no. KM-1306/2002, and that by deposit of the entire property of the wound up state enterprise Vodárne a kanalizácie Bratislava, having registred office at Prešovská 48, Bratislava, and part of the property

of the wound up state enterprise Západoslovenské vodárne a kanalizácie, having registered office at Trnavská 32, Bratislava - branch Bratislava-viediek, branch Senica, production-operation centre of long-distance water mains Šamorín, part of the enterprise headquarters, according to the privatization project maintained under number 2276.

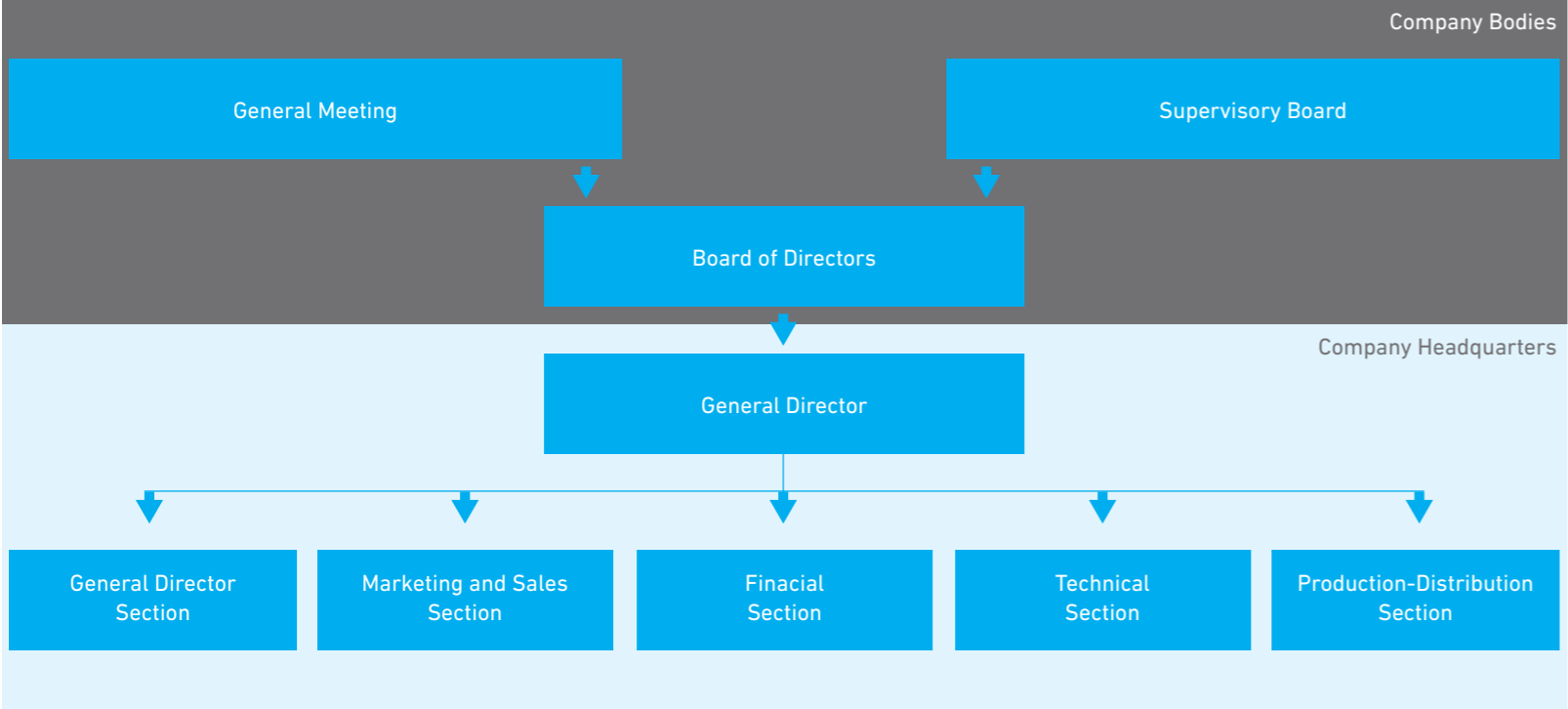
Bratislavská vodárenská spoločnosť assumes assets and liabilities, rights and obligations (the unknown as well), including rights and obligations ensuing from employment relationships (with the exception of the rights pursuant to Article 16 Act No. 92/1991 Coll.) of the wound up state enterprises.

On 22 December 2007, Bratislavská vodárenská spoločnosť deposited part of the enterprise in its subsidiary Infra Services in a form of non-cash contribution, and holds 100% property interest in the subsidiary.

On 31 December 2009, a second subsidiary Bionergy with 100% property interest was founded.

Organisational structure

The company's organisational structure as at 31. 12. 2009



During 2009 another phase in the process of making Bratislavská vodárenská spoločnosť a modern, customer-oriented company continued with an expansion of the process management implementation. Integrated management system implementation continued with the goal of securing complex management of financial flows, human resources, administrative and operational processes including processes and activities connected to providing services with effects seen in increasing earnings and profitability as well as improving the quality of services provided by the company.

The general meeting held on 27 November 2009 approved and the Board of Directors founded via its resolution a 100%-owned subsidiary of BVS under the commercial name Bionergy. The reason for creating the subsidiary Bionergy is to create an optimised economic model for the main business activities of BVS, which directly relates to the production and distribution of drinking water and the collection and cleaning of wastewater. The main business activity of the subsidiary is to dispose of waste other than hazardous waste and the production and delivery of electricity with total

installed power up to 1 MW. Expanded process management implementation and the continued implementation of the integrated management system as well as the establishment of the subsidiary Bionergy has created the need to make a number of changes in the parameters of processes and activities that affect a number of areas of management, above all in the General Director's Section and in the Technical and the Production-Distribution Section. Changes to these parameters were then transposed into the company's organisational structure.

Company structure

General Director	Ing. Daniel Gerneran
Production Manager	Ing. Ján Rafajdus
Technical Director	Ing. Jaroslav Néma
Financial Director	Ing. Peter Vojtaššák
Business Director	Ing. Juraj Hagara

Water Production Division	
Division Director	Ing. Alena Trančíková
Registered Office	Starohájska 14, 851 02 Bratislava 5

Water Distribution Division	
Division Director	Ing. Michal Dušanič
Registered Office	Starohájska 14, 851 02 Bratislava 5

Wastewater Disposal Division	
Division Director	Ing. Jaroslav Grič
Registered Office	Betliarska 2, 851 07 Bratislava 5

Wastewater Treatment Division	
Division Director	Ing. Vladimír Kvassay
Registered Office	Betliarska 2, 851 07 Bratislava 5

Chemical-Technological and Laboratory Activities Division	
Division Director	Ing. Eva Spáčová
Registered Office	Bojnická 6, 831 02 Bratislava 3



Company Management



Ing. Daniel Gemeran (12. 2. 1956)
General Director

Education: Slovak University of Technology in Bratislava (former Slovak Technical University), field: Water Constructions and Water Management

Working positions:

- Senior Project Director and Senior Project Engineer, Director of Hydroconsult Bratislava - Hydro Technical Constructions Centre
- Project Director of Gabčíkovo-Nagymaros water hydroelectric power station
- Various positions in private companies specialized in hydro technical and hydro ecological projects and studies
- Expert on infrastructure of the Union of Towns and Cities. Since 1996, involved in the issues of transformation of state water and wastewater treatment plant enterprises

Term of office start in the BVS management: 11/2003



Ing. Peter Vojtaššák (7. 8.1958)
Financial Director

Education: University of Economics, Faculty of National Economy

Working positions:

- Various financial management positions in banking institutions - Ľudová banka, Slovenská kreditná banka, Komerčná banka, Slovenská sporiteľňa, OTP banka

Term of office start in the BVS management: 11/2004



Ing. Jaroslav Néma (2. 12. 1962)
Technical Director

Education: Technical University in Nitra, field: Land Improvements

Working positions:

- Hydrological Improvements enterprise – Topoľčany plant
- COOP Topoľčany – Director of Investment Construction and Property Settlement Division
- Association of Towns and Villages of Slovakia

Term of office start in the BVS management: 11/2003



Ing. Ján Rafajdus (16. 1. 1952)
Production Manager

Education: Slovak University of Technology in Bratislava (former Slovak Technical University), Faculty of Mechanical Engineering

Working positions:

- Water Research Institute - hydrology assistant
- Welding Research Institute - design engineer
- Slovak Hydro Weather Bureau, Hydrology section - Senior Specialist
- Municipal Council of the Capital of the SR Bratislava - Director of Internal Administration Department

Term of office start in the BVS management: 11/2003



Ing. Juraj Hagara (20. 4. 1958)
Business Director

Education: Slovak University of Technology in Bratislava (former Slovak Technical University), Electrotechnical Faculty

Working positions:

- Director of AutoCont SR in Žilina
- Director of HW Division, PosAm Bratislava
- Key Account Manager for Industry and Utility, Compaq Computer Slovakia
- Sales Business Unit Director for Financial Services, CSC Computer Science
- Public Account Manager, Hewlett-Packard Slovakia

Term of office start in the BVS management: 4/2009



Company bodies

Board of Directors



Ing. Daniel Gemeran (12. 2. 1956)
Chairman of the Board of Directors and General Director

Education: Slovak University of Technology in Bratislava (former Slovak Technical University) – School of Civil Engineering, field: Water Constructions and Water Management
Term of office start in the BVS management: 11/2003
Term of office start in the BVS Board of Directors: 09/2007
Contact data: gemeran@bvsas.sk



RNDr. Oto Nevický (30. 5. 1963)
Deputy Chairman of the Board of Directors

O.S.N. Real, Corporate Agent
Education: Comenius University – School of Natural Science, eleven-year practice in the field
Term of office start in the BVS Board of Directors: 09/2007
Contact data: nevicky@nextra.sk



Ing. Jaroslav Néma (2. 12. 1962)
Member of the Board of Directors and Technical Director

Education: Technical University in Nitra, field: Land Improvements
Term of office start in the BVS management: 11/2003
Term of office start in the BVS Board of Directors: 09/2007
Contact data: nema@bvsas.sk



Ing. Ján Rafajdus (16. 1. 1952)
Member of the Board of Directors and Production Manager

Education: Slovak University of Technology in Bratislava (former Slovak Technical University), School of Mechanical Engineering
Term of office start in the BVS management: 11/2003
Term of office start in the BVS Board of Directors: 09/2007
Contact data: rafajdus@bvsas.sk



Ing. Aleš Procházka (18. 3. 1953)
čMember of the Board of Directors

Holíč and Myjava Water Production Plant Director
Education: Slovak University of Technology in Bratislava (former Slovak Technical University) – School of Civil Engineering, Department of Sanitary Engineering, thirty-year practice in the field
Term of office start in the BVS Board of Directors: 09/2007
Contact data: ales.prochazka@bvsas.sk



Ing. Peter Čecho (27. 10. 1960)
Member of the Board of Directors

FREQUENTIS, Project Manager
Education: Slovak University of Technology in Bratislava (former Slovak Technical University), School of Mechanical Engineering, twenty four-year practice
Term of office start in the BVS Board of Directors: 09/2007
Contact data: peter.cecho@frequentis.com



Ing. Peter Lenč (6. 4. 1964)
Member of the Board of Directors

Deputy Mayor of the Municipal District of Bratislava - Karlova Ves
Education: Slovak University of Technology in Bratislava (former Slovak Technical University), School of Civil Engineering, Project Director – Structure Engineer with twenty-year practice
Term of office start in the BVS Board of Directors: 09/2007, Concurrently, a member of the Supervisory Board of KSP, a company 100% owned by Bratislava, the capital city of the Slovak Republic
Contact data: 0905 525 299

Company bodies

Supervisory Board



Ing. Karol Kolada
Chairman of the Supervisory Board

Education: Slovak University of Technology in Bratislava (former Slovak Technical University), Electrotechnical Faculty in Bratislava
Term of office start in the BVS Supervisory Board: 06/2007
Contact data: deltes@ba.sknet.sk



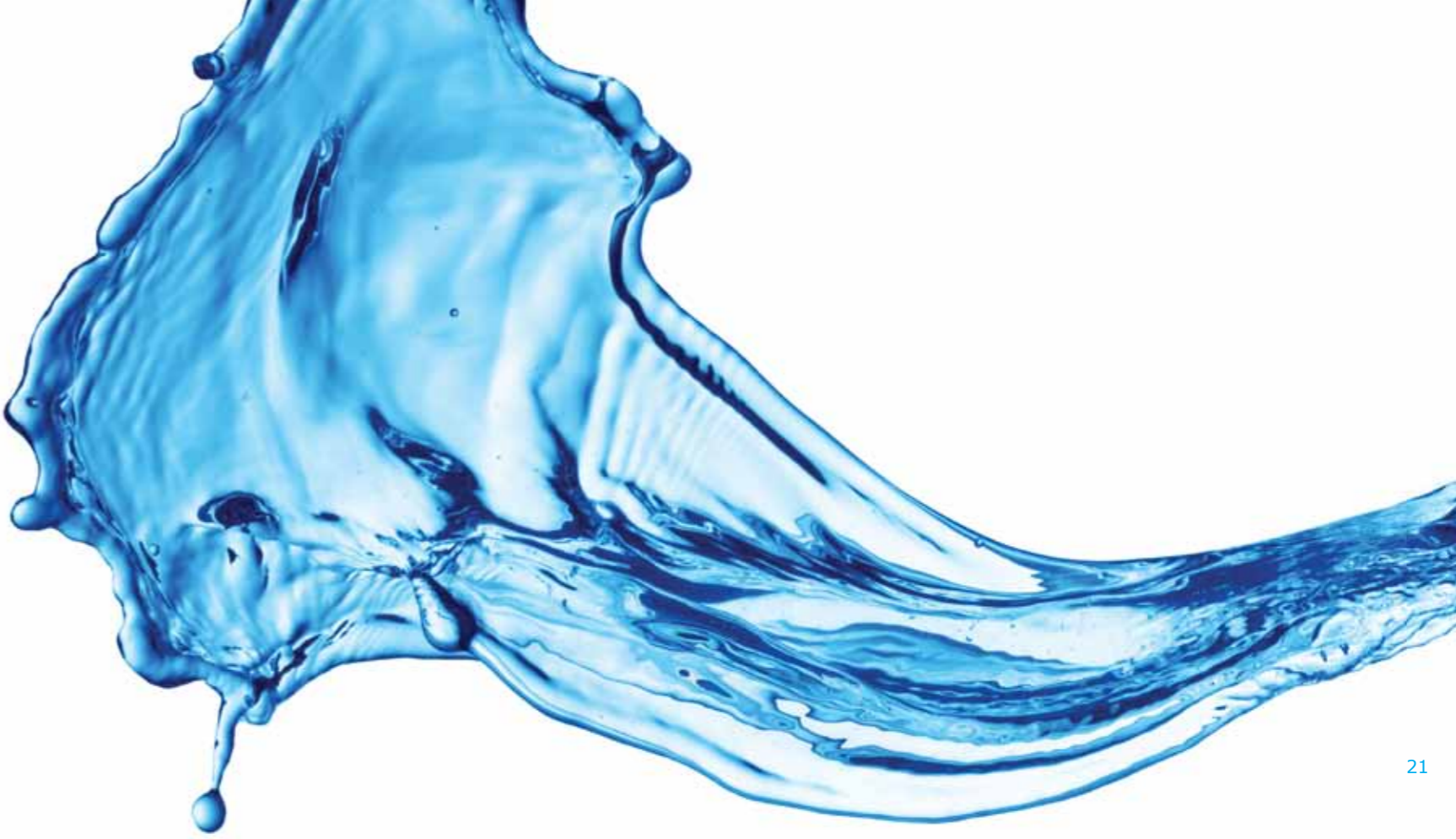
PaedDr. Milan Trstenský
Member of the Supervisory Board

Local Authority Dúbravka - Director of Youth, Education, Culture and Sport Department
Education: Comenius University, School of Education
Term of office start in the BVS Supervisory Board: 06/2007
Contact data: trstensky@dubravka.sk



Ing. Gabriel Kosnác
Member of the Supervisory Board

Municipal District of Bratislava - Karlova Ves, Department Director
Education: Slovak University of Technology in Bratislava (former Slovak Technical University), School of Chemical Technology
Term of office start in the BVS Supervisory Board: 06/2007
Member of the Administrative Board of Spoločnosť pre rozvoj bývania, n. o. (Company for Housing Development, non-profit organization), since 02/2007
Contact data: kosnac@dubravka.sk



JUDr. Tomáš Korček
Deputy Chairman of the Supervisory Board

Secretary of the Mayor of Bratislava, the capital of the Slovak Republic , EURO - ADVICE, Corporate Agent
Education: Comenius University - School of Law
Term of office start in the BVS Supervisory Board: 06/2007
Contact data: namkor@bratislava.sk



Ing. Katarína Otčenášová
Member of the Supervisory Board

National Motorway Company, proprietary department
Education: Slovak University of Technology in Bratislava (former Slovak Technical University) - School of Civil Engineering, field: Geodesy and Cartography, twenty four-year practice in the field
Term of office start in the BVS Supervisory Board: 06/2007
Contact data: katarina.otcenasova@ndsas.sk



Ing. Anna Strápková
Member of the Supervisory Board

Manager of the Office of the President of the National Property Fund of the Slovak Republic
Education: University of Economics, School of Commerce, Bratislava
Term of office start in the BVS Supervisory Board: 06/2006
Contact data: strapkova@natfund.gov.sk



Ing. Dagmar Blahová
Member of the Supervisory Board

Drinking Water Laboratory Director
Education: Slovak University of Technology in Bratislava (former Slovak Technical University), School of Chemical Technology
Term of office start in the BVS Supervisory Board: 04/2008
Contact data: dagmar.blahova@bvsas.sk



Peter Hurban
Member of the Supervisory Board

Modra Wastewater Treatment Plant Director
Education: Vocational School of Mechanical Engineering in Trnava, field: Machinery and Equipment Assembly
Term of office start in the BVS Supervisory Board: 04/2008
Contact data: peter.hurban@bvsas.sk



Pavol Štastný
Member of the Supervisory Board

Education: Secondary School of Machinery Engineering
Water Distribution Plant Director
Contact data: pavol.stastny@bvsas.sk

Vision and Mission

Vision

We understand responsibly our strategic position in the provision of the necessities of life. Water is and will be the vital and critical prerequisite to life. We play a role in life quality improvement, as well as in environmental protection, through expansion and reconstruction of water and sewerage systems, implementation of more effective water treatment technologies, rational use of energy resources, as well as reconstruction of old and construction of new sewage treatment plants.

Once the process of transformation from a state enterprise completed, we have undergone significant changes having lead to more effective processes and activities, with the aim to improve the quality of services and products provided to our customers. We are willing to listen to and satisfy requirements and needs of both large companies, as well as individuals. We want to be competent to anticipate these needs and enter into solid and long-term relationships with our customers.

We create conditions to increase the level of qualification and performance on the part of our employees. We motivate them and build up with them relationships based on solidarity and loyalty towards the company.

With regard to our shareholders, we aim to increase the value of our property. We do our best to increase the added value in all the fields of our activity.

We perceive the significance of our water resources not only within Slovakia, but also within the European Union, and therefore want to play a crucial role in the process of building up a healthy,

clean, and content society as an appreciated and respected enterprise.

Mission

Our mission is to supply customers with quality drinking water and provide ecological sewerage system. We provide quality and reliable services in other fields of our activities as well. We care for quality life and therefore support activities focused on health, water, and environmental protection.

In addition, with regard to our shareholders, we aim to constantly increase the value of the company property and achieve satisfactory financial results in our business activities.



Subsidiary

Infra Services, a.s.

BASIC COMPANY INFORMATION

Commercial name:	Infra Services
Registered office:	821 05 Bratislava, Hraničná 10
Company ID (IČO):	43 898 190
Date established:	22 December 2007
Registered in:	Commercial Register, Bratislava I District Court,
Section:	Sa, File No. 4365/B
Legal form:	Joint stock company

BUSINESS ACTIVITIES

- Domestic road transport
- Water and heating system installation work
- Concrete work
- Roadway cleaning and maintenance
- Completion of construction work and changes thereto
- Engineering activities - acquisition services in construction in the scope of an open trade license
- Excavation work
- Agent activities in the areas of trade, services and production in the scope of an open trade license
- Rental of equipment, instruments, machinery, means or transport and computing equipment
- Waste disposal: all wastes other than hazardous waste
- Metal working
- Mechanical cleaning of sewer networks in the

- scope of an open trade license
- Repair of reserved electrical technical equipment
- Repair and installation of water flow meters
- Verification of specific meters
- Calibration of water flow meters for cold and hot water

STATUTORY BODIES

BOARD OF DIRECTORS:	Ing. Daniel Gemeran – Chairman of the Board
	Ing. Jaroslav Néma
	Ing. Jaroslav Paulický
SUPERVISORY BOARD:	Ing. Karol Kolada
	Ing. Peter Juriga
	Juraj Kečkéš
SHAREHOLDERS:	The sole shareholder is Bratislavská vodárenská spoločnosť

FACE VALUE, NUMBER, TYPE, FORM AND VERSION OF SHARES

Total share capital:	€ 6,970,723 (SKK 210,000,000)
Face value per share:	€ 33,194 (SKK 1,000,000)
Number of shares:	210
Share type:	Common
Share version:	Registered
Share form:	Paper

OTHER LEGAL FACTS

The general meeting of Bratislavská vodárenská spoločnosť held on 6 December 2007 accepted the

proposal to form Infra Services with registered office at Hraničná 10, 821 05 Bratislava with 100% ownership held by BVS. The company was formed on the basis of the founder's deed recorded in the form of a notary deed dated 11 December 2007 pursuant to appropriate provisions of Act No. 513/1991 Coll. It was then registered at the Commercial Register, Bratislava I District Court, Section: Sa, File No. 4365/B

The establishment date, 22 December 2007, saw the employees of the former Service Activity Division along with all related rights and duties transfer to the newly established company.

Upon company establishment moveable assets and real estate totalling € 8,141 thousand (SKK 245,248 thousand) were transferred to the company, from this total € 6,971 thousand (SKK 210,000 thousand) formed the share capital and € 1,170 thousand (SKK 35,248 thousand) formed the reserve fund. The amount of this non-cash transaction was defined on the basis of an expert's opinion. Real estate assets were composed of buildings and land on Hraničná ulica, Na Šajbách ulica and from the area on Toplianska ulica.

In the first year of its existence the company recorded a loss of € 287.260 thousand (SKK 8 654 thousand). Losses will be covered by planned future profits.

Basic economic information

Selected indicators (in Euros)	31.12.2009	31.12.2008
Sales of products and services	14,790,515	10,021,985
Capitalisation	12,357	0
Production consumption	7,702,634	5,974,266
Consumed materials, energy and other	2 639 362	2 958 097
storable supplies	2,639,362	2,958,097
Services	5,063,272	3,016,169
Added value	7,100,238	4,047,719
Personnel expenses	6,087,506	4,296,871
Taxes and fees	166,297	159,031
Long-term tangible and intangible asset depreciation	770,463	915,566
Revenues from sales of long term assets and materials	98 931	87 080
	22,485	195,039
Residual price of sold long-term	51 983	28 191
assets and materials	98,931	87,080
Other income from business activities	67,052	1,192,973
Other expenses for business activities	51,983	28,191
Earnings from business activities	14,595	-51,008
Interest income	10,544	834
Financing income	23	128
Financing expenses	123,725	274,799
Earnings from financing operations	-113,158	-273,837
Income tax from normal activities	-150,086	-37,597
Earnings before taxes	-98,563	-324,845
Exceptional income		

Commentary on earnings

The joint stock company achieved earnings for the evaluated period of an after-tax profit of EUR 51,523

The most significant cost items in the evaluated period were:

- Consumed materials and energy totalling EUR 2,639,362. Materials for the installation of water connections totalling EUR 1,190,968 were the majority of such costs. Fuel will continue to remain a high cost item for us. Its total of EUR 527,345 forms the second highest component of consumed materials
- Services totalling EUR 4,434,481 were mainly services for renting vehicles totalling EUR 1,105,831, asphalt road surfacing services totalling EUR 730,281 and landscaping maintenance services totalling EUR 334,324.
- Personnel costs totalling EUR 5,991,600 were grouped into salary costs totalling EUR 4,413,380, compensation for company body members totalling EUR 38,239, social security costs totalling EUR 1,344,599 and social costs of EUR 195,382.
- Taxes and fees totalling EUR 166,297 mainly involved motor vehicle road tax totalling EUR 89,309, property tax totalling EUR 5,347, city fees for excavation work totalling EUR 53,620 as well as waste,

- landfill, administrative stamps, etc. totalling EUR 18,021.
- Depreciation totalled EUR 770,463.
- Residual price of sold long-term assets and materials: EUR 98,931.
- Other costs for financing activities totalled EUR 123,697.
- Deferred income tax totalled EUR -150,086.
- Other long-term business reserves form a total of EUR 180,950. EUR -3,379 were included in social expenses for 2009.

The most significant income items for the evaluated period:

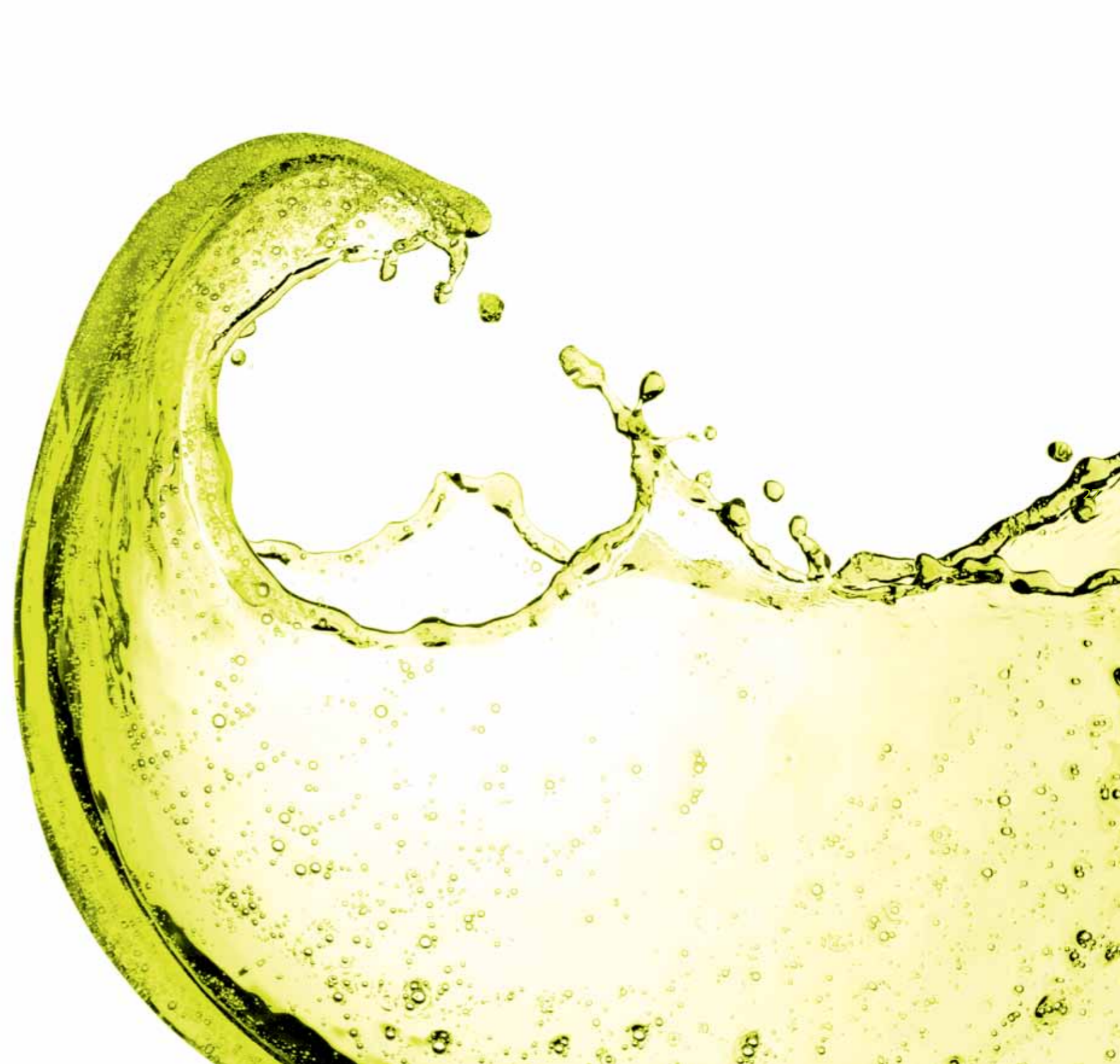
- Revenue from sales of products and services totalling EUR 14,790,515 including the main service activities for the mother company. Long-term tangible asset capitalisation reached EUR 12,357.
- Revenue from sales of long-term assets and materials totalled EUR 20,485 and mainly related to the sale of long-term assets.
- Other income from business activities totalling EUR 67,052 was mainly formed by damage compensation provided by insurers.
- Interest income of EUR 10,544 was mainly from term deposits.

Status of assets and the company's financial situation

The value of the commercial company as to 31.12.2009 totals EUR 11,993,234. The share of fixed assets to

total assets is 56.5%; current assets form 41.9% of assets with deferrals and accruals representing the other 1.6%.

ASSETS (in Euros)	31.12.2009	31.12.2008
Value of assets	11,993,234	13,738,441
Fixed assets	6,780,336	7,186,504
- Long-term intangible assets	-652,738	-1,063,568
- Long-term tangible assets	7,433,074	8,250,072
Current assets:	5,015,798	6,516,291
- Stocks	818,747	807,176
- Long-term receivables	143,454	0
- Short-term receivables	2,060,137	2,012,378
- Financial assets	1,993,460	3,696,737
Deferrals and accruals	197,100	35,646
Total assets	11,993,234	13,738,441
LIABILITIES (in Euros)		
Sources of financial assets	11,993,234	13,738,441
Ownership equity	7,606,912	7,551,581
- Total share capital	6,970,740	6,970,723
- Capital funds	1,170,002	1,170,019
- Funds from profits		
-Retained earnings	-585,353	-301,913
-Earnings from accounting	51,523	-287,248
Liabilities:	4,386,322	6,177,275
- Reserves	417,540	281,367
- Long-term liabilities	2,296,138	2,319,635
- Short-term liabilities	1,672,644	3,576,273
- Bank loans		
Deferrals and accruals		9,585
Total liabilities	11,993,234	13,738,441



Subsidiary

BIONERGY, a.s.

Basic company information

Commercial name:	BIONERGY
Registered office:	826 46 Bratislava, Prešovská 48
Company ID (IČO):	45 322 317
Date established:	31. 12. 2009
Registered in:	Commercial Register, Bratislava I District Court,
Section:	Sa, File No. 4932/B
Legal form:	Joint stock company

Business activities

- Waste disposal: all wastes other than hazardous waste
- Corporate, organisational and economic advisory activities
- Purchase of goods for purpose of sale to final consumers (retail) or for sale or other trade license holders (wholesale)
- Agent activities in the field of trade
- Agent activities in the field of production
- Agent activities in the field of services

Stature Bodies

Board of Directors:	Ing. Daniel Gemeran Ing. Peter Čecho Ing. Peter Lenč
Supervisory Board:	Ing. Gabriel Kosnáč Ing. Oto Nevický Gejza Ivanič
SHAREHOLDERS:	The sole shareholder is Bratislavská vodárenská spoločnosť

Face value, number, type, form and version of shares

Total share capital:	€ 43,000,000
Face value per share:	€ 1,000,000
Number of shares:	43
Share type:	Common
Share form:	Registered

Other legal information

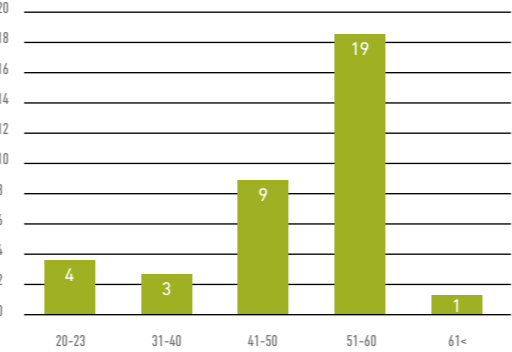
The general meeting of BVS held on 29 October 2009 accepted and approved the proposal to establish BIONERGY (hereinafter only “BNG”) with registered office at Prešovská 48, 826 46 Bratislava and with 100% ownership held by BVS. The company was formed on the basis of the founder’s deed recorded in the form of a notary deed dated 30 November 2009 pursuant to appropriate provisions of Act No. 513/1991 Coll. On 31 December 2009 the company was registered in the Commercial Register at Bratislava I District Court, Section: Sa, File No. 4932/B.

The date of the company’s creation led to the transfer of Gas and Sludge Handling Department employees at the wastewater treatment plants in Vrakuňa, Petržalka, Devínska Nová Ves and Senica along with all related rights and obligations to the newly-established BNG. During the company’s establishment moveable property and real estate totalling € 48 million were transferred into the company’s assets; € 43 million formed the company’s share capital and the other € 5 million formed the company’s reserve fund. The amount of this non-cash transaction was defined on the basis of an expert’s opinion. The real estate assets are buildings and lands for gas and sludge handling on site at the wastewater treatment plants in Vrakuňa, Petržalka, Devínska Nová Ves and Senica.

Human resources

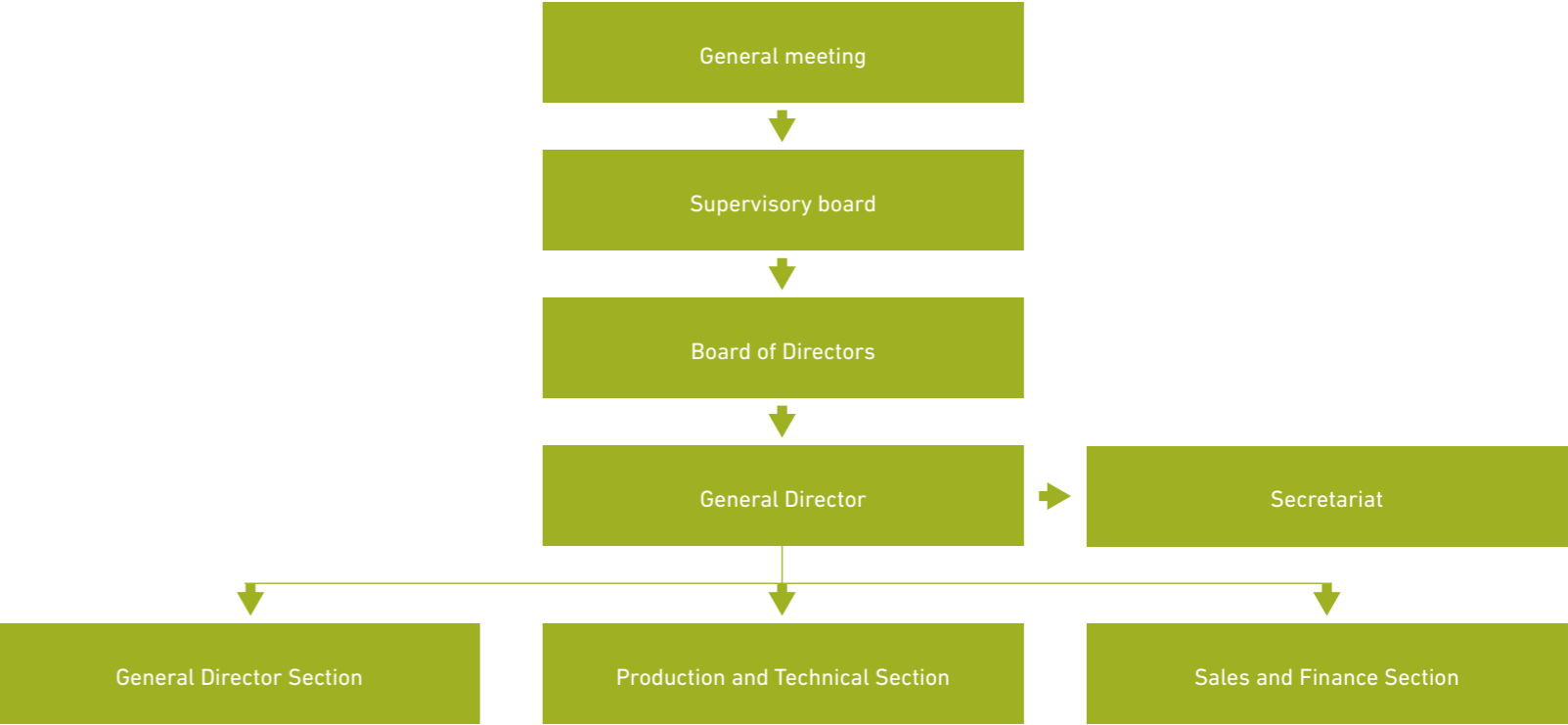
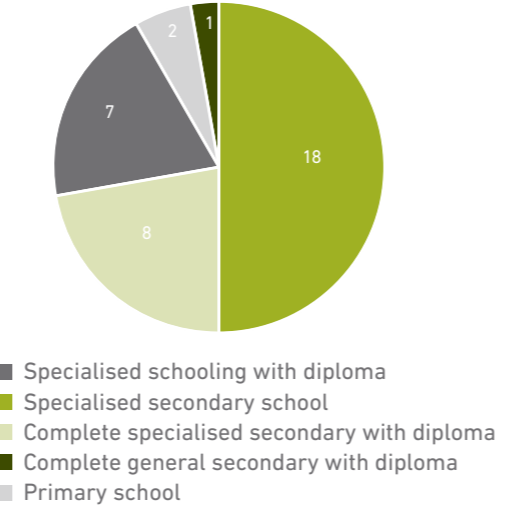
36 employees along with all related rights and duties associated transferred to BNG at its creation and these for the basic pillar of the company’s production and technical department.

Age structure of employees



Average employee age is 48.

Education structure of employees



Company organisational structure

The company’s organisational structure stems from the process management principle introduced at BVS in 2006. The organisational structure on the one hand reflects the size of the company as well as the individual main business activities defined in the company’s articles.



Reason for company creation

BVS in the past attempted to efficiently use the intermediate products of technical processes at wastewater treatment plant as raw materials for producing electricity. Its attempts began at the Petržalka Wastewater Treatment Plant with the first installed cogeneration unit rated for 350 kW. Progressively the company began installing other units at other wastewater treatment plants. This activity of course is not one of BVS’s main business activities or its attempt to focus on core business including the production and distribution of water and the collection and treatment of wastewater. For this reason such activities were only a partial focus and sufficient attention was not given to them. In addition the development of this activity began to require more and more resources. This along with the fact that the treatment plants do not use the full capacity or potential of their technical equipment led to the consideration and later full division of these activities, which are not main activities.

BNG at its beginning at four facilities in Vrakuňa, Petržalka, Devínska Nova Ves and Senica will take

mixed sludge from BVS (470 thousand m³) that is produced as a side product from the wastewater treatment process. From this sludge, or biological waste, a second technical process is used to extract biogas, which is the medium used to generate electricity and thermal supplies. BVS in this manner disposes of this waste, which every company is required to handle pursuant to valid legislation. BNG’s main activities are the disposal of waste other than hazardous waste and the production of electricity and thermal supplies from renewable resources.

Company goals

Electricity

As these activities are the company’s main activities it will seek to secure their growth. In terms of electricity the company currently has installed electrical generation equipment with rated output of around 1.5 MW. In the near future the company wants to add another 2 MW so that electricity generated from biogas reaches the installed rated output of 3.5 MW. The electricity that is generated is first intended for BVS. The focused

management of electricity is used to achieve synergies and BVS will use generated electricity during periods with high tariffs (such as peak electricity) that is 80% more expensive than low tariff electricity, which will lead to lower expenses for BVS for electricity. In addition BNG also wants to invest in the shortest amount of time into photovoltaic equipment with the construction of a solar park rated at 5 MW. The construction of this park and the addition of equipment to generate electricity from biogas rated at 5 MW should allow the company to secure equilibrium with supplies of electricity from the distribution network. In terms of electricity, in addition to these activities BNG will also expand its operations in the area of complex electricity supplies, with priority being given to BVS and then later to other customers as well. This solution would allow BVS to be independent of electricity from other companies and electricity costs within the BVS group would decrease significantly.

Biodegradable waste

The company’s establishment was also a reaction to amended waste disposal legislation and Bratislava’s need to resolve the problematic issue of handling biodegradable waste, which is a component of communal waste.

BNG currently has installed a large section of equipment for the ecological disposal of biodegradable waste and biodegradable communal waste that currently is not used to full capacity and is sufficient for processing all such waste from the entire Bratislava region. In the near future it will be necessary to add on to existing technical equipment to secure the homogenization and sterilisation of such waste. The company wants to partake in securing the disposal of biodegradable waste which is a component of solid communal waste as well as waste that is produced by industrial producers. In cooperation with other companies in the BVS group it would be possible to completely secure a solution for these problems starting with securing communication with the public on the given issue, securing separate collection of this waste, transport, complete disposal and the generation of electricity and thermal supplies. Securing the separate transportation of this waste to BNG facilities would use sewer routes as the transportation routes for this waste to the wastewater treatment plants as this would decrease the

load of banned materials that limit sewer flow and technical characteristics, which would lower BVS expenses for maintenance and cleaning as a side effect. BNG wants to resolve the issue of biological waste in a complex manner which means also securing the disposal of dried sludge that is produced via mesophilic sludge fermentation and subsequent water collection. Annually BVS produces 40 thousand tonnes of this waste. Investment into this area allows this waste to be used for electricity generation or to transform this material into a raw material suitable for use in electricity generation.

This solution shows that both BVS and its subsidiary, BNG, have a positive relationship with the environment and that it is possible to act environmentally and economically.

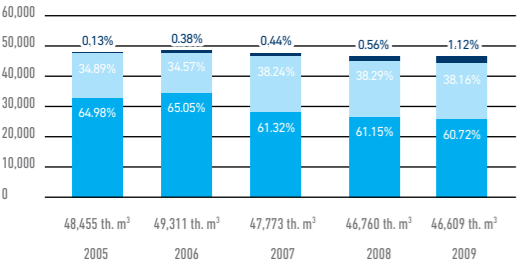


Structure of customers

Drinking water supply

BVS customers are composed of three basic segments - households, other customers and other operators or owners of public water networks. During 2009 household represented 60.72% of invoiced drinking water, other customers had a share of 38.16% of invoice drinking water and municipal water companies and other operators or owners of public water networks accounted for the remaining 1.12%.

Development of the share of individual customer segments for invoice drinking water in m³:

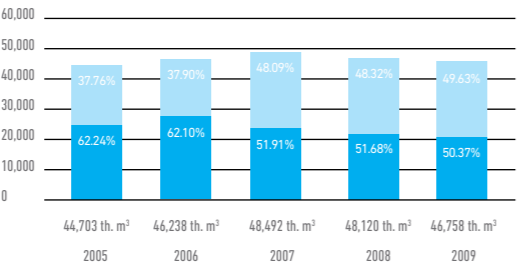


- Households, th. m³
- Others, th. m³
- Other public water network operators or owners, th. m³

The past year saw the amount of invoiced drinking water for municipal water companies and other operators or owners of public water networks nearly double.

Wastewater disposal

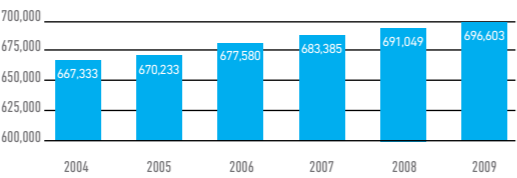
The share of wastewater for households and other producers was as follows:



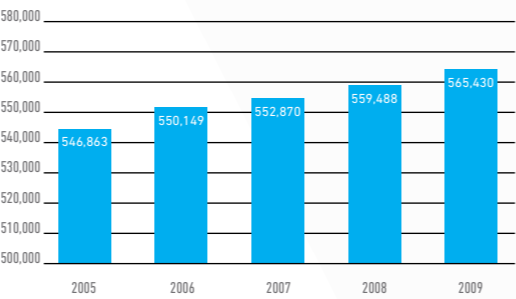
- Others, th. m³
- Households, th. m³

Significant performance growth in the segment of other producers over the past three years was achieved by contracting cities and villages to divert water from surface flows in public areas that they own or administer.

Development in the number of residents supplied with drinking water from public water networks in areas served by BVS:



Development in the number of residents connected to public sewers in areas served by BVS:



Number of residents connected to public water networks and public sewers in areas served by BVS grouped geographically:

Segment	Number Inhabitants	Number of water network connected inhabitants	Number of sewer connected inhabitants
Bratislava	430,767	430,453	99.93%424,230
Countryside	166,630	146,985	88.21%72,329
Senica	131,767	119,165	90.44%68,871
Total	729,164	696,603	95.53%565,430

Top BVS customers in 2010

- Dalkia
- Bratislavská teplárenská
- Petržalka Flat Association
- SLOVNAFT
- Bratislava General Hospital
- Flat Resident's Association in Pezinok
- Slovak Railways
- PRVÁ RUŽINOVSKÁ SPOLOČNOSŤ
- District Flat Association in Senica
- RAJO

Human resources

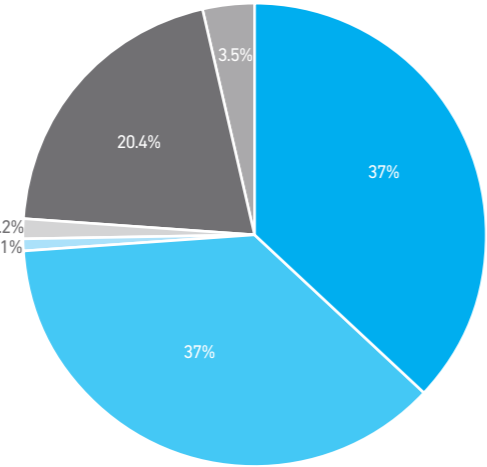
The year 2009 also was marked by significant or- ganisational changes that were mainly focused on increasing work efficiency, the scope of informa- tion technology within the company down to the level of the lowest management positions, auto- mation of technical process management dur- ing water production and distribution and during wastewater collection and treatment as well as in increasing the level of services provided to com- pany customers.

These changes were introduced during the course of the year into established functional positions which started the year at 726 positions as at 1. 1. 2009 and ending the year with 711 functional po- sitions as at 31. 12. 2009

On 31 December 2009, Bratislavská vodárenská spoločnosť had a total of 682 employees (individu- als) and the average number of employees for the year was 705. From the total of 682 employees, 187 were wom- en and 25 of these women were in management positions.

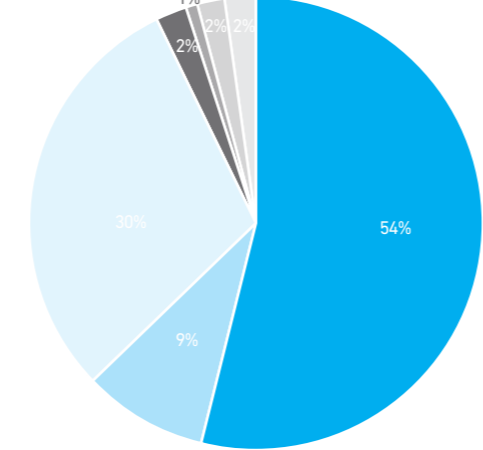
BVS	Plan for 2009	Physical balance
	Final balance at 31.12.2009	Final balance at 31.12.2009
GR - General Director Section	58	47
GR - Production - Distribu- tion Section	23	18
GR - Financial Section	34	28
GR - Technical Section	48	44
GR - Marketing and Sales Section	80	78
Water Production Division	107	108
Sewer Division	27	27
Wastewater Treatment Plant Division	155	152
Water Distribution Division	136	137
CHTLČ Division	43	43
Planned BVS Total	711	682

BVS Qualification Structure at 31.12.2009



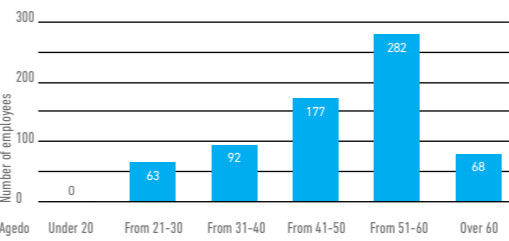
- Secondary (Specialised)
- Complete secondary
- Bachelor Level
- Post-secondary
- Primary

Professional structure of the company at 31.12.2009

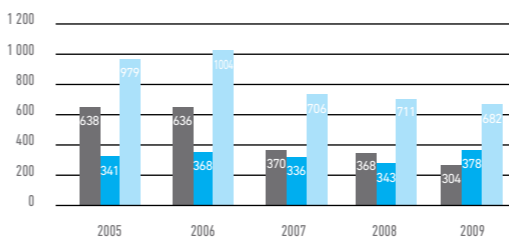


- Technical – Business Employees
- Water Network Technicians
- Water Equipment Mechanics
- Measurement and Water Network Diagnostics Specialists
- Operational electricians
- Operational metal workers
- Other labourers

Age structure of the company at 31.12.2009



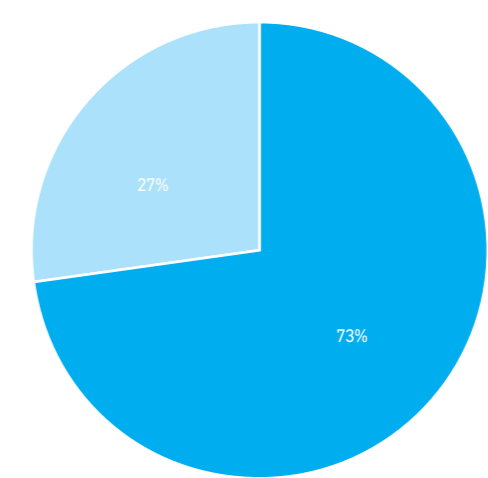
Development in the status of employees



- management
- Technical and Business Staff
- Total

During the evaluated period of 2009 a total of 89 employees entered into employment and a total of 56 or 114 (including the 58 employees who were transferred along with all rights and duties stem- ming from employment to other business entities) ended employment. The level of employee turno- ver for 2009 reached 7.94% or 16.17% if trans- ferred employees are included.

Gender structure of employees as at 31.12.2009

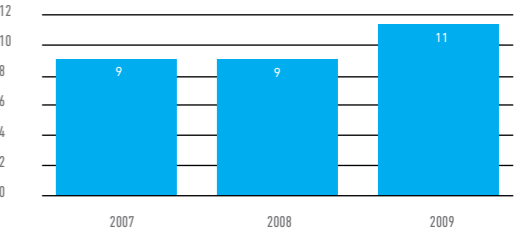


- Male
- Female

BVS values the work of all employees and for this reason it has placed a lot of attention on adapting, evaluating, rewarding, motivating and stabilising employees. For this purpose the company has cre- ated a stimulating work environment, developed creativity and supports the personal growth of its employees. An important role in the area of human resources is played by the education and preparation pro- cess for company employees as well as by secur- ing the personal growth of employees. In 2009 the company secured the development

educational programs for specific groups of em- ployees that focused on project control and man- agement and at the beginning of the year the company completed a portion of coaching form feedback training in connection with completed training that focused on employee evaluation and remuneration during the previous year. The com- pany also gave attention to obtaining and updating the professional competencies of employees nec- essary for securing the execution of work activi- ties within OH&S (occupational health and safety) and quality management with accredited entities. An independent group within the process of em- ployee preparation and education is formed for in- creasing the employee English language abilities via English language courses for individuals and groups of students directly at the workplace. The employee education system in 2009 saw a continuation of the trend from past years with specific attention being given towards increasing the qualification of employees in various profes- sional areas that relate to employee work po- sitions and work activities.

Overview of increase in the number of employees participating in increased qualifications

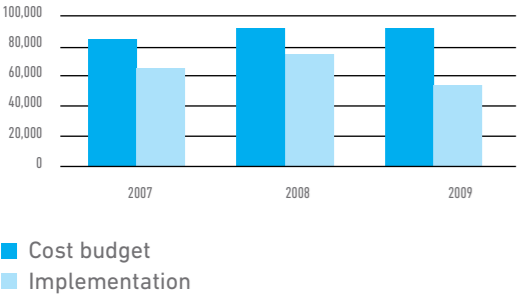


Public relations and internal communication

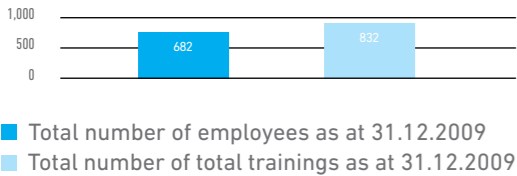
36

A significant share in the execution of educational activities should be mandatory professional updates that arise from OH&S and PPE regulations as well as other legal regulations including professional workshops, domestic and foreign professional conferences, courses, trainings and seminars that focus on increasing professionalism and professional expertise. Total expenses for educational activities in 2009 reached € 62 830 (SKK 1 893 thousand). A total of 832 individual trainings were completed.

Development of employee training expenses (in €)



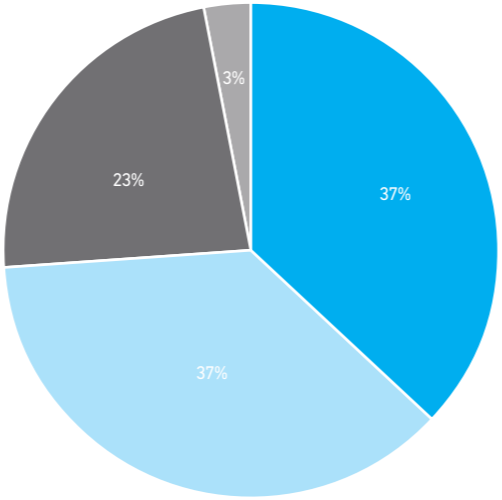
Overview of individual trainings in comparison to the total number of employees



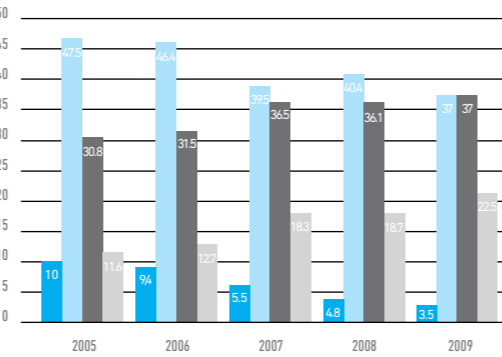
In terms of employee care, BVS continues to pay particular attention to increasing the quality of health and social care for employees and the company supported athletic activities as well as cultural and civic events.

During 2009 the company provided employees with the following:

- Meals and social fund contributions for meals at external food service establishments,
- Contributions for individually secured recreational stays for employee children during the entire year,
- Contributions towards the rehabilitation of employee strength secured via contractual suppliers of rehabilitation and recreational services,
- Medical care including preventative immunizations against the flu, tick-borne encephalitis and hepatitis A and B,
- Athletic and cultural activities for employees (World Water Day, Open House at the BVS Museum, the Vlado Vavro Memorial Football Tournament, Stamp Tournament and the Christmas Gathering for the company's current and past employees and retirees),
- Employer contributions to supplemental retirement insurance for employees,
- Contributions for improving employee education and qualification,
- Social assistance,
- Financial rewards for voluntary blood donations.



■ Basic - 252
■ Secondary (Specialised) - 252
■ Complete Secondary - 154
■ Post-Secondary - 24
Total: 682



■ Primary
■ Secondary (Specialised)
■ Complete secondary
■ Post-secondary

In 2009 and in spite of the economic crisis the company prepared a number of interesting events for its employees and the general public. In addition to strengthening the brand and good relationships these events also spread the idea of drinking tap water among the public.

In March on **World Water Day**, BVS offered the public free analysis of water from wells including for the presence of nitrates and overall water hardness. This activity annually enjoys huge interest and is among the most sought after services. Interested people during three days could bring their samples to our headquarters. Results were processed in our labs and were published on the bulletin board in the vestibule on Prešovská ulica as well as on the company's web site. A total of 860 samples were collected. 276 samples exceeded the allowed limit of 50 mg/l.

During World Water Day BVS invited basic and secondary schools to visit the Water Company Museum and wastewater treatment plants with professional exhibitions. Around 200 students from Bratislava and its surroundings used this opportunity.

During the weekend of 25 and 26 April 2009 the 6th annual "Bratislava for All" event took place. BVS prepared an **Open House** for the public and employees that took place at the Water Company Museum on Devínska cesta. For the young and old attractions were prepared including games, face painting, brand-name gifts as well as exhibits and other interesting things related to scouting. More than 800 visitors attended. A component of the event was an exhibition of works from artists named H2O + ART. Due to renovation work on the wastewater treatment plant the public was not al-

lowed to visit the island of Sihotť.

5 May saw the jubilee 5th year of the "Current and Future of Water Companies in Slovakia" professional conference held at the Water Company Museum. The conference focused on Euro funds and their use in the water industry. 95 representatives of Slovak water companies, Slovak and Czech companies, state institutions and the media attended.

An interesting program awaited the guests of the Water Company Museum during the **Night of Museums and Galleries**. Visitors could also view an exhibition of artists' work and the drinking water exhibition in Bratislava in addition to the permanent exhibitions at the Water Company Museum. Educational environmental games were also prepared for visitors.

During the 15th annual state-wide public open competition "Construction of the Year 2009" BVS received a prize from the Slovak Chamber of Construction Engineers in October 2009 for the best project solution. The prize was awarded for the unique Small Carpathian Region sewer project.

In September 2009 an intensive campaign from the Association of Slovak Water Companies was launched over the following two months with intensive use of print media, radio and television. The main goal of the campaign was to increase public awareness of the price, quality, availability and significance of water from the tap. The target group of this campaign was children and youth of school age with wider reach to the public at large.

Another significant event for BVS in 2009 was the **State-wide Water Company Employee Skills**

Competition. The company took its position as an organiser of the competition and prepared the 26th annual civic and athletic event for water companies and the public. The host site for the three-day event was the Sunny Lakes area of the nearby city of Senec. Ten competing teams representing Slovak water companies focused their strengths into 4 competitive disciplines. BVS placed second overall.

The State-wide Skills Competition was preceded by a **Qualification Round** at BVS. This was held for the first time in public on a square in Skalica. This allowed the public with their own eyes to see the skilful work of water company employees. The end of the competition was followed by a short cultural program.

Supplying drinking water and hydration is now a traditional activity of BVS. 2009 was no different. BVS provided water and hydration for the ČSOB Bratislava Marathon. We also supported the Child Safety Line charity run for UNICEF under the name "21km for Children", the Regional Government's Open House, the opening of the Rosnička Pool, European Mobility Week, Day without Cars and the Samsung Super Marathon with water and hydration supplies. During summer months we provided drinking water every Friday for participants in the summer skating activity Bratislava-inline.

The company in 2009 also focused on improving its relationship with employees in addition to improving relationships with customers and the public. Employees had the ability to actively participate in all external events that the company organised or at which the company participated by securing water and hydration supplies. The company also prepared internal events.

37

Visits to theatre presentations at the Slovak National Theatre during BVS's anniversary and the anniversary of the city water company were among the most significant events. Mayors from surrounding towns and members of the company's supervisory board and board of directors in addition to employees accepted invitations.

BVS became an official partner of the best Slovak rafting team named the **BVS Raft Team**. During the creation of this cooperation company employees took the unique option to try rafting at the water sports centre in Čunovo. During the Czech and Slovak Rafting Cup, named the BVS RAFT CUP, some brave colleagues with the help of the BVS raft team even completed a run on a white-water course.

For nature lovers in cooperation with the **Bratislava Regional Protection Association** the company also organised a spring walk connected to helping nature in the form of spring forest clean up. Participants could get to know springtime nature in the natural reserves of Ostrovné lúčky and Dunajské ostrovy in Rusovce and Čunovo respectively. Members of the Bratislava Regional Protection Association helped to uncover a number of unknown nooks where various forms of wildlife were observed.

BVS Company Day is among the most loved company events. This athletic and cultural event enjoys wide scale participation annually. Employees have the ability to focus their strengths on athletic disciplines and to have fun and form new friendships.

A new activity was a company-organized in-house blood donating. A conference room was for one day turned into an improvised ambulance with

medical personnel, instruments and beds. In total 26 employees took part in the event, out of which 17 were from BVS and 9 from the subsidiary INS. The event was organized in cooperation with National Transfusion Service by the Faculty Hospital with Policlinic in Ružinov.

The end of the year sees the **Pre-Christmas Gathering** of company employees and management at the Water Company Museum. The program and the appearance of the museums were also cared for by the Better World for the Disadvantaged Association, which BVS has supported for many years.

During the entire year employees were kept up to date on company events via the in-house magazine **BVSvet**, which in 2009 as well brought a number of interesting articles and other information.

Bratislavská vodárenská spoločnosť regularly communicates and monitors events that relate to the water industry and water industry related issues over the entire calendar year. The communication and media department cooperates with members of the media so that they can use the media to inform the public and customers about events going on within our company. This is a part of transparent and responsible business. In the following lines we will present a number of articles related to BVS during 2009.

Free water analysis attracts a number of interested people.

Bratislavská vodárenská spoločnosť (BVS) during World Water Day once again has prepared a number of activities for the public. Traditionally BVS has offered free analysis of water samples from household wells for the presence of nitrites and overall water hardness. Between 23 and 25 March from 8:00 and 18:00, interested people bring samples of water to BVS's main building at Prešovská ulica 48 in Bratislava. "Results will be processed in our labs and will then be published on the bulletin board in the vestibule on Prešovská ulica and on BVS's web site," added BVS spokesman Zenon Mikle for TASR. In light of the huge annual public demand for water sample testing BVS has highlighted the importance of proper collection of these water samples. A container measuring up to 5 decilitres (one half litre) made from plastic must be flushed with running water a number of times. BVS will not accept glass bottles or other vessels over a half litre. Before collecting a sample the water must be allowed to run for two to five minutes in a sufficiently strong flow. The bottle must be filled to the very top so that nearly no air remains when capped. Every bottle will be provided with a sample number. BVS will publish analysis results under this number. If these rules are not

followed, Mikle adds, BVS may choose not to complete analysis. Another activity prepared by BVS is for basic and secondary school students from Bratislava and surrounding areas. During "water week" these students can visit some water company facilities including the wastewater treatment plants and historic artefacts on Devínska cesta. Tours of the historical building of Bratislava's first water company will be free of charge for the general public all week added Mikle.

TASR, 17 March 2009

Tunnel closed for about a year, repairs to cost around Euro 8.3 million

The tunnel under Bratislava Castle will be closed from 11 May 2009 for repairs. Repairs are to take around a year and during work tram lines 1, 5 and 9 will not be in operation. The definitive term for closing the tunnel has been confirmed by the chairman of the board for DPB. Branislav Zahradník. He stated that repairs will cost around EUR 8.3 million and work will force the closure of the tunnel for about 1 year. He stated that in addition to other features the tunnel will finally have new lighting. Renovation work will include an emergency exit tunnel leading to Palisády. According to Mr. Zahradník after repairs the tunnel should continue to exclusively serve trams and for this reason the addition of a sidewalk for pedestrians has been ruled out. Water networks will also be repaired; these are administered by Bratislavská vodárenská spoločnosť and will be placed under the tram tracks. He added that the professionals must also deal with the high humidity and water that is leaking from the natural road on the castle hill. For this reason electricity for the tunnel has been shut off for a long period of time. Such leaks should be kept to a minimum after the renovation work is completed; the tunnel structure is intact

and meets standards. The repaired tunnel should have improved operational safety. The repair work is also to include the track themselves as well as a modern camera and signalisation system that will regulate access to this space. The city transport company provided notice of the need to repair the entire tunnel in the second half of 2007. Exact criteria must be met in connection with fire and safety regulations in line with European standards.

Bratislavské noviny, 17/2009

BVS renovates the water and sewer lines on Mýt-na ulica

Bratislavská vodárenská spoločnosť (BVS) currently is undertaking the renovation of existing water and sewer lines on Mýt-na ulica in Bratislava on the section between Račianske mýto to Starohorská ulica. A component of the work also includes repairs to household water and sewer connections as well as street drains. The renovation work is a planned BVS investment for 2009 and total construction expenses are around € 1 655 000. The deadline for construction completion in June 2009 - August 2009 in cooperation with the general investor - Bratislava, which will provide surface repairs on Mýt-na ulica. The work procedure is coordinated due to technical processes, water network operations, drinking water supplies to residents and the implemented traffic solution during construction work.

Press release, 10 June 2009

The Blue School enters a new school year

Bratislavská vodárenská spoločnosť (BVS) today presented its long-term educational project for children and youth under the name Blue School - Water for the Future. The goal of the project is

to systematically build positive relationships between young people and drinking water. The educational program is open to basic, secondary and post-secondary schools as well as to the municipalities in the Bratislava Region in the districts of Senica, Skalica and Myjava where BVS does business. 81 schools have already joined the program, which has been prepared by BVS and the Slovak Young Scientist Association among others. "The end result of this activity is the Blue School Project. I believe that through experiential educational activities we will be able to change the insufficient perception of the value of drinking water with children and youth," stated BVS's General Director, Daniel Gemeran. One activity is the state-wide photography competition "Water for the Future". Three categories of students from secondary and post-secondary schools as well as BVS employees will compete. Competitors entered 404 photos. The authors of the photos for first through third prizes received prizes from EUR 50 - EUR 300 (SKK 1500 - 9000). Zuzana Čániová from SOŠ in Prešov won for secondary school students, the highest placing post-secondary school student was Lenka Peřková from the Faculty of Social and Economic Sciences at Comenius University in Bratislava and Anna Komářková took first prize for BVS employees.

TASR, 9 September 2009

Water from the Tap Campaign

Drinking water from the tap was supported by a campaign lasting until 31 October. The campaign was to emphasise the positive characteristics of water from the tap including both price and taste. Customer research in Bratislava related to the taste of tap water in comparison with six different competing types of packaged water saw tap water take second place; a similar competition in Kořice placed tap water third. Slovak residents have already been targeted for a week by the campaign that calls on them to drink tap water. The promotional "I drink healthy water from the tap" campaign started in the second half of September and will continue until 31 October. Its goal is to

prove the positive characteristics of tap water. The campaign is financed by water companies via the Association of Water Companies. The Ministry of Health is providing media support. The campaign focuses on all residents while providing additional focus on younger groups via electronic and print media. Children will also connect to the campaign via schools where stickers will be attached to sinks. Water from the tap has no negative effects on people as was emphasised today by the Minister of Health, Richard Raři, who also noted that tap water is a lot cheaper than packaged water. The General Director of Západoslovenská vodárenská společnost Stanislav Segeč added that Slovakia has the highest quality drinking water in the world. Research was completed on samples from 144 respondents in the Kořice building of Slovak Radio and by the Slovak Ministry of Health in Bratislava. Participants drank from seven containers that were only marked with numbers in which water from the tap was compared with six other still bottled waters. In Bratislava water from the tap finished second in terms of taste, in Kořice it finished third. 23 people said that tap water tasted the best, 16 people named it second best and 40 people named it third. The Vice Chairman of the Association's Council and the General Director of Východoslovenská vodárenská společnost Stanislav Hreha announced the results. As the Chairman of the Association's Council and General Director of Bratislavská vodárenská společnost Daniel Gemeran stated there is absolutely no problem with packaging in terms of recycling or transportation. In addition to the fact that such water is absolutely healthy and safe the quality of the distribution network is decisive for the quality of the water. This of course is not the highest. Drinking water from the tap in his words also impacts a household's budget. One cent purchases seven litres of drinking water whereas a litre of packaged water costs about 50 cents.

Strategie.sk, 22 September, SITA report

BVS received award in Construction of the Year 2009 Competition

Bratislavská vodárenská společnost (BVS) re-

ceived an award from the Slovak Association of Construction Engineers in the 15th annual open Construction of the Year 2009 competition for its unique sewer project for the Small Carpathian Region. The specific purpose of this project was to propose an optimum solution for removing wastewater from the Small Carpathian Region represented by Modra, Pezinok, Světý Jur and surrounding villages. The main goal in terms of sewage collection and wastewater treatment was to eliminate or minimise contamination of local waterways and then the Danube River from various existing sources of contamination so as to comply with the requirements of EU directives on local wastewater treatment plants and to improve the quality of water in local waterways.

TASR, 6 October 2006

Water network for Záhorie discussed at Aqua 2009 in Senica

The area of Záhorie has around 5% lower household connectivity to public water networks as compared to the Slovak average. From a total of 151 thousand inhabitants 124 thousand can use the benefits of receiving water from a public water network, representing only 81% of the total. Up to 13 villages in the line between the cities of Senica and Skalica have no installed water network at this time. "The reason, as always, is finances", stated the General Director of Bratislavská vodárenská společnost (BVS) Daniel Gemeran for TASR. BVS was called on today to Senica to participate in the Aqua 2009 forum along with the mayors of the Association of Cities and Villages in the Záhorie Region to meet with Vice Premier Duřan Čaplovič. The goal was to seek support for projects involving the construction of public water networks and the modernisation of wastewater treatment plants. The territory of Záhorie is currently supplied with water from three groups of water networks - the Senica group water network, the Holíč-Skalica group water network and the Záhorský group water network. Their sources are located on the western foothills of the Carpathian mountains. These are springs that meet water quality standards and to a large degree these springs also

have acceptable potential to allow free fall water distribution but with fluctuating supplies depending on rainfall. There are also water sources in Kúty, Holíč and Skalica but this water would require demanding adjustment and treatment. The Záhorský group water network is a component of water supplied from the Bratislava city water system. "We need support from the villages and the government so that we can be successful in grant applications for building water networks in these areas," said Gemeran. In his opinion the solution for bringing water to Záhorie is from the Danube region. This of course requires the modernisation of the system from Malacky-Kúty at a total length of 47 kilometres with anticipated expenses of EUR 30.09 million (SKK 906 million) and the construction of a water system between Senica-Holíč. This should reach a length of 16.5 kilometres with construction expenses of EUR 12.45 million (SKK 375 million). "We would be able to connect local water networks in the mentioned villages that currently use local water sources to this system," added the General Director of BVS.

Modernisation of the wastewater treatment plant in Senica will require EUR 5.8 million (SKK 174 million) and EUR 10.6 million (SKK 321 million) in Holíč. A total of 7500 inhabitants reside in the thirteen mentioned villages and the water that they use is not sufficiently monitored to ensure hygienic standards are met. "The water network should be complete within three years from the commencement of work", added Gemeran.

TASR, 3 November 2009

Regional representatives, city and Petrřalka all disagree to oil pipeline through Bratislava

OMV's attempt via a number of politicians in SMER-SD to build an oil pipeline via Žitný Island and Bratislava to Austria has stirred up discontent in the regional government, environmentalists and the Bratislava public. Bratislavská vodárenská společnost also disagrees with the construction of the oil pipeline via Petrřalka as this contains drinking water sources for all of Bratislava and a majority of the residents in the Bratislava Region. OMV and Transpetrol's original intentions

also counted on the construction of the oil pipeline over the important water source of Rusovce - Ostrovné lúčky. If there was an oil pipeline accident, the ground water would be contaminated and the entire water source would have to be removed from service. The mayor of Bratislava Andrej Ćurkovský and the Chairman of the Bratislava Regional Government Vladimír Bajan have spoken out against the oil pipeline through Petrřalka. Paradoxically the land use plan for the city and region count on oil pipeline construction in these areas. The land use plan for the region mentions the oil pipeline in the text section of binding regulations. The land use plan for the city shows the directional route of the oil pipeline in drawing and print sections. "Bratislava can, pursuant to the form of the binding regulatory land use plan for the Bratislava Region, direct the oil pipeline in a different direction than the form it takes today," states the regional government. Regional representatives can rework the land use plan for the Bratislava Region to include a new oil pipeline route on the basis of a request from the body responsible for placing the oil pipeline route. "Of course from the point of view of the Bratislava Region it is significant to follow all other binding regulations with regards to protected lands and the protection of water sources that are in the text sections of the land use plan and that define protection provided to all protected lands and to pay increased attention to the protection of water sources, in particular large capacity sources," mentioned the Bratislava Regional Government. Austria according to Bratislava mayor Andrej Ćurkovský is pressing Slovakia into an unsuitable and unacceptable solution to resolve the construction of the oil pipeline. In his opinion the Austrian side must also re-evaluate to see if another route over different territory is more suitable. "The approval of the draft environmental protection law would represent a serious risk to one of the most valuable and at the same time most vulnerable natural resources in Slovakia will unforeseen consequences for the residents of Slovakia and other surrounding countries," stated A. Ćurkovský.

Bratislavské noviny, 38/2009

Bratislavská vodárenská společnost modernises wastewater treatment plants

Bratislavská vodárenská společnost (BVS) announced a public tender for work related to the modernisation and expansion of the biological level of cleaning of wastewater for the capital city. The project will be completed at the main wastewater treatment plants in Vrakuňa and Petrřalka. The expected value of the two-year order is EUR 39.99 million excluding value added tax. Bratislavská vodárenská společnost has announced a public bid as well for the renovation and expansion of the wastewater treatment plant in Holíč with an expected value of EUR 10.163 million excluding value added tax. Construction work will last 33 months and will focus on the construction and expansion of technical lines at the plant for the Holíč area and add a line at the wastewater treatment plant for removing nutrients from the water. Both investments are to be co-financed by European funds via the Environment Operational Programme. Bratislavská vodárenská společnost announced both tenders in the Official Bulletin of the European Union and in the Public Procurement Bulletin. Interested parties can request bid conditions for both tenders until 15 January 2010. The term for submitting bids and for opening bid packages for the first bid is 10 March and 11 March for the second bid of the coming year. The lowest price will be the decisive component for the winning bid. Required annual turnover of participants for the first bid for each year from 2008 to 2008 is a minimum of EUR 25 million and EUR 10 million for the second bid. Bratislavská vodárenská společnost was established in January 2003 upon the deposit of all property of the cancelled state-owned Bratislava Water and Sewers and a portion of the property of the cancelled state-owned Western Slovak Water and Sewers. Its main activities include deliveries of drinking water, sewer and wastewater treatment. The majority shareholder is the city of Bratislava, which holds a 59.29% share in the company's share capital totalling EUR 281.4 million. The remainder is held by the cities and villages of western Slovakia.

SITA, 15 December 2009

Corporate responsibility

A component of BVS's responsible business activities is also civic engagement in public matters. BVS was ahead of the trend when it contributed 2% of its paid income taxes in 2005 to selected non-profit organisations based on their individual applications. It continues to cooperate with a majority of those today and has also developed additional forms of cooperation, however corporate profits in 2009 hovered around zero.

Non-profit sector

BVS has mainly supported health care facilities (Oncology Department at Children's Hospital in Bratislava, the Better World for the Disadvantaged Association, the Andreas Centre for Autism, the Muscular Dystrophy Organisation, the Plamienok Children's Hospice and the Daughters of St. Francis of Assisi Congregation) and charity institutions (Spiš Catholic Charity, Order of Friars Minor Conventual, the Institute of Capuchin Sisters of the Holiest Heart of Jesus). The total volume of financial gifts totalled 50 thousand Euros in 2009 and was divided among health care, education and the community.

Education, culture and sports

The company cooperates with schools to which it provides access to building within environmental education and secures professional expositions of the activities it carries out. Since 2008 the company has focused on two long-term educational projects, specifically the hydrological student project the Stockholm Junior Water Prize and the company's educational project Blue School (Modrá škola), which has the ambition of attracting all age groups of children and youth. BVS also financially supported the renovation of the Gothic chapel in Bratislava's Old Town Hall. In 2009 it also became the second main sponsor of a rafting team of

young athletes.

Non-financial assistance

- Our company also helps organisations in ways other than financially, for example:
- Use of Water Company Museum premises,
 - Use of borrowed equipment,
 - Use of professional personnel,
 - Provision of drinking water and hydration supplies for public events,
 - Partnership in voluntary events.

In the company's attempts to improve the quality of the environment in 2009 company employees and their families joined spring cleaning projects on Žitný Island, where important drinking water sources are located. The company expects that its employees will take a portion of corporate responsibility home with them in addition to applying it in their work. New company activities should help encourage this, including free blood donations, which BVS organised in 2009.

Establishment of BVS Foundation

Due to annually falling profits and a situation that continues to become more complex BVS management in 2009 decided to found a foundation in order to continue in its work with good endeavours that will develop planning and intensify strengths in areas of public assistance. In 2009 the contents of the foundation's articles were approved along with the foundation's statutes and representatives of the foundation's administrative and supervisory councils were selected along with the foundation's administrator. The foundation was registered with the Ministry of the Interior on 12 August 2009. The founder - BVS - approved the identification elements for the foundation including the logo and design manual.

BVS Water Company Museum

The Water Company Museum was founded on 01.11.2007 on the 120th anniversary of the first Bratislava water company. The founder of the museum is BVS. The Water Company Museum is a specialised technical museum that focuses on the water industry across Slovakia. The museum is located at the historical site of the first pumping station in Karlova Ves; the building itself was first built at the end of the 19th century and was expanded at the start of the 20th Century. It was one of the first facilities during the establishment of the Bratislava water company. Expositions are located in the premises of the original machinery hall.

The permanent exhibition of the Water Company Museum offers an overview of the water industry from the 12th century on to the present day. The water cycle from pumping, production and distribution on to collection, treatment and return to nature is one of the basic elements. Exhibition boards and public displays, of which there are more than 200, are presented. Visitors will also find a wide range of historical items from stone pipes, period water valves, measurement instruments, hydrants, well cross sections and pumps. The museum's repository has many historical documents and water company maps from the 19th and 20th centuries that document that development of the Bratislava water company since its establishment in 1886.

One particularly interesting item at the Water Company Museum is 17th century cast metal piping from the gardens at Versailles.

In 2009 the museum held two large exhibitions – "H2O+Art" and "Water for the Future" ("Voda pre budúcnosť"). The former was held during World

Water Day and lasted from 23 March until 16 May 2009. During this period 1,030 museum visitors took the opportunity to see the museum. Works from thirty four artists along with the Independent Artists' Union were presented on the theme of water as a force of nature. A catalogue was also published in connection with the exhibition in which the exhibited works were all published. The latter exhibition with the name "Water for the Future" was focused on artistic and documentary photographs. The exhibition was organised by BVS in cooperation with the Slovak Young Scientists civic association.

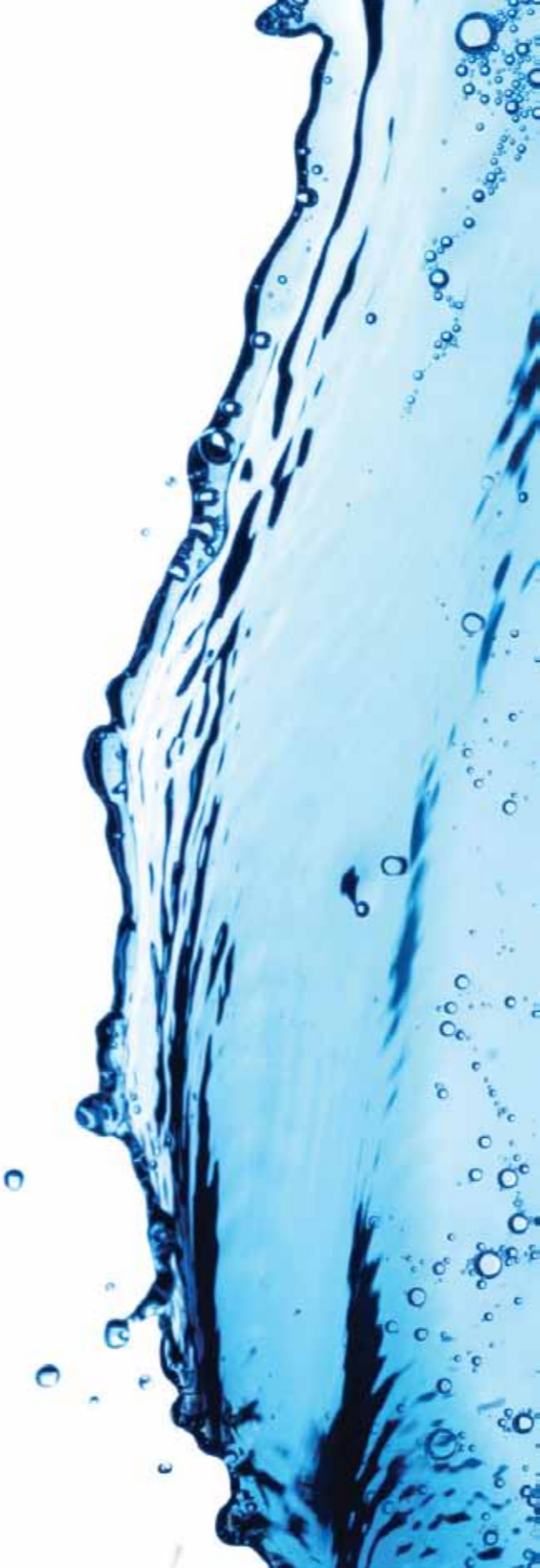
On 15 June 2009 the Water Company Museum participated for the third time in its short existence in the important Night of Museums and Galleries event. Visitors were met with an exhibition of works from the H2O+Art exhibition, an overview of posters related to the quality of drinking water in Bratislava as well as the ability to view all of the permanent displays at the museum into the evening hours. The museum arranges fun and educational games with an environmental background for young people. The peak of the program was a performance by the DETO pantomime group. During the Night of Museums and Galleries event in 2009 the water Company Museum welcomed 300 visitors.

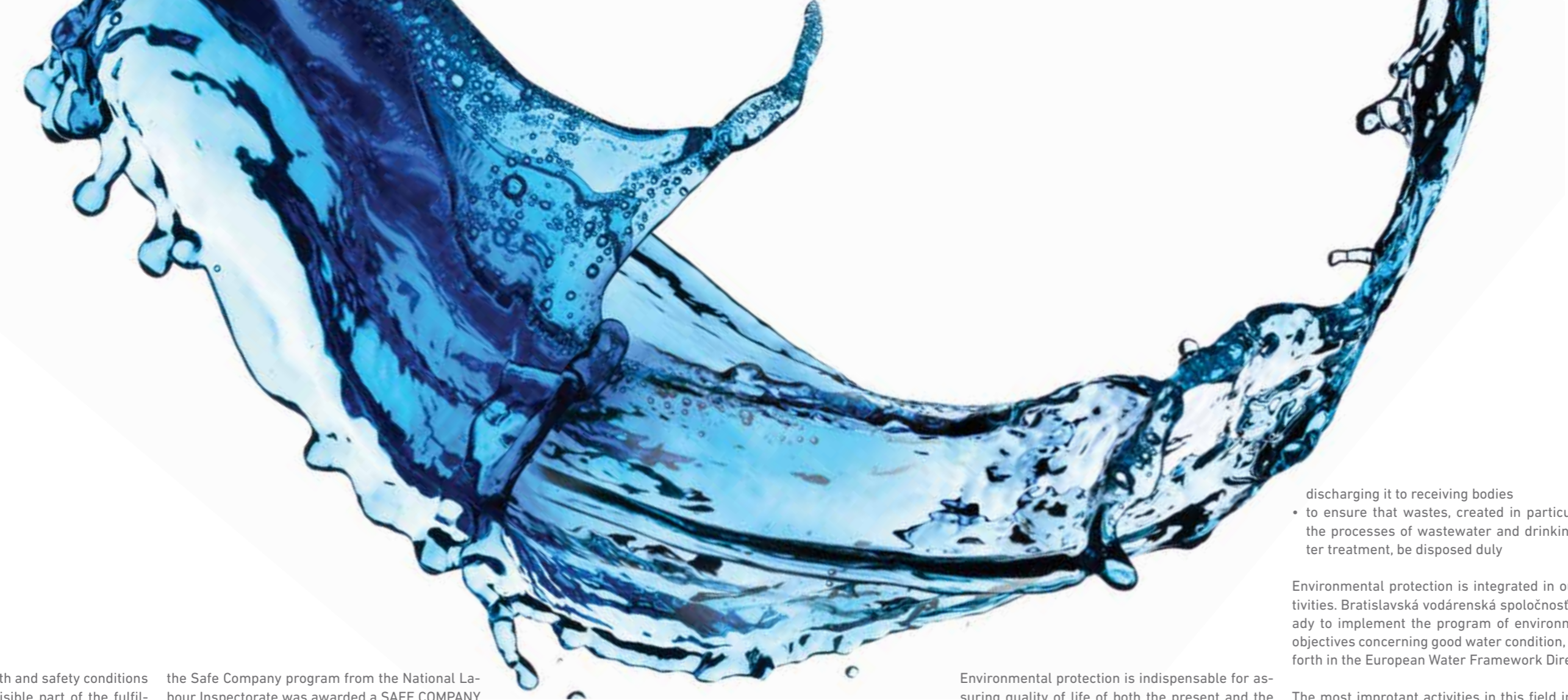
The Water Company Museum from its establishment has attempted to focus its activities to attract children and young people. In cooperation with the "Blue School" ("Modrá škola") educational program BVS welcomed another 220 visitors to the museum. Within the Blue School program professional seminars for basic school teachers, professional conferences and the presentation of prizes for participating in various competitions with the

main theme of water all take place at the museum.

Another important event that took place in 2009 at the Water Company Museum was the Stockholm Junior Water Prize competition involving student research projects dealing with water-related issues held between 31 May and 2 June 2009 and international conferences hosted by the Bratislava Regional Conservation Association that are regularly held at the museum's premises.

A total of 2,815 visitors came to the museum in 2009 (172 of these were student visitors and 1,250 visitors were for professional or specialised events). The museum's daily operations are secured by two BVS employees. The museum issued the following documents within its professional methodology activities in 2009: Revising collections and professional documents at the BVS Water Company Museum and the Water Company Museum Development Project for 2010-2012. The museum as a professional institution participated in the following professional seminars: the commission during the presentation of conservation archaeological research in the premises of the Old Fort in Komárno when it was invited during the resolution of the historical utility networks.





Care for occupational health and safety conditions for employees is an indivisible part of the fulfilment of work tasks. BVS management employees at all management levels and all BVS employees are responsible for the fulfilment of occupational health and safety tasks.

Activities to secure and increase occupational health and safety during 2009 were completed pursuant to the plans of individual divisions and other organisational units of BVS. These activities were completed in close cooperation with the OH&S Department and with PO 1050 which provided complete Safety and Technical Service for BVS pursuant to the provisions of Slovak National Council Act No. 124/2006 Coll. on Occupational Health and Safety as amended.

Bratislavská vodárenská spoločnosť on the basis of achieved „Safe Company“ criteria and a proposal from the national management commission for

the Safe Company program from the National Labour Inspectorate was awarded a SAFE COMPANY certificate under number 002/2008 on 2.10.2008. This certificate confirms that our company has introduced an effective OH&S management system and has achieved the required level of care for employee work conditions. This certificate binds BVS to continuously improve working conditions, work relationships, the work environment, increase the level of occupational health and safety and to improve work culture.

With the goal of maintaining SAFE COMPANY certification the main tasks of the Occupational Health and Safety Section in 2009 was executing preventative measures. These measures include the performance of inspections at individual worksites, the announcement of hazardous worksites, inspections of all types of reserved technical equipment including complete technical documentation, securing the removal of all discovered

insufficiencies, executing and securing OH&S and Fire Prevention trainings, professional preparation, management and maintenance of complete OH&S documentation and Fire Prevention documentation pursuant to current conditions, etc. The systematic execution of prevention is the basic pre-requisite for the long-term maintenance of a qualitatively high level of OH&S at BVS and leaves room for continuous improvement and progressive introduction of new and more effective OH&S management system elements within the company.

Environmental protection is indispensable for assuring quality of life of both the present and the future generation. Bratislavská vodárenská spoločnosť demonstrates sensible approach to environment in respect of legislation and ecological standards. We put emphasis on achieving balance between the demand for water and care for water as one of the most essential environment constituents. In water disposal, we exert every effort to render all the phases of water use effective, as well as to return it to the nature as clean as possible.

Implementation of these principles in practice implies:

- to ensure that the condition of water resources, their protection, their ecological stability monitoring and evaluation, including their protection zones be satisfactory
- to ensure that the wastewater disposal and treatment be at the required quality level when

- discharging it to receiving bodies
- to ensure that wastes, created in particular in the processes of wastewater and drinking water treatment, be disposed duly

Environmental protection is integrated in our activities. Bratislavská vodárenská spoločnosť is ready to implement the program of environmental objectives concerning good water condition, as set forth in the European Water Framework Directive.

The most important activities in this field involve reconstruction and intensification of wastewater treatment plants which will improve significantly the wastewater treatment process quality. Nitrogen and phosphorus content decrease in drainage from wastewater treatment plants to the statutory values will improve further the water quality in receiving bodies. Environment quality improvement will definitely benefit from concentration of the treatment capacities of the Small Carpathian and Senec regions into the Central Wastewater Treatment Plant Vrakuňa. Building up cogenerational units using produced biogas for electricity generation, bringing in apart from the economic assets also the environmental effect, represents a significant innovation element.

BVS supports non-profit organizations involved in protection of nature, water resources, morass and avifauna. This assistance consists in consultan-

cy service provision, as well as in direct financial contributions.

In the second half of 2009 the preparation process to introduce a new environmental management system at BVS started. By improving our environmental behaviour we seek to express our obligation to protect the environment. We expect to lower the impact of our activities on the environment, to improve the efficiency of our operational activities, to identify opportunities to achieve additional savings and to lower expense related to environmental protection responsibilities from this efficient environmental management system.

Implementation of strategic plans of public water mains and public sewerage system development aims to improve the quality of care for water resources and related water management infrastructure and concurrently the level of sanitation, housing comfort, and standard of living of citizens.

Quality and environment

Since 2009, BVS has been in the phase of implementing quality management system ISO 9001:2009 and environmental management system ISO 14001:2005, which serve to ensure quality and improve systematic approach to environmental protection environment in all aspects of entrepreneurship.



QISO-SLOVAKIA, s.r.o.

vydáva

OSVEDČENIE

Spoločnosti

Bratislavská vodárenská spoločnosť, a.s.
Prešovská 48, 826 46 Bratislava 29
IČO: 35 850 370 DIČ: 2020263432 IČ DPH: SK2020263432

ktorá je vo fáze zavádzania systémov manažérstva kvality podľa
STN EN ISO 9001:2009 a STN EN ISO 14001:2005 odbornej prípravy dokumentácie
a predcertifikačného auditu. Na túto činnosť má vyššie uvedená spoločnosť
podpísanú zmluvu o dielo.



QISO-SLOVAKIA, s.r.o.
Hybelkova 3, 831 06 Bratislava
tel.: 02/ 4487 1206, fax: 02/ 4464 6145
IČO: 35859463, IČ DPH: SK2021758879
e-mail: qiso@qiso.sk, www.qiso.sk

Barbora Sláviková

V Bratislave dňa 4. júna 2009.

Spoločnosť QISO-SLOVAKIA, s.r.o. zapísaná v Obchodnom registri Okresného súdu
Bratislava I, odd. Sro, vložka číslo: 30031/B





The importance of BVS’s activities for people and the environment is indisputable. In addition to the fact that BVS supplies water, the company also secures that water of an adequate quality returns back to the natural cycle. BVS provides the following services so that it is able to cover the majority of areas that related to its two basic activities:

- Elaborating hydrological statements,
- Establishing water network connections,
- Erecting and removing cold and hot water flow meters,
- Repairing and verifying cold and hot water flow meters,
- Issuing certificates as to cold and hot water flow meter verification,
- Lab analysis of drinking water and wastewater,
- Professional technical supervision during hydrological construction work,
- Demarcation of water network networks and sewer networks,
- Localisation of water network outages
- Flushing of water piping,
- Cleaning of sewer and sewer connections,

Bratislavská vodárenská spoločnosť presents itself as a customer focused company. It has taken a number of steps focused on customer satisfaction so that its customers perceive it in the same manner:

- It has attempted to continuously develop its contact employees’ professional and communication skills via communication, process and product seminars and trainings.
- It has established standards and principles that guide employees who make external contact. The clothing, grooming, footwear and smell of our employees represent not only the individual but also the company. Employee appearance is a part of both internal and external communication for BVS.
- The company conducts mystery shopping in order to determine the actual condition and subsequent communication skills and abilities of contact personnel.
- Customer visits to the customer centre in Bratislava simplifies and eases communication thanks to the newly created team that is also able to provide detailed information as to waiting times, customer completion time and cus-

tomers satisfaction or the highest/lowest number of visits to the customer centre which BVS publishes on its web site so that each customer can easily decide at what time to visit the centre,

- The company has also carried out regular research of satisfaction with BVS’s services and also determines levels of satisfaction at its customer service centre itself and its staff.

Price and price generation in the water sector is of a non-market or partially market-regulated nature for a number of elements of the company’s product mix. The price for the creation, distribution and delivery of drinking water and for the collection and treatment of wastewater is set pursuant to a decree from the Utility Network Regulation Office issued in the prior year that establishes in detail the procedure for regulating prices in water activities during the operation of public water networks or public sewers. The Utility Network Regulation Office decided on and approved these maximum prices for the pro-

duction, distribution and delivery of drinking water via a public water network and for collecting and treating wastewater via a public sewer for 2009 for the regulated party BVS.

Maximum price for	Period	€ incl. VAT	Calculation into SKK
Production and delivery of drinking water for all customers	01.01. – 29.06.2009	€0.9243/m ³	SKK 27.85/m ³
	30.06. – 31.12.2009	€0.9837/m ³	SKK 29.63/m ³
Distribution of drinking water for other operators or owners of public water networks	01.01. – 29.06.2009	€0.7071/m ³	SKK 21.30/m ³
	30.06. – 31.12.2009	€0.7466/m ³	SKK 22.49/m ³
Collection and treatment of wastewater for all producers	01.01. – 31.12.2009	€0.9401/m ³	SKK 28.32/m ³

Drinking water production and supply

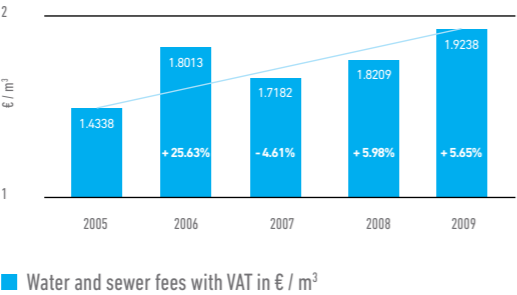
50

So-called crisis support was removed in the crea- tion of prices for regulated activities of water com- panies. In the past in the water sector this meant a divided approach in the price creation for two types of customers - households and other cus- tomers. The elimination of the crisis support was ac- companied by growing prices for households as household payments for the production and supply of drinking water and for the collection and treat- ment of wastewater in the past years did not cover all real expenses for these activities for the cus- tomer. The establishment of a unit price in 2007 for all drinking water customers as well as for all producers of wastewater within one regulated en- tity was completed with the end of the process of removing such crisis support in Slovakia.

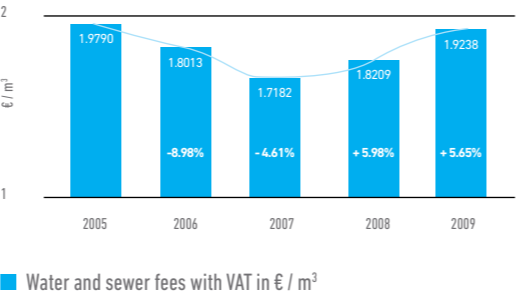
Price development:

Price including VAT		2005	2006	2007	2008	1.1.- 29.6. 2009	30.6.-31.12. 2009	2009
Price for producing and distributing drinking water	Households	23.92 Sk	27.37 Sk	26.06 Sk	27.85 Sk	0.9243 €	0.9837 €	-
	Others customers	23.92 Sk						
Price for drinking water distribution to water network operators or owners	-	17.26 Sk	21.42 Sk	20.23 Sk	21.30 Sk	0.7071 €	0.7466 €	-
Price for collecting and treating wastewater	Households	19.28 Sk	26.89 Sk	25.70 Sk	27.01 Sk	-	-	0.9401 €
	Others customers	35.70 Sk						

Overview of water and sewer fees including VAT – Households



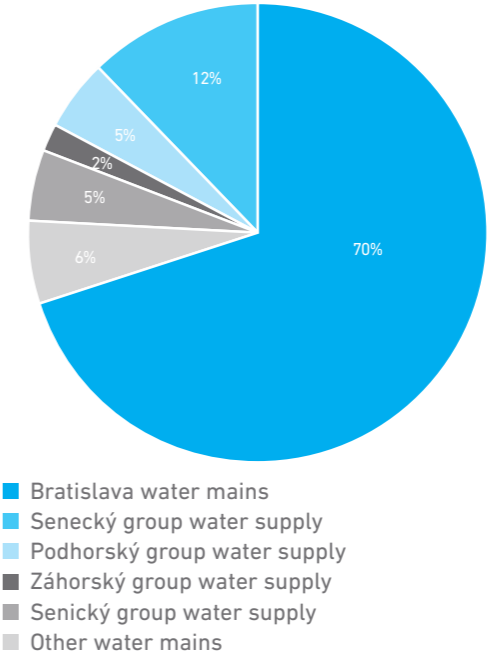
Overview of water and sewer fees including VAT – Other customers



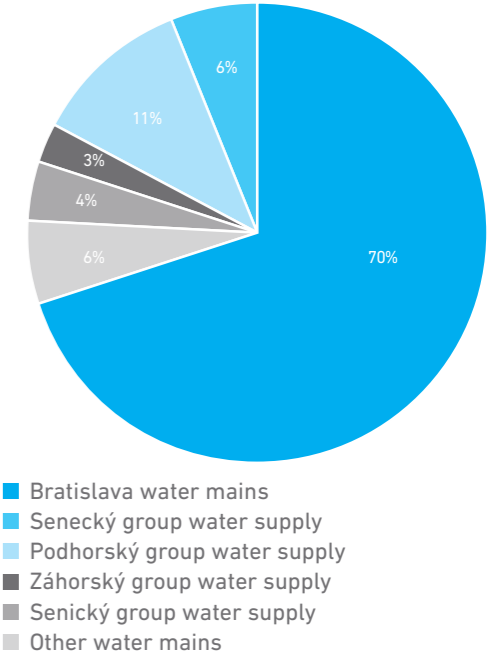
In 2009, 72,477 thousands of m³ of drinking water was produced and reserved for realisation, i.e. by 88 thousands of m³ less than budgeted and concurrently by 839 thousands of m³ more than in 2008. Drinking water production and supply was fluent in the period under review, without any significant fluctuations and major operating failures. The situation in supply was favourable, consumers were supplied with drinking water in the required quantity and satisfactory quality. The invoiced water for the year 2009 in the total volume of 46,409 thousands of m³ is by 1,191 thousands of m³ lower than budgeted, i.e. lower by 351 thousands of m³ on year-to-year basis. Bigger part of the water in the quantity of 28,180 thousands of m³ was invoiced to households (60.7%), with unfavourable budget performance (96.9%). Other consumers were invoiced water in the quantity of 18,229 m³ which represents 98.4% of the budgeted quantity.

The water sources from different territories of BVS took part on the production of water as follows:

Water from own resources



Water reserved for realisation



51

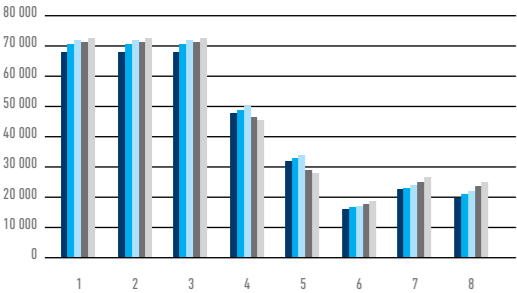
2009		BVS	Bratislava water mains	Senecký group water supply	Podhorský group water supply	Záhorský group water supply	Senický group water supply	Other water mains
1	2	3	4	5	6	7	8	9
Water resources in use	number	62	6	3	7	8	11	27
Water from own water resources	Thousands of m³	72,417	50,764	9,014	3,779	1,250	3,309	4,301
Water reserved for realization	Thousands of m³	72,477	50,509	4,104	7,890	2,070	3,363	4,541
Number of inhabitants connected to public water mains	number	696,603	430,453	47,793	54,511	33,359	61,215	69,272

Wastewater disposal and treatment

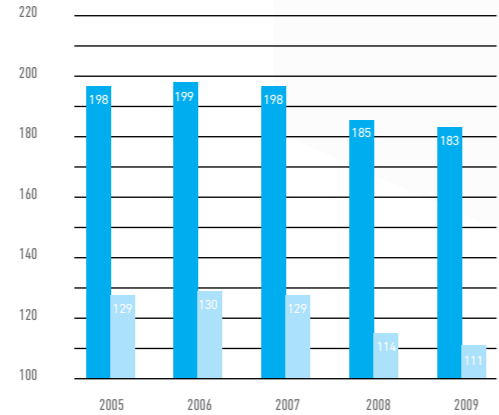
Basic water main data

Indicator	2005	2006	2007	2008	2009
Total number of public water mains	28	30	30	19	19
Number of communities with public water mains	108	112	112	116	114
Water system length (km)	2,740	2,816	2,886	2,930	2,958
Number of end users	92,386	94,285	95,263	101,567	102,848
Number of inhabitants supplied with drinking water	670,233	677,580	683,385	691,049	696,603
Number of water resources	180	176	176	175	175
Number of water treatment plants	13	8	7	8	9
Number of water tanks	118	115	114	111	112
Water tank volume (m³)	318,455	317,905	317,405	319,924	320,024
Number of pumping stations	240	239	239	241	242
Pumping stations capacity (l/s)	18,769	18,764	18,764	18,189	18,288

Drinking Water Production	2005	2006	2007	2008	2009
Water from own water resources	68,912	70,950	71,846	71,577	72,417
Water produced in own water production facilities	68,783	70,865	71,757	71,496	72,348
Water reserved for realization	68,909	71,001	71,886	71,638	72,477
Total invoiced water	48,454	49,311	49,458	46,760	46,439
whereof: - Households	31,549	32,262	32,278	28,855	28,610
- Other Consumers	16,905	17,049	17,180	17,905	17,829
Water not invoiced	20,455	21,690	22,428	24,878	26,038
Mains water loss	19,438	20,991	21,921	24,199	25,270



■ 2005
■ 2006
■ 2007
■ 2008
■ 2009



■ specific water consumption from total invoiced water
■ communal specific water consumption

Total specific water consumption denotes water consumption in liters per inhabitant and day calculated from the total water invoiced to all the consumers in the period under review.

Communal specific water consumption denotes water consumption in liters per inhabitant and day calculated only from the water invoiced to householdss in the period under review.

Drinking water supply

We administer and operate in total 19 public water mains in 114 communities, 175 water resources of total capacity of 6.277 l/s, 112 water tanks of total voulme of 320 thousands of m³, 242 water pumping stations and 9 underground water treatment plants of total capacity of 2.160 l/s. We supply the total number of almost 697,000 inhabitants with drinking water through public water mains of total water distribution system length of 2.958 km through 103,000 water connections. The communal segment currently totals 61% of all consumers. In 2009, we supplied our consumers with total quantity of 72,477,000 m³ of drinking water. As of 31 December 2009, the public water mains which we administer and operate supplied 95.5% of inhabitants in total. The public water mains on the territory of Bratislava supplied 99.9% of inhabitants, on the territory of Bratislava – countryside supplied 88.2% of all the inhabitants, and the public water mains on the territory of Senica supplied 90.4% of inhabitants out of the total number of inhabitants of communities having public water mains installed.

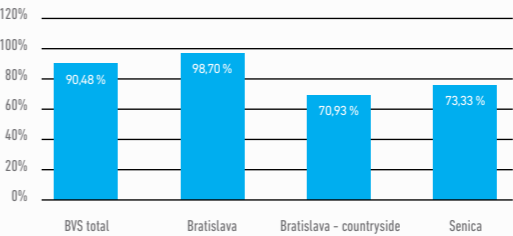
Wastewater disposal and treatment describes those processes used to return water used by man back into the natural environment without adverse ecological impact on the environment and water resources.

Wastewater Disposal

Bratislavská vodárenská spoločnosť operates on its territory a public sewerage system consisting in total of 1,342 km of sewerage system, 152sewage pumping stations, and other physical infrastructure. Wastewater is drained away from the territory and from 5 austrian municipalities (Kittsee, Berg, Pama, Edelstahl and Wolfsthal) to 23 wastewater treatment plants.

	Bratislava	Bratislava - countryside	Senica	TOTAL
Number of public sewerage systems	1	10	12	23
Number of municipalities with public sewerage system	1	17	18	36
Sewerage system	867 km	256 km	219 km	1,342 km
Pumping stations	45	89	18	152
Sewer junctions	21,635	14,903	9,023	45,561
Wastewater treatment plants	3	8	12	23

Rate of population connection to public sewerage system in communities where BVS operates a public sewerage system



In 2009, the volume of sewerage water totalled 46,758 m³, whereof almost half pertains to the households.

Wastewater treatment

Indicator	2007	2008	2009
Sewerage water (in thousands of m³)	49,225	48,120	47,576
whereof: Households	25,906	24,867	24,372
households sewage charge	23,555	23,065	21,809
water from surface drain	1,618	1,802	1,744
sewage charge from own resources - Austria	733	625	819
Other consumers (in thousands of m³)	23,319	23,253	23,204
other sewage charge	15,511	14,622	14,761
water from surface drain	7,808	8,631	8,443

Wastewater brought to wastewater treatment plants administered and operated by BVS in 2009 was cleaned using wastewater treatment plant equipment with maximum emphasis on achieving the values for effluent water in terms of the concentration and balance of indicators that do not exceed the allowed limits for legal water permits related to water released into recipients. Proper adherence to technical discipline during water treatment and product processing during cleaning by the Wastewater Treatment Plant Division is the basic criterion for treatment plan process management. Chemical and technical monitoring of input and output values of treated wastewater, processed sludge the produced biogas and the biological composition of activated sludge in the biological levels of the wastewater treatment plant allows for pro-active steps to be taken during the wastewater treatment process. This fact is underlined by the minimum of abnormal situations in processes for individual treatment plants.

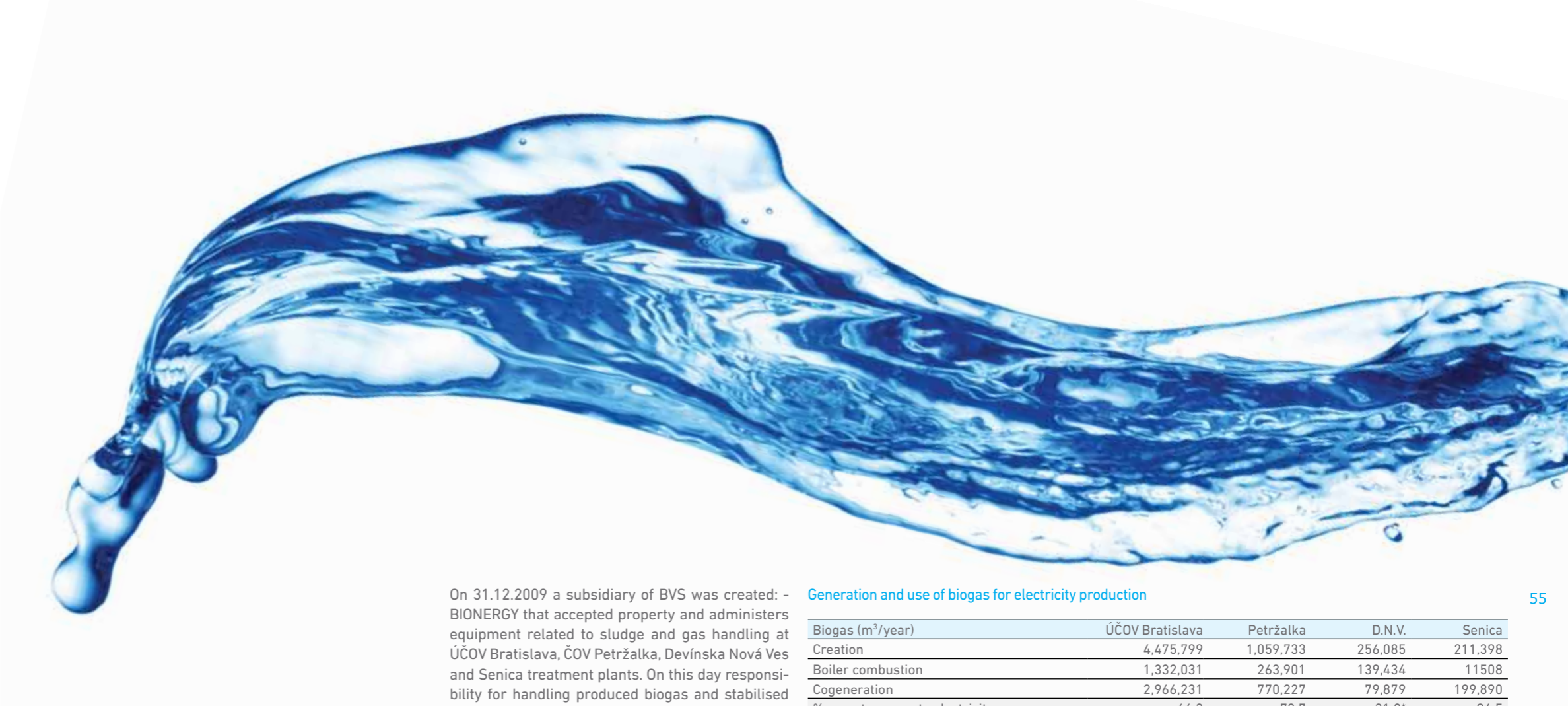
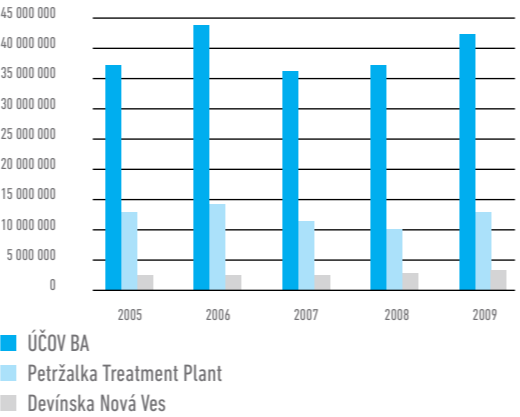
Volume of treated water and quantity of stabilised sludge for disposal

TREATMENT PLANT	Qr (m³/year)	Stabilised sludge (t/year)
BRATISLAVA	57,908,000	21,919
BRATISLAVA –Countryside	9,220,000	6,745
SENICA	7,642,000	4,638
Total	74,770,000	33,302

Achieved cleaning of exit effluent - %

TREATMENT PLANT	BSK ₅	CHSK	NL	N–NH ₄	N _c	P _c
BRATISLAVA	91.1	96.8	89.9	88.5	59.4	45.9
BRATISLAVA - Countryside	96.9	94.5	95.3	93.2	65.8	72.2
SENICA	98.1	95.3	93.6	76.1	62.7	78.9

Development of volumes of treated water from 2005 – 2009 in m³/year



On 31.12.2009 a subsidiary of BVS was created: - BIONERGY that accepted property and administers equipment related to sludge and gas handling at ÚČOV Bratislava, ČOV Petržalka, Devínska Nová Ves and Senica treatment plants. On this day responsibility for handling produced biogas and stabilised sludge moved to this subsidiary in full. The generation and use of biogas in electricity production for the presented treatment plants is shown in the table.

In the second half of 2009 renovation of the wastewater treatment plant in Malacky was completed within which treatment equipment for wastewater treatment was changed in a fundamental manner to expand treatment to include nitrification and de-nitrification in the biological section of the treatment plant. Renovation allowed a significant increase in the variability of processes at the wastewater treatment plant. The commencement of complex testing and subsequent test operations on 15.11.2009 marked to end of the first phase of expansion and renovation of the Hamuliakovo wastewater treatment plant. In spite of the winter conditions the plan managed operations in the new section of the wastewater treatment plant (biological level, mechanical thickening, sludge dewatering including remote control from BVS central

Generation and use of biogas for electricity production

Biogas (m³/year)	ÚČOV Bratislava	Petržalka	D.N.V.	Senica
Creation	4,475,799	1,059,733	256,085	211,398
Boiler combustion	1,332,031	263,901	139,434	11508
Cogeneration	2,966,231	770,227	79,879	199,890
% - use to generate electricity	66.3	72.7	31.2*	94.5

*Cogeneration unit to produce electricity and thermal supplies at D. N. Ves treatment plant was placed into operation in July 2009.

dispatch) without any large complications. Completion of the construction and the facilitation of sewage collection in the Small Carpathian Region allowed in 2009 the complete halt of operations at the problematic wastewater treatment plants in Bernolákovo and Pezinok. Their elimination ended problems connected to the release of wastewater into small water recipients in Saulak and Čierna voda in the name of adhering to the collection and emission principle. Wastewater treatment from the originally halted treatment plants is completely secured by ÚČOV Bratislava. Projects are prepared for the renovation of the ÚČOV Bratislava, Petržalka, Holíč, Senica and Devínska Nová Ves wastewater treatment plants for more than 20,000 EO. Insufficient financial resources for the execution of these wastewater treatment plants seriously threatens

BVS ability to meet the conditions from Act No. 364/2004 Coll.; operations were also halted at the wastewater treatment plant in Adamov due to the expiration of the wastewater producer - the Slovak Ministry of the Interior Refugee Camp – as the new owner did not extent the operational contract. The leadership or the Wastewater Treatment Plant Division considers an exceptionally serious problem to be the incomplete StarLims project for monitoring and recording sewage and wastewater treatment plants that should be used for internal technical monitoring of treatment plant operations as well as for obligatory reports pursuant to ministerial laws, regulations and decrees. Currently the LABOD program is used, which is obsolete and its maintenance in its current form is a limiting factor for the activities shown above.

Lab activities

The accredited test lab executes operational in-spections of the quality of drinking water in all public water facilities operated by our company from the water source to the final consumer. A similar operational process is used to inspect collected and treated wastewater from all public sewers and from sewer connections on to treated effluent that is released into the recipient. The test lab also completed analysis ordered by external customers.

Total number of samples represents the total number of analysed drinking water and waste-water samples. For drinking water their number stems from the annual Drinking water Quality Operational Control Program elaborated on the basis of Slovak Ministry of the Environment De-cree No. 636/2004 Coll. and Slovak Government Regulation No. 354/2006 Coll. and approved an-nually by the local Regional Public Health Office with appropriate jurisdiction as well as from the company’s needs for monitoring of water sources and for the operations of public water networks and networks. For wastewater their number stems from the Annual Public Sewer Operational and Inspection Monitoring Program elaborated on the basis of Slovak Environmental Ministry De-cree No. 315/2004 Coll. as well as on the need of wastewater treatment plant operations and sewer

Overview of test lab activities from 2005 – 2009:

Indicator	2005	2006	2007	2008	2009
Number of total samples	12,314	11,181	11,282	11,041	11,620
Internal	11,735	10,783	10,915	10,724	11,275
Ordered	579	500	367	317	345
Total number of analysis procedures	158,783	155,000	159,325	157,909	160,971
Internal	151,240	148,400	153,998	152,740	155,824
Ordered	7,543	6,525	5,327	5,169	5,147

2009	Drinking water	Wastewater	Total
Number of samples			
Internal	3,934	7,341	11,275
Ordered	235	110	345
Total	4,169	7,451	11,620
Number of analysis procedures			
Internal	108,829	46,995	155,824
Ordered	4,623	524	5,147
Total	113,452	47,519	160,971

network needs. The number of ordered samples depends on the interest of external clients for the given year. Total number of analysis procedures represents the total number of completed analysis proce-dures for individual drinking water or wastewater quality indicators, i.e. the total number of com-

pleted lab tests. Analysis of all quality indicators for potable waste and wastewater are completed in BVS labs pursuant to valid legislation with the exception of radiochemical analysis which is se-cured via a sub-contracted test lab at Hydrological Research Institute in Bratislava.



SLOVENSKÁ NÁRODNÁ AKREDITAČNÁ SLUŽBA
Karloveská 63, 840 00 Bratislava 4, Slovenská republika



OSVEDČENIE
O AKREDITÁCII

č. S-235

Slovenská národná akreditačná služba osvedčuje, že

Bratislavská vodárenská spoločnosť, a.s.
Prešovská 48, 826 46 Bratislava
Divízia chemicko-technologických a laboratórnych činností
Skúšobné laboratórium

je spôsobilé vykonávať chemické, fyzikálne, fyzikálno-chemické, biologické a mikrobiologické skúšky pitných vôd; chemické, fyzikálne, fyzikálno-chemické skúšky odpadových vôd a odbery vzoriek pitných a odpadových vôd podľa rozsahu akreditácie uvedeného v prílohe tohto osvedčenia.

Spôsobilosť vykonávať skúšky nestranne a dôveryhodne laboratórium preukazuje plnením požiadaviek normy ISO/IEC 17025:2005.

V mene akreditovaného laboratória koná a za správnosť skúšobných protokolov zodpovedá
Ing. Eva Spáčová – vedúca skúšobného laboratória.

Osvedčenie nadobúda platnosť dňom jeho vydania a platí do 9. 6. 2011.

Bratislava 9. 6. 2008



Ing. Jozef Obernauer
riaditeľ

Investment construction

In order to secure the error-free operation of public water networks, public sewers, water supplies and water treatment plants it is necessary to secure their renovation, refurbishment and modernisation. BVS has accepted a program for lowering water network losses. In addition in 2009 the execution of new construction work was also secured and such work was required by the development of cities and villages in order to limit operational closures or to meet demand for potable water and for collecting wastewater including the qualitative characteristics of such water.

The need to renovate water and sewer networks and to renovate, modernise and expand existing wastewater treatment plants stems from their operational condition as well as the need to make them conform to parameters set by valid legislation and limits for wastewater effluent set by EU directives.

Planned BVS investment resources and investment construction for 2009 were approved in a total amount of € 51 768 thousand (SKK 1 559 563 thousand) from which:

Depreciation and Development Fund	Totalling	€ 50,670 thousand	(SKK 1,526,484 thousand)
EU and Slovak Resources	Totalling	€ 592 thousand	(SKK 17,835 thousand)
Shareholder contributions	Totalling	€ 506 thousand	(SKK 15,244 thousand)

Fulfilment of the approved investment and investment construction plan for BVS for 2009 is € 28,804 thousand (SKK 867,749 thousand) from a total planned annual volume of € 51,768 thousand (SKK 1,559,563 thousand). The total for construction work is € 19,449 thousand (SKK 585,921 thousand), e.g. 50.62% of the total planned annual volume of € 38,425 thousand (SKK 1,157,592 thousand).

Shareholder contributions totalling € 120 thousand (SKK 3,615 thousand) were drawn down for the following construction projects:

- Vajnory, vacuum sewers, 2nd phase
- Mýtňa ul., water and sewer network renovation
- Ursínyho ul., sewer renovation.

Fulfilment of planned investments and investment construction at BVS for 2009:

	Deprecation and Develop-ment Fund	Resources from EU and Slovakia	Contribu-tions Shareholder	Other Contributions	Total
Construction: in progress at 1.1.2009	12,314		25		12,339
Construction: newly started in 2009	7,015		95		7,110
Total construction	19,329		120		19,449
Other items within investment construction	8,862	493			9,355
Total	28,191	493	120		28,804

In 2009 a total of 20 construction works were completed representing a total financial volume in the monitored year of € 10,128 thousand (SKK 305,116 thousand).

Compared to the previous year the structure of completed construction work changed including in terms of the scope of such construction work, which had an impact on the number of completed construction works.

In 2009 the 1st phase of the last construction work in Pezinok was placed into operation securing the operation of sewage removal from the Small Car-

pathian Region from Pezinok to ÚČOV Vrakuňa in Bratislava. The length of pressure pipe is 17.7 km. In Pezinok this secures future development that had up to the current time been limited by insufficient capacity at the wastewater treatment plant in Pezinok; this was the reason that BVS issued a statement that did not allow additional connections to the plant and the release of wastewater to the sewer system. In addition to Pezinok this

allowed the villages of Viničné, Slovenský Grob, Ivanka pri Dunaji and Chorvátsky Grob, including Čierna voda, to connect. The main discharge from Pezinok to Bratislava was connected in Ivanka pri Dunaji to a newly built sewage discharge from Bernolákovo totalling 3.2 km in length on the basis of which the operations of the wastewater treatment plant in Bernolákovo could end. The price for this phase as executed by TuCon Žilina is € 1,476 thousand (SKK 44,466 thousand).

A priority construction was the renovation, modernisation and construction of new structures at the wastewater treatment plant in Hamuliakovo. Completion allowed massive development at the affected location. The subject of this work was the modernisation of the existing treatment plant and the construction of new buildings to secure additional wastewater treatment capacity until

2030 for 31,080 connected inhabitants as well as to secure wastewater treatment pursuant to Slovak Government Decree No. 296/2005 Coll. and European Directive No. 271/1999. The price for the construction work was € 6,196 thousand (SKK 186,661 thousand) and the executor of the construction was “Hamuliakovo Wastewater Treatment Plant Association” (AQUSTAV Bratislava and COMBIN Banská Štiavnica).

Another significant construction was “Mýtňa ul., water and sewer network renovation”, which was completed in coordination with the Magistrate’s Office of the Capital City of the Slovak Republic, Bratislava, which secured the complete reconstruction of the roadway. The following networks were renovated during work: DN 200 water main with total length of 665 m and DN 400 sewer pipe with total length of 176 m and an additional DN 600 sewer pipe with total length of 453 m. The price for the work was € 1,655 thousand (SKK 49,859 thousand) and the construction executor was HASS Zlaté Moravce.

Other completed construction work includes:

- Bojnická ul., reconstruction of DN 1200 and DN 150 water mains
- Záhorská Bystrica, Nová ul., sewers (IBV Gbelská)
- Palisády, water main and sewer reconstruction
- Petržalka wastewater plant, cogeneration unit, connection to ZSE network
- Lamač, Zhorínska ul. and Cesta na Klanec, water main reconstruction - Cesta na Klanec section
- Ursínyho ul., sewer renovation.
- Pod. Biskupice Pump Station, Petržalka Pump

- Station, Karlova Ves Pump Station, ÚV Kúty – hygienic water assurance
- Záhorská Bystrica, water main connection, Pútnická – Prídavková ul.
- Senec, water and sewer network reconstruction – DV pump station section
- Hamuliakovo wastewater plant drainage, Dunajská Lužná, sewage collection - reconstruction of drainage piping, 2nd phase
- Limbach, water main reconstruction
- Plavecký Štvrtok wastewater treatment plant, reconstruction and expansion
- Modra, Vajanského ul., water network reconstruction
- Malacky wastewater treatment plant, reconstruction and modernisation
- Senica wastewater treatment plant – reconstruction of feed water tanks 3 and 4
- Holíč – IBV Pri kaštieli – water network and sewers, 2nd phase
- Gbely – utility networks for Gbely, Majerky residential zone
- Letničie, common sewage pipe A + extension of pressure section “1” – sewers.

In terms of in-progress construction work that continued during 2010, the following important construction work must be mentioned:

- Tomášikova ul., reconstruction of pressure water network piping
- Vajnory, vacuum sewers, 2nd phase
- Addition to lab area at Bojnická ul., Bratislava
- Surface and roadway reinforcement on site at BVS Prešovská
- VZ Sihoľ, repairs to BVS area
- Prešovská ul., renovation of BVS office building
- MKR – sewage removal: Pezinok – reconstruction of drainage network and Pezinok wastewater treatment plant – re-cleaning of wastewater, 2nd phase

- Senec, water tanks, 2 x 5,000 m³, 1st and 2nd phases
- Renovation and construction of water network buildings
- ÚV Veľké Leváre, reconstruction

Execution of all the construction work shown above and their placement into operations will improve supplies of potable water and will secure sufficient capacity for wastewater collection and improve treatment quality; this all conditions additional development in affected areas.

Construction work prepared for EU and Slovak financing

In the 1st phase of 2009 project preparations that started in 2007 were completed for the “Sewer Collection for Podunajská Section of Bratislava” where professional aid for project financing from EU Cohesion Funds (large projects) was executed for the planned period of 2007-2013. The subject of the project is the reconstruction of the ÚČOV Vrakuňa and Petržalka wastewater treatment plants and sewage removal from Prievoz and Podunajské Biskupice. With regards to the high costs of the entire project the Board of Directors of BVS adopted on 17.10.2008 a concept to proceed with the minimalistic alternative, in other words to only execute the expansion and modernisation of the biological sections at ÚČOV Vrakuňa and the Petržalka wastewater treatment plant. In 2008 the project received a valid construction permit.

With project financing preparations for non-re-

Potential modernisation of BVS infrastructure

60

turnable financial support from the EU the Slovak Ministry of the Environment approved the “Project Aim” and “Feasibility Study” for the project. Currently an application is prepared for aid confirmation and an application for non-returnable financial assistance will be elaborate and submitted to the Slovak Ministry of the Environment.

In addition to this project BVS has secured and continues to secure all qualitative parameters for released wastewater pursuant to EU Directives on the following construction projects:

- Hamuliakovo wastewater plant, reconstruction, modernisation and construction of new structures, work is complete
- Malacky wastewater plant, reconstruction and modernisation, construction is complete
- Holíč wastewater plant, reconstruction and intensification

The Slovak Ministry of the Environment via a letter dated 25. 9. 2009 gave notice of the denial of non-returnable financial assistance from the EU. A second call for “small projects” was announced with a closing term of 23.11.2009 for which a second, repeated application was submitted on 21.11.2009

- Senica wastewater plant, intensification and modernisation, construction permit was issued with a deadline of 11/2009.

The construction of water networks and sewers that are prepared for execution were included in the program for public works financed by the Slovak Republic for the 2009 - 2012 period.

- Malacky – Kúty, water main

The Slovak Ministry of the Environment within “large projects” did not approve this project for financing from non-returnable financial assistance from EU resources and provided notice via a letter dated 16.4.2009. A decision depending on possible financing will be decisive for determining the process for securing the project

- Rača – Grinava, water network supply piping
- Pod. Biskupice – Bernolákovo pump station, reconstruction of water supply piping, 2nd phase
- Pod. Biskupice – Bernolákovo pump station, reconstruction of water supply piping, 3rd phase
- Bernolákovo – Grinava, reconstruction of water supply piping
- MKR, Pezinok – Dubová, Svätý Jur, pressure piping and sewage collection
- Senec region, sewage collection.

Internal resources have also secured project preparation for the following construction work:

- Devínska Nová Ves wastewater plant, intensification and expansion
- “H” sewage collector

Preparations for individual construction work are based on the most up to date knowledge from information technology that will assure proper use in water and sewer network systems.

The execution and preparation of new development investments, reconstructions, modernisations and expansions of existing networks, water sources and wastewater plant buildings will allow the fulfilment of the tasks stipulated in the loss reduction plan for water networks and the development and strategic plan for Bratislavská vodárenská spoločnosť.

During the modernisation of water network infrastructure BVS is focused on the existing condition of the assets it uses for its main business activities (public water networks and public sewers). One of the basic priorities is to keep existing assets in the best possible condition as achieved via its permanent renewal (reconstruction). Assurance of the tasks related to keeping existing water infrastructure in good condition is integrally related to the modernisation of systems for these infrastructures. This goal is aimed at optimum water production and distribution solutions or likewise for wastewater collection and treatment and achieving sufficient capacity for satisfying the demands of land development along with economic benefits in both cases.

Priority areas for water supply system modernisation include:

- Achieving missing water capacity to reliably provide current demand for potable water while considering future needs
- Securing support for deficient areas or areas with problematic local sources
- Optimisation of the use of springs with energy efficient gravity distribution to consumers
- Optimisation of the potable water distribution process by increasing the efficiency of the use of water sources and water distribution by executing an integrated system for management and central technical dispatching
- Securing alternative solutions for supplying water in crisis situations

The current concept for using water sources in the Podunajská area for Bratislava remains applied and in the long term while considering the simple suitability of the placement of these sources on city land, or in its immediate vicinity.

With regards to other areas it is necessary to mention that local water sources in Záhorie and in the Small Carpathian Region are not sufficient due to their capacity and quality; currently this water is supplanted to a significant degree by higher quality and more plentiful ground water (water sources from the Podunajská area). The eccentric placement of these water sources (in the Podunajská area) in relation to the placement of consumers in the city of Bratislava precondition the need to build a tens of kilometres of large capacity water piping. Currently distribution lines are built from Bratislava to Záhorie (via Malacky) and to the Foothills region (via Pezinok and Senec). The continuation of this concept includes the planned connection of distribution equipment that will optimise deliveries to the Small Carpathian Region in the eastern part of Bratislava (new water line from Rača to Pezinok Grinava and reconstruction and expansion of water main capacity from Podunajské Biskupice to Bernolákovo) or that will be used to secure water supplies from the western section of Bratislava to Senica and Skalica (new water main from Malacky – Kúty and Kúty – Holíč).

During 2009 the water system modernisation strategy was updated and within this strategy company priorities in the given area were clarified.

Modernisation of the water system can be specified in a framework manner in the following solutions:

- Operational connections between the east and west sections of Bratislava
- Securing distribution lines for supplying Záhorie from the Bratislava water system, resolving potable water supplies to the northwest section of the city
- Addition of water capacity on the territory of Bratislava (mainly in Lamač, Karlova Ves, Devín and Kramáre)
- Complex resolution of potable water supplies to Koliba and Kramáre in Bratislava
- Supplying potable water to potential developing areas of Bratislava
- Modernisation of the water system in the eastern part of Bratislava and the areas of Pezinok and Senec (reconstruction and modernisation of water main from Podunajské Biskupice – Bernolákovo – Pezinok Grinava, water main from Bratislava Rača – Pezinok Grinava, additional connection and lower line loops, expansion of collection for the area around Senec)
- Construction of supply line Zohor – Suchohrad – Malacky
- Expansion and connection to water source system at Holdošov mlyn
- Optimisation of water spring use
- Connection of water system to water main Rohožník – Plavecké Podhradie
- Water main Malacky – Kúty
- Water main Kúty – Holíč

61

Management comments as to the company's performance and asset situation

- Construction of integrated management and central technical dispatching system

The current and anticipated total territory where BVS operates is significantly positive. This also brings to the table the question of the use of water source capacity above the framework of anticipated demand in the territory where BV operated and the needs of neighbouring regions.

Priorities in sewer system modernisation include:

- Achieving missing sewer capacity to reliably provide current demand for sewage collection while considering future needs
- Securing wastewater treatment in connection with valid legislation and in connection with current land development
- Optimisation of sewage removal process with progressive execution of integrated management system and central technical dispatching

Modernisation of the sewer system is focused on the following concepts:

Sewer solutions will and will continue to focus on the concept of centralisation of the wastewater treatment process for the Small Carpathian and Senec Regions with connection to the left bank sewer system in Bratislava to the shared Bratislava Vrakuňa treatment plant or to the shared Hamuliakovo wastewater plant for group sewers. In other cases independent sewers with a separate wastewater treatment plant will be used and will be continued to be used with possible connections to a low number of satellite neighbourhoods or

other smaller villages.

During 2009 the sewer system modernisation plan was updated and priorities in this area were clarified as well.

Modernisation of the water system can be specified in a framework manner in the following solutions:

- Modernisation of drainage networks (mainly Collector H in Bratislava, pressure sewer piping between villages in the sewer system for the Hamuliakovo treatment plant, etc.)
- Modernisation of water treatment plants to meet the cleaned wastewater effluent parameters pursuant to valid legislation (the category of municipal areas exceeding 10 000 EO includes the Vrakuňa and Petržalka treatment plants as well as sewer collection from the Small Carpathian and Senec Regions used to collect wastewater from Pezinok and Senec, and Holíč wastewater plant, Senica wastewater plant, Skalica wastewater plant, Malacky wastewater plant and Hamuliakovo wastewater plant)
- Modernisation of wastewater plants in order to increase the capacity to cover land development demands (this solution also includes modernisation at the Devínska Nová Ves wastewater plant)
- Modernisation of sewer systems to improve technology used to increase efficiency that will be secured within the modernisation specified above
- Construction of integrated management and central technical dispatching system

BVS's strategy in the area of modernising water company infrastructure is conceived with focus on basic EU documents (in general the Framework Directive on Water, in the area of wastewater collection and treatment: Council Regulation No. 91/271/EEC and in the area of potable water: Council Directive 98/83/EC) as translated into national legislation (in particular Act No. 364/2004 Coll. on Water and Act No. 442/2002 Coll. on Public Water Networks and Public Sewers) as well as in other basic Slovak Republic documents including the Concept of Water Policy until 2015 and the Public Water System and Public Sewer Development Plan for the Territory of the Slovak Republic.

Progressive execution of the reconstruction and modernisation BVS's water infrastructure will employ an optimal conceptual solution that will as much as possible approach a perspective oriented to effective execution of water production and distribution processes or wastewater collection and treatment processes.

Total income in 2009 reached € 76,695,146, representing a total of € 416,573 more than was anticipated in the income budget for 2009 (fulfilment of 100.5%).

Fulfilment of budgetary income at a level of 100.5% was mainly impacted by:

- Increased income from asset capitalisation and revenues from contractual fine s and penalties (111 %)
Revenues from contractual interest from delay, asset capitalisation
- Increase additional revenues (113.8 %)
Revenue from rentals, dissolution of aid and gifts into income
- Increased financing income (121.6 %)
Interest income, income from short-term financing assets, exchange profits

Total expenses for 2009 reached € 76,817,246, which is € 541,931 more than anticipated in the budget (fulfilment of 100.7%). Incomplete draw down of expenses considered in the budget was mainly from the following items:

- Consumed materials (96.3%)
- Consumed energy (95.6%)
- Depreciation of long-tem assets (99.5%)
- Personnel expenses (97.4%)
- Gifts (96.4 %)

Expense overruns in the budget were mainly from the following items:

- Repairs and maintenance (100.6%)

- Other services (112.7 %)
- Taxes and fees (113.8%)

Company earnings are represented by a profit of € 6,475 before taxes and in comparison with anticipated budgeted earnings of € 3,258 this represents growth of € 3,217.

After subtracting income tax and deferred taxes the company recorded a loss of € 122,100.

In thousands of €	At	At
	31.12.2008	31.12.2009
Long-term intangible assets	1,146	876
Long-term tangible assets	352,736	341,597
Long-term financial assets	10,431	58,438
Total fixed assets	364,313	400,911
Total current assets	22,086	22,158
Deferrals and accruals	6,752	5,521
TOTAL ASSETS	393,151	428,590

In comparison with 2008 long-term assets increased by € 36,598 thousand (increased in acquisition prices by € 47,434 thousand minus growth in adjustments by € 10,836 thousand) and at 31.12.2009 this represented a total value of € 400,911 thousand.

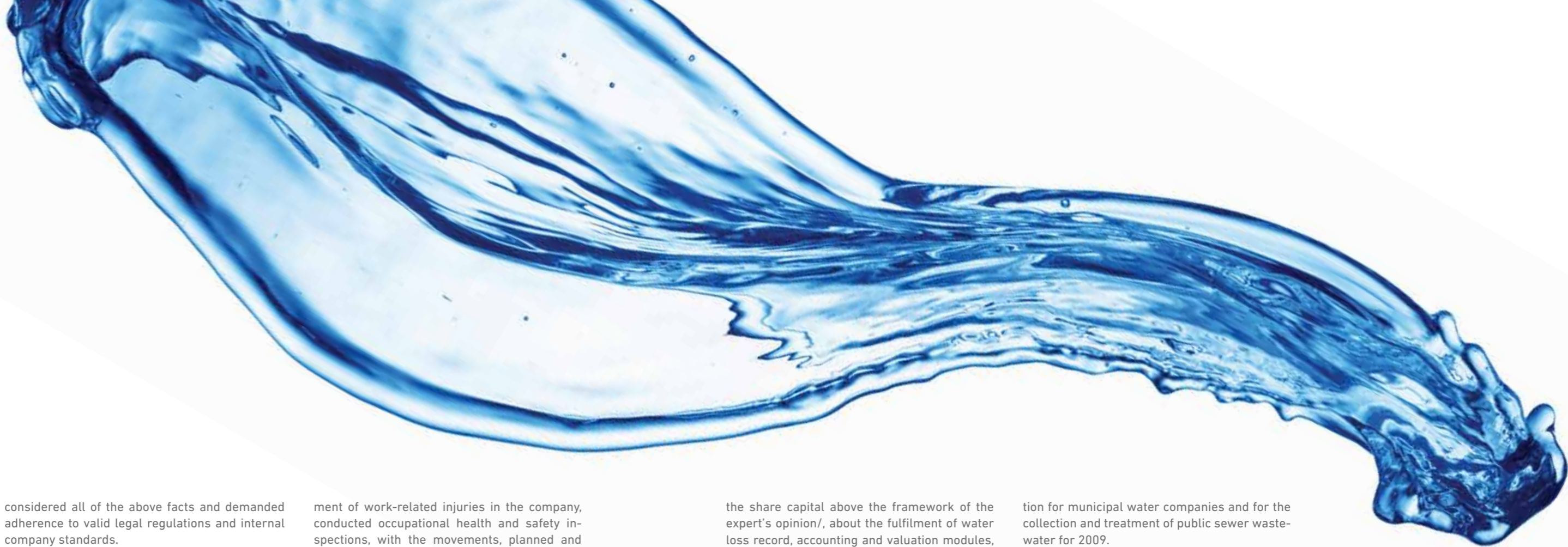
In December 2009 the company deposited a portion of its business into its subsidiary BIONERGY in the form of a non-cash deposit and recorded its share in its subsidiary accounting unit totalling € 48 million. In July 2009 the company established the Voda foundation with a cash deposit of € 6,639.

In 2009 the company recorded an increase in total assets of € 35,439 thousand.

The company has no assets that are secured in the interest of a third party.

The company's assets are insured for damage to machinery, equipment and technical equipment totalling € 11,068 thousand; for damage caused by theft of tangible assets the insured sum is € 1,500 thousand; structural parts of buildings are insured up to € 66 thousand and natural event damage is insured up to € 9,619 thousand for tangible assets and € 143,160 thousand for real estate.

Report on the activities of the supervisory board



The supervisory board above all performs a controlling task and in this respect it is charged with supervising the activities of the board of directors and the activities of the entire company. It performs its activities pursuant to appropriate provisions of the Commercial Code, the company's articles and the supervisory board's discussion rules. These legal regulations set the power and competencies of the company's supervisory board, the activities of the supervisory board, calling meetings of the supervisory board, decision as to individual questions and tasks of the supervisory board within the company and the number of supervisory board members.

One priority activity of the supervisory board is to inspect records related to company activities to ensure they are recorded properly by management in accordance with the factual situation and if the company's business activities are completed pursuant to legal regulations, articles and general meeting instructions.

As the Chairman of the Supervisory Board of BVS, I can responsibly state that the supervisory board of Bratislavská vodárenská spoločnosť as the main controlling body of the company sufficiently

considered all of the above facts and demanded adherence to valid legal regulations and internal company standards.

In 2009 the supervisory board met a total of ten times and focused on the following issues and questions connected to company activities and company function:

- Approved the business plan, financial budget, investment and investment construction plans for 2009 and 2010 and the framework investment and investment construction plan for 2011, 2012 and 2013, as well as any changes thereto, and provided updates on fulfilment in the form of quarterly written reports.
- Approved the statute for the board of directors and discussion rules of the supervisory board
- Reviewed the ordinary financial statements for 2008 and division of profits for 2008, the 2008 annual report, the board of director's report on business activities and status of assets for 2008 and the consolidated financial statements for 2008; the supervisory board also submitted its statement for discussion at the ordinary general meeting.
- Familiarised itself with the status and develop-

ment of work-related injuries in the company, conducted occupational health and safety inspections, with the movements, planned and actual status of employees, with the planning and actual completion of educational activities within the educational system and employee development, with internal and external events organised by the communication and print department as well as with the status of company insurance coverage.

- The board of directors provided the supervisory board with information on the use of resources to support charities, cultural and civic events and other activities, to eliminate complaints, notices, claims and other initiatives, about fulfilment of the program to limit water losses, about the activities of the internal audit department, in matters related to the recovery of receivables for 2009 and about the ratio of sales to receivables and sales to liabilities for BVS, on the execution of measures to eliminate insufficiencies that arose from the technical and economic audit of water losses at BVS, about matters related to "bills of exchange", about the application of claims related to the elimination of the defective legal status related to the establishment of the subsidiary /deposit real estate assets into

- the share capital above the framework of the expert's opinion/, about the fulfilment of water loss record, accounting and valuation modules, internal consumption and un-invoiced water (M01), records, accounting and valuation of water line outages (M02) and water network technical condition valuation methodology (M04).
- The most serious materials that the supervisory board took into consideration and discussed during 2009 at its meetings were resolving the updated water loss limitation project, measures to limit water losses, economic analysis focused on defining the value at which lowering water losses makes economic sense, a complex report on changes to the system of calculating water use with a review of the negatives and positives of such changes and to whom this service will be provided, the results of the software audit, the sale of overdue receivables from business relationships, outages and diagnostic activities on the BVS water network, oil pipeline activities that should interfere with drinking water sources and changes to the company's articles.
- The supervisory board discussed a submitted price bid for the delivery and productions of potable water from public water networks, the price for public potable water network distribu-

tion for municipal water companies and for the collection and treatment of public sewer wastewater for 2009.

- At some meetings the supervisory board focused on some random and anonymous suggestions submitted to BVS by majority shareholders and with the results of any findings.
- The board familiarised itself with information from the board of directors in matters related to the purchase of the company's shares for the price of EUR 1.88 for the shares of the villages of Lopašov, Oreské, Podbranč, Plavecké Podhradie, Lakšárska Nová Ves and Letničie.
- The supervisory board focused on the introduction of the ISR project, its results with emphasis on the financial evaluation and efficiency of the investment and again attempted to focus on the GPS system and a comparison of information from this system.

During the resolution of problems, the supervisory board to a significant degree contributed to the resolution of problems in close cooperation with the company's board of directors as evidenced by meetings of the supervisory board that were attended by the chairman of the board of directors and by the vice chairman of the board of directors

in the event the chairman was not presents or by another authorised member of the board. Professional internal and external company experts were invited to help deal with professional issues. The supervisory board took interest in the company's business activities, on the management of accounting and on the overall economic progress made by the company. It requested that the board of directors submit information for discussion that it did not directly decide upon but that the supervisory board wanted to express an opinion towards in an attempt to contribute to a resolution to such matters thereby providing the board of directors with an independent opinion regarding the discussed issue. Last but not least the supervisory board initiated the solutions to other problems and initiatives received from shareholders, the company itself, business partners and from other affected legal entities and individuals. These mainly concerned initiatives that related to company activities and with property owned or administered by the company.

Consolidated financial statements

Consolidated Balance Sheets

	31 December 2009	31 December 2008
ASSETS		
Fixed assets		
Buildings, structures, machinery and equipment	361,503	356,966
Other intangible assets and other assets	1,279	1,357
Deferred tax receivables	147	-
Total fixed assets	362,929	358,323
Current assets		
Inventory	825	814
Trade receivables and other receivables	19,958	18,662
Due tax receivables	838	740
Cash and cash equivalents	8,764	11,608
Total current assets	30,385	31,824
TOTAL ASSETS	393,314	390,147
LIABILITIES AND EQUITY		
Capital reserves		
Share capital	281,366	281,399
Own shares	(1,927)	(1,841)
Legal and other funds	71,366	68,783
Accumulated loss	(4,942)	(2,376)
Total equity	345,863	345,965
Long-term liabilities		
Liability from benefits with employment termination	678	729
Deferred tax liability	4,059	3,925
Provisions	4,726	4,898
Deferred revenues	14,218	13,492
Other liabilities	1,570	1,028
Total long-term liabilities	25,251	24,072
Short-term liabilities		
Trade payables and other payables	21,170	19,148
Deferred revenue	1,030	714
Other liabilities	-	248
Total short-term liabilities	22,200	20,110
Total liabilities	47,049	44,182
TOTAL EQUITY AND LIABILITIES	393,314,	390,147

Consolidated income statement

	Year ended 31 December 2009	Year ended 31 December 2008
Revenues	75,555	74,176
Revenues from investments	93	506
Other profits and losses	1,329	2,067
Own work capitalized	329	302
Consumption of raw material, material and services	(28,800)	(26,772)
Repairs and maintenance	(3,475)	(4,912)
Depreciation and amortization	(25,895)	(23,581)
Personnel expenses	(16,913)	(15,089)
Financial expenses	-	(12)
Other expenses	(2,324)	(2,990)
Profit before taxation	(101)	3,695
Income tax	34	(1,120)
Profit per the year	(67)	2,575
Other profits	-	-
Total profit per the year	(67)	2,575

Consolidated statements of changes in equity

	Share capital	Own shares	Legal and other funds	Non-distributed profit	Total
Balance as of 1 January 2008	281,399	(1,411)	62,677	49	342,714
Purchase of own shares	-	(430)	-	-	(430)
Other shareholders' contributions	-	-	1,105	-	1,105
Distribution of statutory non-distributed profit from previous years	-	-	5,001	(5,001)	-
Net profit per the year	-	-	-	2,576	2,576
Balance as of 31 December 2008	281,399	(1,841)	68,783	(2,376)	345,965
Differences from currency changeover	(33)	-	33	-	-
Purchase of own shares	-	(86)	-	-	(86)
Other shareholders' contributions	-	-	51	-	51
Distribution of statutory non-distributed profit from previous years	-	-	2,499	(2,499)	-
Net loss per the year	-	-	-	(67)	(67)
Balance as of 31 December 2009	281,366	(1,927)	71,366	(4,942)	345,863

Notes to the financial statements

Consolidated cash flows

	Year ended 31 December 2009	Year ended 31 December 2008
CASH FLOW FROM OPERATING ACTIVITY:		
Profit/loss before taxation	(101)	3,695
Items adjusting profit before taxation into cash flow from operating activity		
Depreciation of long-term tangible assets and amortization of long-term intangible	25,895	23,581
Net interest expenses	(93)	(506)
Foreign exchange differences	-	2
Amortization of accruals and deferred revenues	(899)	(774)
Adjustments to long-term tangible assets and intangibles	49	654
Provisions	-	(515)
Profit/loss from investment assets sold	138	(627)
Other non-cash items		
Changes in assets and liabilities		
Inventory	(11)	3
Trade receivables and other receivables	(1,153)	588
Liabilities form business relations and other liabilities	2,316	(3,336)
Provisions	(223)	(56)
Other assets and liabilities	186	-
Cash flow from operating activity	26,104	22,709
Interest received	80	503
Paid interests	-	-
Paid income tax	(78)	(177)
Net cash flow from operating activity	26,106	23,035
CASH FLOW FROM INVESTMENT ACTIVITY:		
Increase in long-term tangible assets and long-term intangible assets	(30,701)	(32,904)
Revenues from long-term tangible assets sold	30	887
Net cash flow from investment activity	(30,671)	(32,017)
CASH FLOW FROM FINANCIAL ACTIVITY:		
Purchase of won shares	(86)	(430)
Revenues from other partners' contribution to equity	51	1,105
Received grants	1,756	1,696
Paid dividends	-	-
Net cash flow from financial activity	1,721	2,371
NET INCREASE IN CASH AND CASH EQUIVALENTS	(2,844)	(6,611)
CASH AND CASH EQUIVALENTS AT THE PERIOD START	11,608	18,219
FOREIGN EXCHANGE DIFFERENCES TO CASH AND CASH EQUIVALENTS		
CASH AND CASH EQUIVALENTS AT THE PERIOD END	8,764	11,608

1. General information

1.1 Description of the Company

Bratislavská vodárenská spoločnosť (Company ID (IČO): 35 850 370) was established by Decision No. 853 on Privatisation issued by the Slovak Ministry for National Asset Administration and Privatisation dated 2 October 2002 to transform the state Water and Sewer Company and a portion of the state-owned Western Slovak Water and Sewer Company. The company was established upon registration on 7 January 2003 (Commercial Register, Bratislava I District Court, Section Sa, file number 3080/B).

Bratislavská vodárenská spoločnosť (hereinafter only “BVS” or “company”) is a joint-stock company in the Slovak Republic. The company’s registered office is in Bratislava, Prešovská ulica 48.

The company’s main activities include the operation of public water and sewer networks around Bratislava, Senica and Záhorie.

1.1.1 Establishment of subsidiaries Infra Services and BIONERGY

On the basis of the general meeting’s decision made on 9 December 2007 the company found-

ed a 100%-owned subsidiary Infra Services via a non-cash deposit into the company including assets and liabilities from the former service activity division of the company. The company was established with entry into the Commercial Register on 22 December 2007.

The company established another 100%-owned subsidiary BIONERGY on the basis of prior consent received from the general meeting held on 14 October 2009 via a non-cash deposit into the company including the assets and liabilities related to processing and disposal of biodegradable waste and the production and delivery of thermal supplies and electricity. The company was established with entry into the Commercial Register on 31 December 2009.

Assets and liabilities valued pursuant to Slovak

law were deposited into the subsidiaries upon establishment and recorded pursuant to their real value in the subsidiaries’ financial records. Assets and liabilities that were the subject of this deposit are recorded in these IFRS financial records in their original value on the basis of the concept of historical prices.

1.2 Structure of the company’s largest shareholders at 31 December 2009:

Shareholders	Share in share capital		Share in voting rights
	In Euros	In %	In %
Capital City of the Slovak Republic, Bratislava	5,026,138	59.29	59.29
City of Pezinok	245,495	2.90	2.90
City of Senica	238,181	2.81	2.81
City of Malacky	211,013	2.49	2.49
Internally held shares	714,771	8.43	8.43
Other shareholders	2,041,833	24.08	24.08
Total	8,477,431	100.00	100.00

1.3 Members of company bodies

Body	Position	Name
Board of Directors	Chairman	Ing. Daniel Gemeran
	Vice Chairman	RNDr. Oto Nevický
	Member	Ing. Jaroslav Néma
	Member	Ing. Ján Rafajdus
	Member	Ing. Aleš Procházka
	Member	Ing. Peter Čecho
Supervisory Board	Member	Ing. Peter Lenč
	Chairman	Ing. Karol Kolada
	Member	JUDr. Tomáš Korček
	Member	Peadr. Milan Trstenský
	Member	Ing. Katarína Otčenášová
	Member	Ing. Gabriel Kosnáč
Executive Management	Member	Ing. Dagmar Blahová
	Member	Peter Hurban
	Member	Pavol Šťastný
	Member	Ing. Anna Strápková
	General Director	Ing. Daniel Gemeran
	Technical Director	Ing. Jaroslav Néma
	Production Manager	Ing. Ján Rafajdus
	Financial Director	Ing. Peter Vojtaššák (until 31.1.2010) Ing. Katarína Horváthová (from 1.2.2010)
	Business Director	Ing. Juraj Hagara

1.4 Unlimited liability

The company is not an unlimited shareholder in any other company.

1.5 Právny dôvod na zostavenie účtovnej závierky

These consolidated financial statements are the company's ordinary financial statements. These were issued for the period from 1 January to 31 December 2009 pursuant to internal financial reporting standards as approved by the EU and following Slovak accounting regulations.

These financial statements are the first consolidated financial statements from the company issued pursuant to IFRS as approved by the EU. The company's management determine that in 2009 the company for the first time met the conditions of §22 of Act No. 431/2002 Coll. on Accounting as amended, which establishes the obligations to issue consolidated financial statements. For the year ending on 31 December 2009 the company also issued audited individual financial statements pursuant to the statutory accounting standards pursuant to Act No. 431/2002 Coll. on Accounting as amended.

The purpose of these consolidated financial statements is to meet the requirements of the Slovak Accounting Act; and not for any other specific purpose. The readers of these consolidated financial statements for this reason should not exclusively rely on them when making decision and should also perform other adequate research before making a decision.

1.6 Information about the consolidated unit

The company has decisive influence and is the parent company with a 100% share in the following companies:

Infra Services, and BIONERGY are subsidiaries of Bratislavská vodárenská spoločnosť, which has a 100% stake in their share capital. Bratislavská

Company name	Registered office	Description of Activities	Ownership stake	Ownership relation
Infra Services	Hraničná 10, Bratislava	Water network and sewer line service activities	100 %	Subsidiary
BIONERGY	Prešovská 48, Bratislava	Electricity and thermal production from biomass	100 %	Subsidiary

The influence of the subsidiaries on the financial situation and earnings reported in these consolidated financial statements after the elimination of mutual relationships and the re-valuation of assets is as follows:

31 December 2009	BVS	Subsidiaries	Total
Fixed assets	345,029	17,900	362,929
Current assets	27,618	2,767	30,385
TOTAL ASSETS	372,647	20,667	393,314

Ownership equity	326,775	19,088	345,863
Long-term liabilities	25,002	249	25,251
Short-term liabilities	20,870	1,330	22,200
Total liabilities	45,872	1,579	47,451

TOTAL OWNERSHIP EQUITY AND LIABILITIES	372,647	20,667	393,314
----------------------------------------	---------	--------	---------

Income	74,866	782	75,648
Expenses	(61,130)	(14,585)	(75,715)
After-tax profit	13,736	(13,803)	(67)

vodárenská spoločnosť has issued the consolidated financial statements for both companies within the consolidated unit. It is the consolidating company. As presented in note 1.1.1, the company established these subsidiaries with non-cash de-

posits. For this reason their acquisition is considered as a combination of companied under shared control and the international standard IFRS 3 - Business Combinations - does not apply.

1.7 Significant accounting forecasts and key sources of uncertainty in forecasts

During the application of the company’s accounting principles, a description of which is shown in note 2, the company accepted the following decisions related to uncertainty and forecasts that have a significant influence on the amounts recorded in the financial statements. These sections show events that represent significant risks of serious adjustments in future accounting periods.

Regulated income

Company income is mainly represented by revenues from the production, distribution and delivery of potable water via public water networks and the collection of sewage via public sewer networks. Prices for the provisions of these services are set by the Utility Network Regulation Office (URSO). Prices for the delivery of potable water and wastewater removal are set by URSO on the basis of planned repair costs that also include depreciation of long-term tangible assets on the basis of specific depreciation rates and adequate profit per cubic meter of delivered or collected water.

In the event that authorised expenses recorded by the company are higher or lower than the planned costs included in prices approved by URSO the difference will be considered in future prices for services regulated by URSO using a correction factor. Pursuant to IFRS no asset or liability is recorded with consideration to future price adjustments in the event that actual costs exceed or do not exceed planned repair costs.

Devaluation of buildings, structures, machinery and equipment

The company anticipates that no significant devaluation of buildings, structures, machinery and equipment will occur on the basis of current regulated company income. Any changes to regulation that influence the amount that the company receives as regulated income in the future can result in adjustment in connection with devaluation.

Un-invoiced supplies

The company recorded the amount of un-invoiced supplies on the basis of actual invoicing completed in the period after 31 December 2009 and on the basis of forecasts for un-invoiced water and sewer supplies for customers at 31 December 2009 were established on the basis of previous consumption development.

Legal disputes

The company is a participant in various legal disputes; in connection with these, company management expects a loss that could result in specific financial expenses. The company relied on the advice of its external legal council in establishing this forecast along with the newest available information on the status of legal proceedings and an internal evaluation of the likely result. Details as to individual legal disputes are shown in note 21.6.

2. OVERVIEW OF SIGNIFICANT ACCOUNTING PROCEDURES

a.) Accounting system

These consolidated financial statements were completed pursuant to International Financial Reporting Standards (hereinafter only “IFRS”) as approved by the EU. The IFRS as approved by the EU currently do not differ from IFRS issued by the

International Accounting Standards Board (IASB) other than accounting for secured portfolios pursuant to IAS 39 “Financial instruments: reporting and valuation”, which was not approved by the EU. The company determined that accounting for secured portfolios pursuant to IFRS 39 does not affect the consolidated financial statements and that accounting at the date of the balance sheet has been managed in an EU-approved manner.

These consolidated financial statements represent the company’s first financial statements that have been issued pursuant to IFRS wherein the IFRS 1 standard has been applied with the IFRS ascension date of 1.1.2008.

On the basis of Slovak Act No. 431/2002 Coll. on Accounting as amended, the company established an accounting policy for issuing the consolidated financial statements at 1 January 2008 based on the International Financial Report Standards as approved by the EU. Ascension to IFRS was executed pursuant to IFRS 1 “First IFRS Application” at 1 January 2008, which is the IFRS ascension date. With the exception of the elimination of over-valued financial investments in subsidiaries and related differences from the over-valuation of capital shares the influence of the transfer from previous accounting procedures valid in the Slovak Republic to IFRS has had no significant impact on ownership equity or profits.

These consolidated financial statements have been elaborated on the principle of historical prices (with the exception of some financial instruments) and under the expectation that the company will continue in its business activities, which anticipates the realisation of assets and the fulfilment of obligations as well as off-balance sheet contractual liabilities within normal company activities. Information about the basic accounting

principles that have been used are shown in the following text.

The financial statements are shown in thousands of Euros, i.e. in the functional currency of the company and therefore in the currency that is the dominant currency in a majority of company transactions. The Slovak Republic entered the Euro Zone on 1 January 2009 and the Slovak Koruna was replaced by the new valid currency the Euro (EUR). The group converted all of its accounting to EUR from this data and also the consolidated financial statements for 2009 are issued in thousands of Euros. Data for comparison has been converted using the official conversion rate of 30.1260 SKK/EUR. Details as to the calculations are shown in the individual points within the notes.

The submitted consolidated financial statements consider a number of corrections and reclassifications that were not recorded in the accounting records from the BVS Group with the goal of transforming the financial statements completed pursuant to valid Slovak accounting regulations to financial statements completed pursuant to IFRS as accepted for use in the EU.

b.) Basis of consolidation

The company consolidates the financial statements of all subsidiaries.

These companies, in which the company has direct or indirect property share that normally exceeds more than half of voting rights or any other method of controlling activities, are considered to be companies with decisive influence (“subsidiaries”) and are consolidated using the complete consolidation method. Subsidiaries are consolidated from the date on which the parent company assumed control and are removed from consolida-

tion on the date on which this control expires.

Within consolidation all transactions, balances and unrealised profits and losses from transactions within the group are eliminated.

Subsidiaries are not audited by Deloitte Audit

Subsidiaries Infra Services and BIONERGY included in these consolidated financial statements were not audited by Deloitte Audit. The subsidiaries that were not audited by Deloitte Audit as at 31 December 2009 represent 6% of total consolidated assets, 6% of consolidated liabilities, 1% of consolidated income and 19% of consolidated expenses. The company is convinced that no other significant transactions (including liabilities or other duties) that should be reported or published in these consolidated financial statements in connection with these companies.

Within consolidation all transactions, balances and unrealised profits and losses from transactions within the BVS group are eliminated.

c.) Buildings, structures, machinery, equipment and intangible assets

Buildings, structures, machinery, equipment and intangible assets are valued on the balance sheet at acquisition cost lowered by subsequent repairs and total adjustments due to the long-term decrease in the value of assets. The acquisition cost includes expenses for contracted labour, direct materials, salaries and overhead expenses. Lands are valued at the official forecast established by the state for lands obtained within privatisation or at acquisition cost.

Assets are depreciated during a period that corresponds to period of expected generation of

future economic utility. On the basis of the regulated framework the company an also include depreciation into the water and sewer tariff during a period established by URSO. Actual technical lifespan differs and is normally longer (for water equipment and infrastructure 20 - 50 years) but the company anticipates that the economic utility of such assets will not be exhausted at the end of the depreciation period approved by URSO for the purposes of establishing the tariff. For this reason these assets will remain in use even after they are fully depreciated. Depreciation begins on the date on which long-term assets are placed into use. Small long-term tangible assets with an acquisition price of EUR 1 700 or lower are accounted as stocks and their records are monitored in the company’s off-balance sheet accounts. Lands and works of art are not depreciated.

The depreciation term is defined by regulations; the depreciation methods and depreciation rates for long-term assets follow:

31. 12. 2009 and 31. 12. 2008	
Buildings, structures and water company infrastructure	20 – 30 years
Machinery, instruments and equipment	6 – 12 years
Means of transport	4 – 6 years
Intangible assets	4 – 5 years

Profits and losses from the scrapping of buildings, structures, machinery and equipment are fully considered in the income statement.

Expenses that relate to buildings, structures, machinery and equipment after they are placed into use only increase their accounting value in the event that the company can anticipate future economic returns above the framework of their original performance. All other expenses are ac-

counted for as repairs and maintenance for the period that relates to such expenses.

Pursuant to the requirements of IFRS 36 an evaluation is to be completed at the date the financial statements are issued to determine if there are factors that would signify that the realisable value of buildings, structures, machinery and equipment is lower than their accounting value. If these factors are determined the realisable value of these buildings, structures, machinery and equipment is to be estimated as the higher of the sale value or the current value of future cash flow. Any estimated loss due to lowered value of buildings, structures, machinery and equipment is accounted in full on the income statement for the period in which this lowered value occurred. Discount rates used during the calculation of the current value of future cash flow stem from the company’s positions as well as from the economic environment in the Slovak Republic as at the date of the balance sheet. If the company decides to stop an investment project or it significantly delays the planned completion of such a project it will also evaluate a decrease in its value and will record an adjustment as necessary.

d.) Financial assets

Investments are reported or are no longer reported on the transaction date of an investment purchase or sale contract that conditions the execution of the investment within a specific time framework and in a specific market and are valued at real value when first reported after subtracting direct transaction costs; other financial assets are reported at their real value if these are accounted on the income statement and are valued at real value when first reported.

Financial assets are classified into the following categories of financial assets: “real value accounted via income statement (FVTPL), “investments held to maturity”, “financial assets available for sale” (AFS) and “loans and receivables”). Classification depends on the nature of the financial asset and the purpose of its use and is defined during its first reporting.

At the date of issuing the following financial statements, securities that the company holds until maturity (investments held to maturity) are valued at amortised costs using the effective interest rate method after considering any decrease in value whereby income is recorded using the effective return method.

Investments other than those held to maturity will be defined as available for trading or available for sales and at the date to which the following financial statements are issued these are values at real value on the basis of the price on the market as at the date to which the balance sheet is issued. Unrealised profits and losses from financial investments that are available for trading are recorded on the income statement. For investments that are available for sale unrealised profits and losses are accounted for directly in ownership equity until this financial investment is sold or written off as depreciated; when cumulative profits and losses are recorded these are accounted on the income statement.

Receivables from business relationships, loans and other receivables with fixed or variable payments that are not anchored to the active market are classified as “loans and receivables”. Loans and receivables are valued at amortised costs using the effective interest rate method after consid-

ering any decreases in value. Interest returns are reported using the effective interest rate method; this does not apply for short-term receivables for which reported interest is insignificant.

e.) Cash and cash equivalents

Cash and cash equivalents represent cash, cash in bank accounts and securities with maturity of up to three months from the date of issue to which a negligible risk of a value change is connected.

f.) Stocks

Materials and other stocks are reported at the acquisition price or at the net realisable value, depending on which is lower. The acquisition price includes expenses for materials, other direct expenses and related overhead expenses. The net realisable value is the anticipated sales price under normal trading conditions after subtracting sales costs.

g.) Deferrals and accruals

BVS forecasts expenses and obligations that have not been invoiced at the balance sheet date. These expenses and obligations are deferred in accounting records and reported in the financial statements for the related period.

h.) Financial obligations

Financial obligations are classified as financial obligations “at real value accounted on the income statement” (FVTPL) or as “other financial obligations”. Financial obligations are classified as financial obligations at real value accounted on the income statement if the financial obligation is

available for trading or is marked as FVTPL.

Financial obligations are classified as “available for sale” if:

- They are primarily created with the goal of repurchasing in the near future,
- They are a component of an identified portfolio of financial tools that the group manages in a shared manner if this portfolio has the nature of a short-term profit portfolio,
- They are financial derivatives that are not evaluated as a security instrument and that do not have the function of these instruments.

Financial obligations at real value reported via the income statement are reported at real value wherein any subsequent profit or loss is accounted to the income statement. Net profit or loss reported via the income statement includes any interest from financial obligations.

Other financial obligations including loans are first valued at real value lowered by transaction expenses. Other financial obligations are then valued at amortised expenses using the effective interest rate method wherein interest expenses are reported on the basis of effective costs.

i.) Reserves

Reserves are accounted in the event that the company has or could have obligations from prior events and it is likely that the fulfilment of the given obligation will cause a decrease in assets and it is possible to reliably expect the amount of such an obligation.

The company forecasts expenses associated with

the liquidation of wastewater treatment plants, sludge disposal, revitalisation of waste disposal site and the disposal of contaminated equipment. Expected costs for liquidation and renewal are based on current legislation, technology and price levels. Reserves for environmental obligations are formed in such an amount that includes all expected future costs for liquidation and for their liquidation, discontinuation at current value with consideration provided to inflation. This uses a discount rate that reflects the current market value of cash and the specific risks associated with the obligation.

j.) Obligations from business relationships and other obligations

Obligations from business relationships are first valued at current value and then at amortised costs using the effective interest rate method.

k.) Account income

The company reports income from the delivery of water and collection and treatment of wastewater as well as other activities using the accrual principle. Income is recorded at real value for accepted fulfilment or as a receivable and is represented by receivables from goods and services provided during normal business activities without activities and value added tax.

l.) Income tax

Income tax is calculated from the accounting profit pursuant to valid Slovak accounting regulations totalling 19% after adjustments to various items for tax purposes. Tax from tax systems in other countries is calculated on the basis of the tax rates

valid within these other tax systems.

m.) Deferred income tax

Deferred income tax is accounted from all current differences between the tax and accounting residual values of assets and liabilities using the liability method. The deferred tax calculation uses the income tax rate anticipated for the period in which the appropriate receivable or liability will be settled. Deferred tax is accounted in the income statement with the exception of those receivables and liabilities that are accounted directly with a corresponding entry into ownership equity; in this case the deferred tax is accounted with a corresponding entry into ownership equity. The income tax rate in 2009 is 19% (2008: 19%).

The most significant temporary differences occur as a difference between the tax and accounting residual value of buildings, structures, machinery and equipment, adjustments for receivables and environmental reserves for liquidation and recultivation. A deferred tax receivable is accounted in the event that the anticipated tax base in the future will allow this temporary difference to be realised.

Deferred tax is accounted in the event of temporary differences as the result of financial investments in subsidiaries and associated companies and shared companies other than in cases when the settlement of temporary differences can be controlled and these temporary differences will not be settled in the near future.

n.) Operations in foreign currencies

These are recalculated using the exchange rate

set and announced by the European Central Bank or the Slovak National Bank on the date proceeding the transaction date. Any resulting exchange differences are reported as an expense or profit on the complete income statement. Cash assets and liabilities in a foreign currency on the balance sheet date for the consolidated financial statements are converted to the Euro using the reference rate defined and set by the European Central Bank or the Slovak National Bank.

Unrealised profits or losses due to exchange rate movements are fully incorporated in the complete income statement. For purchases and sales in a foreign currency these are converted to the Euro at the rate at which such items were purchased and sold.

o.) Expenses related to loans

Expenses related to loans are reported as costs in the period in which they occur other than expenses for loans that occur upon the acquisition, construction or production of the given long-term asset. These expenses related to loans are reported in the period when the given asset is placed into use as a component of the acquisition price (IAS 23).

p.) Financial instruments

Financial assets and liabilities are reported in the group on its balance sheet when certain provisions related to the given instrument require it as a contractual party to do so.

q.) Social and Retirement Security

The company provides contributions for statutory health, hospitalisation and retirement security and contributions to the Employment Fund from the total volume of gross salaries pursuant

to statutory rates valid during the year. Social security expenses are accounted for on the income statement in the same period as are related salary expenses. The company has no obligation to take funds from the total volume of gross salaries for these funds above the established framework. In addition the company makes contributions to supplementary retirement insurance for its employees.

r.) Commercial and other long-term employee benefits

The company has a long-term program of employee benefits composed of a one time contribution during entry to retirement for which no separate financial resources have been grouped. Pursuant to IAS 19 expenses for employee benefits are established using a marginal insurance/mathematical method known as the “Projected Unit Credit Method”. According to this method expenses for providing retirement benefits are accounted to the income statement in such a manner so that regularly repeating expenses are allocated over the length of employment. Liabilities from provided benefits are valued at the current value of future cash expenditure with a discount rate equal to the market return on state bonds with maturity that most closely approximate the maturity of the given liability.

s.) Financial leasing

Assets acquired within financial leasing are accounted into assets at real value on the acquisition date. Related liabilities against the tenant are shown as financial leasing liabilities on the balance sheet. Financing costs that represent the difference between the total liability for the lease and the objective acquisition value of the asset are accounted on the income statement during the lease period using the internal rate of return.

t.) State support

State support provided to acquire long-term assets is reported as deferred income and is dissolved into income materially and with respect to time during the lifespan of the associated asset or during the scrapping of such an asset.

3. APPLICATION OF NEW AND REVISED INTERNATIONAL FINANCIAL REPORTING STANDARDS

3.1 Application of New and Revised International Financial Reporting Standards

The company has accepted all new and revised standards and interpretation issued by the International Accounting Standards Board (IASB) and the International Financial Reporting Interpretations Committee (IFRIC) towards IASB, which relate to its activities and that have been approved by the EU with effect for accounting periods commencing from 1 January 2009. Acceptance of these standards, interpretations and addendums to existing standards and interpretations had no significant impact on the company’s consolidated financial statements.

Standards, interpretations and addendums to existing standards and interpretations that have not yet entered into force

At the date of these financial statements were issued the following are standards and interpretations or addendums to existing standards and interpretations that have been accepted for use in the EU and that have not yet entered into force and which the company has not decided to apply in advance:

- **Changed standard IFRS 1 “First Application of International Financial Reporting Standards”,**

accepted by the EU on 25 November 2009 (enters into force for the accounting period commencing on 1 January 2010 or before).

- **Changed standard IFRS 3 “Business Combinations”,** accepted by the EU on 3 June 2009 (enters into force for the accounting period commencing on 1 January 2010 or before 1 July 2009 or before),

- **Addendum to IAS 27 “Consolidated and Individual Financial Statements”,** accepted by the EU on 3 June 2009 (enters into force for the accounting period commencing on 1 July 2009 or before),

- **Addendum to IAS 32 “Financial Instruments - Presentation”** – classification of pre-purchase rights during issue, accepted by the EU on 23 December 2009 (enters into force for the accounting period commencing on 1 January 2011 or before),

- **Addendum to IAS 39 “Financial Instruments: Reporting and Valuation”** – items that can be defined for hedging, accepted by the EU on 15 September 2009 (enters into force for the accounting period commencing on 1 July 2009 or before),

- **IFRIC 12 “Public Service Concession Arrangements”** accepted by the EU on 25 March 2009 (enters into force for the accounting period commencing on 30 March 2009 or before),

- **IFRIC 15 “Agreements for the Construction of Real Estate”** accepted by the EU on 22 July 2009 (enters into force for the accounting period commencing on 1 January 2010 or before),

- **IFRIC 16 “Hedges of a Net Investment in a Foreign Operation”** accepted by the EU on 4 June

2009 (enters into force for the accounting period commencing on 1 July 2009 or before),

- **IFRIC 17 “Distribution of Non-Cash Assets to Owners”** accepted by the EU on 26 November 2009 (enters into force for the accounting period commencing on 1 November 2009 or before),

- **IFRIC 18 “Transfers of Assets from Owners”** accepted by the EU on 27 November 2009 (enters into force for the accounting period commencing on 1 November 2009 or before),

BVS anticipates that the acceptance of these standards, interpretations and addendums to existing standards and interpretations will not have a significant impact on the individual financial statements for the company in the period in which they begin to apply them.

Standards, interpretations and addendums to existing standards and interpretations that have not yet been accepted for use in the EU

At the date of these financial statements were issued the following standards and interpretations or addendums to existing standards and interpretations that have not yet been accepted for use in the EU.

- **IFRS 9 “Financial Instruments”** enters into force for the accounting period commencing on 1 January 2013 or before),

- **Addendums to various standards and interpretations** resulting from the annual IFRS quality improvement project published on 16 April 2009 (IFRS 2, IFRS 5, IFRS 8, IAS 1, IAS 7, IAS 17, IAS 18, IAS 36, IAS 38, IAS 39, IFRIC 9, IFRIC 16) that have the main goal of eliminating inconsistencies and to provide explanations (a majority of addendums will enter into force for the ac-

counting period commencing 1 January 2010 or before),

- **Addendum to IAS 24 “Related Party Disclosures”** - simplification of requirements for disclosing related parties with control and an explanation of the definition of a related party (enters into force for the accounting period commencing on 1 January 2011 or before),

- **Addendum to IFRS 1 “First IFRS Application”** – additional exceptions for accounting units that apply IFRS for the first time (enters into force for the accounting period commencing on 1 January 2010 or before),

- **Addendum to IFRS 1 “First IFRS Application”** – Limitation of exceptions from data reported from the previous accounting period pursuant to IFRS 7 for accounting units that apply IFRS for the first time (enters into force for the accounting period commencing on 1 July 2010),

- **Addendum to IFRS 2 “Share-based Payment”** - Group transactions with share-based payments settled using cash (enters into force for the accounting period commencing on 1 January 2010 or before),

- **Addendum to IFRIC 14 “IAS 19 - Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction”** – deposit payments for minimum funding requirements (enters into force for the accounting period commencing on 1 January 2011 or before),

- **IFRIC 19 “Extinguishing Financial Liability with Equity Instruments”** (enters into force for the accounting period commencing on 1 January 2010 or before).

4. BUILDINGS, STRUCTURES, MACHINERY AND EQUIPMENT

Buildings, structures, machinery and equipment are grouped into the following items:

The most significant share in assets is represented by land, buildings and structures as well as equipment related to infrastructure for the production, delivery and distribution of potable water and the collection and treatment of wastewater.

31 December 2009	Land, buildings and structures	Machinery, instruments and equipment	Unfinished investment construction	Total
Acquisition cost as at 1.1.2009	507,422	70,373	43,071	620,866
Adjustments	(208,494)	(53,786)	(1,620)	(263,900)
Residual price	298,928	16,587	41,451	356,966
Additions			30,067	30,067
Removed from service	33,793,	7,613,	(41,406)	-
Reclassifications	-	-	-	-
Disposals	(141)	(32)	-	(173)
Depreciation	(19,511)	(5,383)	-	(24,894)
Changes to adjustments	-	-	(463)	(463)
Final residual price as at 31.12.2009	14,141	2,198	(11,802)	4,537
Acquisition price	541,074	77,954,	31,732	650,760
Adjustments	(228,005)	(59,169)	(2,083)	(289,257)
Residual price	313,069	18,785	29,649	361,503

31 December 2008	Land, buildings and structures	Machinery, instruments and equipment	Unfinished investment construction	Total
Acquisition cost at 1.1.2009	479,117	64,423	44,771	588,311
Adjustments	(190,109)	(48,583)	(1,616)	(240,308)
Residual price	289,008,	15,840,	43,155,	348,003
Additions	-	-	32,741	32,741
Removed from service	28,482,	5,960	(34,442)	-
Reclassifications	-	-	-	-
Disposals	(176)	(10)	-	(186)
Depreciation	(18,385)	(5,203)	-	(23,588)
Changes to adjustments	-	-	(4)	(4)
Final residual price at 31.12.2009	298,929	16,587	41,450	356,966
Acquisition price	507,422	70,373	43,071	620,866
Adjustments	(208,494)	(53,786)	(1,620)	(263,900)
Residual price	298,928	16,587	41,451	356,966

5. RECEIVABLES FROM BUSINESS RELATIONSHIPS AND OTHER RECEIVABLES

Receivables from business relationships and other receivables, net, are composed of the following items:

	31. 12. 2009	31. 12. 2008
Receivables from business relationships	17,409	11,283
Un-invoiced income	5,453	6,283
Minus: adjustments for doubtful receivables	(3,290)	(3,408)
Total receivables from business relationships, net	19,572	14,158
Tax receivables		
Other receivables	386	4,504
Receivables from business relationships and other receivables, net	19,958	18,662

The average payment term for the sales of goods and services is 30 days. The company created 100 percent adjustments for all receivables that are past due by more than 365 days as past experience shows that in general receivables that are past due by more than 365 days are irrecoverable. Adjustments for receivables from business relationships that are past due by between 60 and 365 days on the basis of the expected irrecoverable sum form the sale of products based on previous experience with unpaid receivables in percent terms.

The balance of group receivables from business relationships are included in receivables with an accounting value of lower than EUR 3 666 thousand (2008: EUR 3 716 thousand) that are past due at the balance sheet date and for which the company has not yet created adjustments as no

significant changes to loan credits and appropriate sums are considered to be recoverable. The company does not own any collateral for this balance. The average age of such receivables is 186 days (2008: 190 days).

Changes to adjustment for doubtful or disputed receivables:

	Year ending 31. 12. 2009	Year ending 31. 12. 2008
Balance at start of year	3,408	2,728
Reported losses from lowered receivable value	133	1,490
Sums written off as irrecoverable	-	-
Sums collected during the year	(251)	(810)
Balance at the end of the year	(3,290)	3,408

6. CASH AND CASH EQUIVALENTS

Cash and cash equivalents are composed of the following items:

	31.12. 2009	31.12. 2008
Cash and valuables	33	35
Accounts held at banks	6,481	11,573
Bills of exchange	2,250	-
Balance at the end of the year	8,764	11,608

During 2008 and 2009 the company used available financial resources apart from term deposits at banks to also purchase short-term bills of exchange at Dexia banka that had normal validity of 14 days.

7. OWNERSHIP EQUITY

At 31 December 2009 and 2009 the share capital of the company composed 8,477,431 registered common shares with face value of EUR 33.19 that have been paid in full. At 31 December 2009 the company held 714,771 of its own shares (2008: 668,805) with an acquisition price of EUR 1,927 thousand (2008: EUR 1,841 thousand). Holding these shares is in no way limited by the law.

Other capital funds were mainly represented by the legal reserve fund which on 31 December 2009 totalled EUR 34,471 thousand (31 December 2008: EUR 34,176 thousand) and other funds totalling EUR 36,895 thousand at 31 December 2009 (31 December 2008: EUR 34,607 thousand). The legal reserve fund pursuant to the company's articles is not defined for distribution and can be used to cover losses and for increasing the share capital of the company.

For the purposes of profit distribution the non-consolidated financial statements for the company are relevant pursuant to Slovak legal regulations. At 31 December 2009 the company reported an accumulated deficit according to statutory financial statements totalling EUR 147 thousand. In 2009 and 2008

no dividends were approved for company shareholders.

8. LIABILITIES FROM BENEFITS PROVIDED UPON EMPLOYMENT TERMINATION

The long-term employee benefit plan valid within the company represents a program with established benefits according to which employees have the right to a one-time contribution upon their entry into retirement equal to twice the employee's average salary. At 31 December 2009 this program related to 1 056 company employees. At this date this program was not covered by financial resources, without specifically defined assets that cover the liabilities that arise from this program.

The change in net liabilities recorded in the balance sheet for the year ending on 31 December 2009 and the year ending 31 December 2008 can be summarised as follows:

	Total employee benefits 31.12. 2009	Total employee benefits 31.12. 2008
Liabilities at 1 January, net	729	700
Net change in reserves (actuarial estimate) included in personnel expenses	(32)	53
Paid employee benefits	(19)	(24)
Liabilities, net	678	729

Key insurance/mathematical prerequisites used by the company to complete the actuarial estimate include:

	31.12. 2009	31.12. 2008
Discount rate	4%	4%
Actual future annual rate of increase for salaries	2 %	2 %
Anticipated fluctuation	0.5 %	0.5 %
Retirement age	62 years	62 years

9. RESERVES

The company forecasts expenses related to the liquidation of environmental loads and legal disputes.

The following table summarises the movements of reserves for liquidation and re-cultivation as well as for legal disputes.

	Reserves for legal disputes	Environmental reserves	Total
Balance at 31 December 2007	4,078	1,420	5,498
Creation and reversal of reserves	33	(510)	(543)
Used reserves	(4)	53	(57)
Balance at 31 December 2008	4,041	857	4,898
Creation and reversal of reserves	(48)	(66)	(114)
Used reserves	-	(58)	(58)
Balance at 31 December 2009	3,993	733	4,726

10. OTHER LONG-TERM LIABILITIES

Other long-term liabilities include mainly liabilities from retainers.

11. LIABILITIES FROM BUSINESS RELATIONSHIPS AND OTHER OBLIGATIONS

Liabilities from business relationships and other obligations include:

	31.12. 2009	31.12. 2008
Liabilities from business relationships	18,388	17,660
Liabilities to employees	1,343	1,074
Liabilities related to social security	464	132
Other tax liabilities	180	127
Other liabilities	795	155
Total liabilities from business relationships and other obligations	21,170	19,148

Average liability payment term is 30 days. The group has introduced financial risk management principles that are to ensure that all liabilities have been paid with the payment term.

12. DEFERRED INCOME

	31.12. 2009	31.12. 2008
Long-term deferred income	14,218	13,492
Short-term deferred income	1,030	714
Total deferred income	15,248	14,206

	Total
Balance at 31 December 2007	13,285
Additions	1,695
Dissolved to income statement	(774)
Balance at 31 December 2008	14,206
Additions	1,941
Dissolved to income statement	(899)
Balance at 31 December 2009	15,248

Deferred income at 31 December 2009 represented accepted support from the state budget and from Euro funds (EUR 4,070 thousand), other support and gifts (EUR 4,141 thousand) and contributions paid by customers (EUR 5,760 thousand) that were provided for investment construction and are progressive released into income during the depreciation of the assets that were acquired with the given support or contributions. Accepted support and grants from the state budget and the EU relate to investments into long-term assets for the renewal of water company infrastructure.

13. INCOME

	Year ending	
	31.12. 2009	31.12. 2008
Water	36,975	36,140
Sewer	36,840	36,000
Other income	1,740	2,036
Income, total	75,555	74,176

Water and sewer income are regulated on the basis of regulations set by URSO that approves the prices for every year.

14. INVESTMENT INCOME

Income from investments includes:

	Year ending	
	31.12. 2009	31.12. 2008
Interest income from bank accounts	52	257
Income from bills of exchange	41	249
Income from investments, total	93	506

15. OTHER PROFITS AND LOSSES

Other profits and losses represent:

	Year ending	
	31.12. 2009	31.12. 2008
Profit/(loss) from sales of assets	(136)	627
Dissolution of deferred income	899	(774)
Other	566	666
Other profits and losses, total	1,329	2,067

Dissolution of deferred income relates to accepted assistance for the acquisition of buildings, structures and equipment that were financed from grants equal to the amount of the depreciation of this asset.

16. PERSONNEL EXPENSES

Personnel expenses are composed of the following items:

	Year ending	
	31.12. 2009	31.12. 2008
Salary expenses	(12,191)	(10,673)
Social security expenses	(4,774)	(4,364)
Expenses for employee benefits	52	52
Personnel expenses, total	(16,913)	(15,089)

The average recalculated number of employees for the year ending 31 December 2009 was 1,056 (year ending 31 December 2008: 1,020).

17. OTHER COSTS

Other costs, net, are composed of the following items:

	Year ending	
	31.12. 2009	31.12. 2008
Taxes and fees	(238)	(451)
Environmental fees	(1,489)	(875)
Adjustments for receivables, net	(133)	(681)
Insurance	(389)	(523)
Other income, net	(75)	(460)
Other operational expenses, total, net	(2,324)	(2,990)

18. INCOME TAX

18.1 Income tax confirmation

Income tax confirmation calculated using the statutory 19 percent income tax rate accounted to expenses includes:

	Year ending	
	31.12. 2009	31.12. 2008
Before tax profits	(101)	3,695
Tax at the local level of taxation, 19% flat rate	19	(702)
Tax influence on expenses/income that are not recognised during the calculation of the taxable tax base	(144)	(418)
Deferred taxes from tax losses from past years	150	-
Additionally refunded tax for 2007	9	-
Total income tax	34	(1,120)

The real tax rate differs from the legally stipulated flat-tax rate of 19% mainly due to differences in the classification of a number of income and expense items for accounting and tax purposes and the tax rules for the group of companies that issue consolidated financial statements in the Slovak Republic. Currently companies in Slovakia are obliged to submit tax declarations individually and cannot submit a shared tax declaration for a group of companies.

18.2 Income tax

Income tax is composed of the following items:

Year ending		
	31.12. 2009	31.12. 2008
Paid income tax	21	(873)
Deferred income tax	13	(247)
Total income tax	34	(1 120)

18.3 Deferred income tax

The following table shows the most significant deferred tax liability and receivable items that the company reported and their movement during the current and past accounting period:

Pursuant to company accounting principles deferred tax receivables and liabilities are off set against one another. The following table shows the balance (after off-setting) of the deferred tax for the purpose of balance sheet reporting:

	31.12. 2009	31.12. 2008
Deferred tax receivable	147	-
Deferred tax liabilities	(4,059)	(3,925)

	1.1. 2009	Debit (credit) to current period profits	31.12. 2009
Depreciation and amortisation to buildings, structures, machinery and equipment	(4,850)	115	(4,735)
Environmental reserves	105	287	392
Employee benefits	138	(139)	(1)
Adjustments	302	(78)	224
Legal disputes	43	(43)	-
Uncollected receivables	(18)	19	1
Tax loss	-	150	150
Other	355	(298)	57
Total	(3,925)	(13)	(3,912)

	1.1. 2008	Debit (credit) to current period profits	31.12. 2008
Depreciation and amortisation to buildings, structures, machinery and equipment	(4,246)	(604)	(4,850)
Environmental reserves	223	(118)	105
Employee benefits	133	5	138
Adjustments	142	160	302
Legal disputes	82	(39)	43
Uncollected receivables	(12)	(6)	(18)
Other	-	355	355
Total	(3,678)	(247)	(3,925)

SIGNIFICANT TRANSACTIONS WITH THIRD PARTIES AND RELATED PARTIES

18.4 Related parties

Parties related to the company include:

- Main shareholder - Capital City of the Slovak Republic, Bratislava
- Board of Directors - (see note 19.2 below).
- Entities connected via personnel - HYDROCOOP, spol. s r.o.

At 31 December 2009:

	Income	Expenses	Receivables	Liabilities
Capital City of the SR, Bratislava	1,786,688	273,545	151,083	1,689
HYDROCOOP, spol. s r.o.	210	559,890	-	-
Total	1,786,898	833,435	151,083	1,689

At 31 December 2008

	Income	Expenses	Receivables	Liabilities
Capital City of the SR, Bratislava	1,329,755	298,619	142,664	2,002
HYDROCOOP, spol. s r.o.	160	687,745	-	65,938
Total	1,329,915	986,364	142,664	67,940

Business was completed with related parties with the condition that these parties are independent and equal and that the prices used by the company during purchases and sales with related parties are economically justified.

18.5 Compensation for members of company bodies and directors

Compensation paid during the year ending 31 December 2009 and 31 December 2008 to members

of company bodies and management represent EUR 619 thousand (31 December 2008: EUR 595 thousand). Pay and compensation are a component of personnel expenses.

19. BINDING RELATIONSHIPS AND POSSIBLE LIABILITIES

19.1 Inventory of real estate property

The long-term process of inventorying real estate property with subsequent realisation of ownership and legal settlement of company lands continued in 2009 as well.

19.3 Regulatory framework in the area of developing and operating public water networks and public sewers

Business activities in the area of public water and sewer networks are set by Act No. 442/2002 Coll. on Public Water Networks and Public Sewers as amended. This act, in addition to other aspects, stipulates the establishment, development and operation of public water networks and sewers, the rights and obligations of their operators and also supervision performed by bodies of state authorities, above all in the area of adherence to qualitative indicators for potable water as well as the collection and treatment of wastewater.

The price for the production and delivery of potable water via public water networks and for the collection and treatment of wastewater via public sewers fall into the prices regulated by the Utility Network Regulation Office ("URSO") pursuant to Act No. 276/2001 as amended. Price regulation is executed pursuant to a Decree that stipulates regulation for individual years and on the basis of a directive that adds individual paragraphs for appropriate income.

The price for 2009 was established and submitted for approval to URSO that via its decision 0050/2009/V dated 4 December 2008 approved the maximum price for the production, distribution and delivery of potable water via public water networks and the maximum price for the collection and treatment of wastewater via pubic sewers for the period from 1 January 2009 until 31 December 2009. This was changed via decision number 0116/2009/V dated 30 June 2009 that changed the maximum price for the production, distribution and delivery of potable water via public water networks for the period from 30 June 2009 until 31 December 2009.

There also exists inherent uncertainty that could be affected by the definition of future tariffs by URSO, including possible future changes to energy regulation in Slovakia.

19.4 Environmental legislation in the area of water protection

On 13 May 2004 the Slovak parliament approved Act No. 364/2004 Coll. on Water that also included the requirements of Council Directive 91/271/EEC on the treatment of communal wastewater. On the basis of this act an obligation to construct public sewers to secure wastewater treatment in communities with more than 10 000 residents by the end of 2010 and in communities with more than 2 000 residents by the end of 2015 has been established. The company expects that the fulfilment of this obligation will require investment totalling around EUR 149 000 thousand between 2009 and 2015. The company is currently analysis various forms of financing these investments that include internal resources, grants and other external sources of financing.

On the basis of the Water Act the company will also provide fees totalling EUR 0.3319/m³ for water taken from underground sources and also fees in the event that quality limits for returned and cleaned water. In 2009 the company provided fees and fines for not following water quality limits totalling EUR 1,225 thousand (31 December 2008: EUR 841 thousand).

19.5 Legal disputes

The company is currently involved in a legal dispute that involves three bills of exchange totalling EUR 13,278 thousand that were signed by the pre-

vious management of Western Slovak Water and Sewers, a state-owner company. The company disputes the validity of these bills of exchange on the basis of suspected fraud. The company has accounted reserves for these bills of exchange in the amount of potential damages. The financial statements also include reserves for additional legal disputes where the company is the respondent.

Reserves for legal disputes are calculated on the basis of available information and forecasts of possible results of legal or other disputes. The final amount of any possible losses connected with legal disputes for which the company has created reserves is not known and can significantly change prior forecasts.

20 FINANCIAL INSTRUMENTS

20.1 Capital risk management

The company manages its capital so as to secure that the group entities will be able to proceed in activities as healthy and functioning companies while maximising returns for shareholders by optimising the rations between external and internal resources. The overall strategy for the group has not changed in comparison with 2008. At 31 December 2009 and 2008 the company did not report any loans or other debt instruments.

20.2 Categories of financial instruments

	31.12. 2009	31.12. 2008
Loans and receivables (including cash and cash equivalents)	28,722	30,270
Financial assets	28,722	30,270
Obligations from business relationships and other obligations	21,170	(19,148)
Financial obligations	21,170	(19,148)

(1) Financial risk factors

The company is exposed to various financial risks that include the consequences of movements in foreign currency exchange rates and interest rates for loans. Within its complex risk management system the company focuses on the unpredictability of the financial markets and attempts to minimise the possible negative effects on the company's financial situation.

The company does not participate in any trading with financial instruments, does not trade with them and does not use any financial derivatives for speculative purposes.

(I.) Exchange rate risk

Takmer všetky transakcie spoločnosti sú denominované v eurách, preto spoločnosť nie je vystavená významnému riziku z vplyvu zmeny výmenných kurzov cudzích mien.

(II.) Interest risks

Operational income and operational cash flow within the company are independent from changes in market interest rates. The company does not have any significant assets that generate interest with the exception of short-term savings in banks and purchased bank bills of exchange that can be considered cash equivalents and that are used by

the company to effectively manage liquidity. The company has not concluded any agreements with the goal of securing interest risk.

(III.) Loan risk

Loan risk includes the risk that a contractual party will not meet its contractual obligations and as a result the group will suffer a loss. The company has an obligation from the law to allow connection and delivery of water and sewage removal for each customer after meeting certain conditions. The company also monitors the condition of unpaid receivables and if necessary it disconnects customers that do not pay.

(IV.) Insufficient liquidity risk

Cautious management of the insufficient liquidity risk anticipates maintenance of a sufficient volume of cash and tradable securities, available financing resources via a sufficient volume of credit lines and the ability to close open market positions. The company maintains a sufficient amount of cash and has not open market positions except open positions from derivative transactions.

The following tables emphasise the remaining payment term for the company's non-derivative financial liabilities. The tables were elaborated on the basis of non-discounted cash flows from financial liabilities with consideration given to the earliest possible point at which repayment of these liabilities can be requested from the group. The table includes cash flow from interest and principle.

	Within 1 month	1 to 3 months	From 3 months to 1 year	1 to 5 years	5 years and more	Total
2009	16,030	2,845	-	2,295	-	21,170
Ex-interest						
2008	11,779	6,489	123	757	-	19,148
Ex-interest						

(2) Fair value

The fair value of financial assets and liabilities lowered by the amount of any adjustments within a payment term of less than one year is used to approximate real value. The real value of financial liability for the purposes of reporting is defined in the addendum on the basis of the discounted

future contractual cash flow at current market interest rates that the company has available for similar financial instruments.

In the opinion of the company's management the accounting value of financial assets and financial liabilities reported in the financial statements in amortised expenses approach their real value.

Three-year summary
financial statements

Summary balance sheet per 3 years

Balance sheet as of 31 December	2009	2008	2007
	th. €	th. €	th. €
TOTAL ASSETS	428,590	393,151	395,525
Fixed assets	400,911	364,313	353,955
Long-term intangible assets	876	1,146	1,203
Long-term tangible assets	341,598	352,736	344,611
Long-term financial assets	58,437	10,431	8,141
Shares and interests in subsidiary accounting unit and in company with substantial influence	56,147	8,141	8,141
Other long-term securities and shares, borrowings to an accounting unit in the consolidated whole and other long-term financial assets	2,290	2,290	0
Current assets	22,158	22,086	32,838
Inventory	7	7	8
Long-term receivables	16	15	47
Short-term receivables	15,365	14,153	14,564
Financial accounts	6,770	7,911	18,219
Accruals	5,521	6,752	8,732
TOTAL EQUITY AND LIABILITIES	428,590	393,151	395,525
Equity	379,943	349,393	348,273
Share capital	279,438	279,558	279,988
Capital reserves	67,016	36,097	34,992
Funds from profit	38,509	36,010	31,010
Profit or loss from previous years	-4,898	-4,889	-2,914
Profit or loss per accounting period	-122	2,617	5,197
Liabilities	33,399	29,455	33,854
Legal reserves	769	905	0
Other long-term provisions and short-term provisions	4,989	5,270	7,007
Long-term liabilities	5,583	5,002	5,545
Short-term liabilities	22,058	18,278	21,302
Bank loans and aids	0	0	0
Long-term bank loans	0	0	0
Current bank loans and short-term financial aids	0	0	0
Accruals	15,248	14,303	13,398

Summary income statement per 3 years

INCOME STATEMENT AS OF 31 DECEMBER	2009	2008	2007
	th. €	th. €	th. €
Revenues from goods sold	0	0	0
Expenses on acquisition of goods sold	0	0	0
Gross margin	0	0	0
Production	75,186	73,481	70,772
Revenues from own products and services	74,869	73,179	70,474
Change in inventory	0	0	0
Own work capitalized	317	302	298
Consumption form operation	38,692	35,905	29,884
Added value	36,494	37,576	40,888
Personnel expenses	10,705	10,597	14,011
Taxes and charges	1,560	1,177	1,451
Revenues from long-term assets and material sold and other operating revenues	1,388	2,158	5,508
Net book value of long-term assets and material sold and other operating revenues	227	1,282	1,854
Amortization/depreciation of and adjustments to long-term intangible assets and long-term tangible assets	25,220	23,155	21,597
Transfer of operating revenues (-)	0	0	0
Transfer of operating expenses (-)	0	0	0
Profit or loss from operating activity	170	3,523	7,483
Revenues from financial activity	121	517	982
Expenses on financial activity	284	266	608
Transfer of financial revenues (-)	,	0	0
Transfer of financial expenses (-)	,	0	0
Profit or loss from financial activity	-163	251	374
Due income tax from ordinary activity	-11	873	1,202
Deferred income tax from ordinary activity	140	284	1,458
Profit or loss from ordinary activity	-122	2,617	5,197
Extraordinary revenues	0	0	0
Extraordinary expenses	0	0	0
Due income tax from extraordinary activity	0	0	0
Deferred income tax from extraordinary activity	0	0	0
Profit or loss from extraordinary activity	0	0	0
Profit or loss per accounting period	-122	2,617	5,197

cash flow per 3 years

Denotation	Item name	Accounting period 2009	Accounting period 2008	Accounting period 2007
Cash flow from operating activity (OA)				
Z/S	Profit or loss from ordinary activity before taxation by income tax (+/-)	6	3,775	7,857
A.1.	Non-cash transactions with effect on profit or loss from ordinary activity before taxation by income tax	26,872	22,912	18,543
A.1.1.	Amortization of long-term intangible assets and depreciation of long-term tangible assets (+)	25,033	23,185	21,689
A.1.2.	Net book value of low-value tangible and intangible assets and depreciation of long-term tangible assets (+)	-	-	-
A.1.3.	Amortization/depreciation of adjustment to acquired assets (+/-)	-	30	-
A.1.4.	Change in provisions (+/-)	-394	-833	557
A.1.5.	Change in adjustments (+/-)	-932	-1,329	4,027
A.1.6.	Change in accruals to expenses and revenues (+/-)	3,156	2,890	-4,435
A.1.7.	Dividends and other shares in profit posted to revenues (-)	-	-	-
A.1.8.	Interest expense (+)	-	-	-
A.1.9.	Interest revenue (-)	-42	-512	-550
A.1.10.	Foreign exchange differences (+/-)	-	-1	-
A.1.11.	Profit/loss from sale of long-term assets, with the exception of assets considered cash equivalent (+/-)	60	-519	-2,775
A.1.12.	Other non-cash items (+/-)	-9	1	30
A.2.	Effect of changes in working capital on profit or loss from ordinary activity	2,657	-4,112	-1,745
A.2.1.	Change in receivables from operating activity (-/+)	-995	-935	-353
A.2.2.	Change in liabilities from operating activity (+/-)	3652	-3,178	-2,207
A.2.3.	Change in inventory (-/+)	-	1	815
A.2.4.	Change in short-term financial assets, with the exception of assets included in cash and cash equivalents (-/+)	-	-	-
*	Cash flow from operating activity, with the exception of revenues and expenses specified separately in other cash flow parts (+/-) (sum total Z/S + A.1. + A.2.)	29,535	22,575	24,655
A.3.	Interest received (+)	42	514	550
A.4.	Expenses on interest paid (-)	-	-	-
A.5.	Revenues from dividends and other shares in profit (+)	-	-	-
A.6.	Expenses on paid dividends and other shares in profit (-)	-	-	-
A.7.	Expenses on accounting unit income tax (-/+)	-76	-177	-2,179
A.8.	Extraordinary revenues related to operating activity (+)	-	-	-
A.9.	Extraordinary expenses related to operating activity (-)	-	-	-
A.	Net cash flow from operating activity	29,501	22,912	23 026

Denotation	Item name	Accounting period 2009	Accounting period 2008	Accounting period 2007
Cash flow from investment activity (IA)				
B.1.1.	Expenses on acquisition of long-term tangible and intangible assets (-)	-29,897	-31,427	-40,966
B.1.2.	Expenses on acquisition of long-term securities and shares in other accounting units, with the exception of securities considered cash equivalents and securities reserved for sale or trading (-)	-	-	-
B.1.3.	Revenues from long-term tangible and intangible assets sold (+)	9	692	4,270
B.1.4.	Revenues from sale of long-term securities and shares in other accounting units, with the exception of securities considered cash equivalents and securities reserved for sale and trading (+)	-	-	-
B.1.5.	Expenses on acquisition of long-term securities and shares in other accounting units	-1,123	-	-
B.2.1.	Expenses on long-term borrowings to other accounting unit integrated in the consolidated whole (-)	-	-2,290	-
B.2.2.	Revenues from repayment of long-term borrowings provided to other accounting unit integrated in the consolidated whole (+)	-	-	-
B.2.3.	Expenses on long-term borrowings provided to third parties, with the exception of long-term borrowings provided to other accounting unit integrated in the consolidated whole (-)	-	-	-
B.2.4.	Revenues from repayment of borrowings provided to third parties, with the exception of long-term borrowings provided to other accounting unit integrated in the consolidated whole (+)	-	-	-
B.3.	Revenues from lease of a set of tangible and intangible assets used and amortized/depreciated by the lessee (+)	-	-	-
B.4.	Interest received (+)	-	-	-
B.5.	Revenues from dividends and other shares in profit (+)	-	-	-
B.6.1.	Expenses related to derivatives, unless reserved for sale or trading (-)	-	-	-
B.6.2.	Revenues related to derivatives, unless reserved for sale or trading (+)	-	-	-
B.7.	Expenses on accounting unit income tax (-)	-	-	-
B.8.1.	Extraordinary revenues related to investment activity (+)	-	-	-
B.8.2.	Extraordinary expenses related to investment activity (-)	-	-	-
B.9.1.	Other revenues related to investment activity (+)	-	-	-
B.9.2.	Other expenses related to investment activity (-)	-	-	-
B.	Net cash flow from investment activity	-31,011	-33,025	-36,696

Označenie	Názov položky	Účtovné obdobie 2009	Účtovné obdobie 2008	Účtovné obdobie 2007
Peňažné toky z finančných činností (FČ)				
C.1.	Cash flow in equity	-86	-195	-8 173
C.1.1.	Revenues from subscribed shares and business shares (+)	-119	-	-
C.1.2.	Revenues from other partners' contributions to equity (+)	33	1,105	-
C.1.3.	Received cash donations (+)	-	-	-
C.1.4.	Revenues from loss settlement by partners (+)	-	-	-
C.1.5.	Expenses on acquisition or repurchase of own shares and business shares (-)	-	-430	-8,173
C.1.6.	Expenses related to decrease in funds crated	-	-	-
C.1.7.	by accounting unit (-)	-	-	-
C.1.8.	Expenses on payment of share in equity by accounting unit partners (-)	-	-870	-
C.2.	Cash flow arising from long-term liabilities and short-term liabilities from financial activity	455	0	0
C.2.1.	Revenues from issue of debt securities (+)	-	-	-
C.2.2.	Expenses on settlement of liabilities from debt securities (-)	-	-	-
C.2.3.	Revenues from loans (+)	-	-	-
C.2.4.	Expenses on repayment of loans (-)	-	-	-
C.2.5.	Revenues from received borrowings (+)	-	-	-
C.2.6.	Expenses on repayment of borrowings (-)	-	-	-
C.2.7.	Expenses on settlement of liabilities from financial leasing (-)	-	-	-
C.2.8.	Expenses on settlement of liabilities for lease of a set of tangible and intangible assets used and amortized/depreciated by the lessee (-)	-	-	-
C.2.9.	Revenues from other long-term liabilities and short-term liabilities ensuing from financial activity of the accounting unit (+)	455	-	-
C.2.10.	Expenses on repayment of other long-term liabilities and short-term liabilities ensuing from financial activity of the accounting unit (-)	-	-	-
C.3.	Cash flow arising from other financial activity	0	0	-2,598
C.3.1.	Expenses on interest paid (-)	-	-	-
C.3.2.	Expenses on paid dividends and other shares in profit (-)	-	-	-
C.3.3.	Expenses related to derivatives, unless reserved for sale or trading (-)	-	-	-
C.3.4.	Revenues related to derivatives, unless reserved for sale or trading (+)	-	-	-
C.3.5.	Expenses on accounting unit income tax (-)	-	-	-2 598
C.3.6.	Extraordinary revenues related to financial activity (+)	-	-	-
C.3.7.	Extraordinary expenses related to financial activity (-)	-	-	-
C.	Net cash flow from financial activity	369	-195	-10,771
D.	Net increase or net decrease in cash and cash equivalents (+/-) (sum total A+B+C)	-1,141	-10,308	-24,441
E.	Cash and cash equivalents at the accounting period start	7,911	18,219	42,660
F.	Foreign exchange differences to cash and cash equivalents as on the day of financial statements preparation (+/-)	0	0	0
G.	Cash and cash equivalents at the accounting period end (sum total D+E+F)	6,770	7,911	18,219

Fixed assets 2007 – 2009

	Acquisition cost/Own expenses				Accumulated depreciation/Adjustments				Net book value			
	31.12.2008	Additions	Disposals	Transfers	31.12.2009	31.12.2008	Additions	Disposals	Transfers	31.12.2009	31.12.2008	31.12.2009
	th. €	th. €	th. €	th. €	th. €	th. €	th. €	th. €	th. €	th. €	th. €	th. €
Capitalized costs on develop-ment	0	0	0	0	0	0	0	0	0	0	0	0
Software	1,845	0	78	0	1,767	1,771	42	78	0	1,735	74	32
Valuable rights	14	2	0	0	16	1	1	0	0	2	13	14
Goodwill	0	0	0	0	0	0	0	0	0	0	0	0
Other long-term intangible assets	2,317	178	0	0	2,495	1,263	443	0	0	1,706	1,054	789
Acquired long-term intangible assets	5	216	180	0	41	0	0	0	0	0	5	41
Advanced payments for long-term intangible assets	0	0	0	0	0	0	0	0	0	0	0	0
Total long-term intangible assets	4,181	396	258	0	4,319	3,035	486	78	0	3,443	1,146	876
Lands	82,521	52	7,364	0	75,209	0	0	0	0	0	82,521	75,209
Structures	420,431	33,538	12,744	0	441,225	206,472	19,692	5,892	0	220,272	213,959	220,953
Separate movables and sets of movables	57,359	7,537	10,325	0	54,571	42,455	4,789	8,628	0	38,616	14,904	15,955
Other long-term tangible ssets	140	0	16	0	124	71	21	16	0	76	69	48
Acquired long-term tangible assets	42,902	29,740	41,127	0	31,515	1,619	463	0	0	2,082	41,283	29,433
Advanced payments for long-term tangible assets	0	0	0	0	0	0	0	0	0	0	0	0
Total long-term tangible assets	603,353	70,867	71,576	0	602,644	250,617	24,965	14,536	0	261,046	352,736	341,598
Shares and interests in a controlled entity	8,141	48,006	0	0	56,147	0	0	0	0	0	8,141	56,147
Shares and interests in a company with substantial influence	0	0	0	0	0	0	0	0	0	0	0	0
Other long-term securities and shares	0	0	0	0	0	0	0	0	0	0	0	0
Borrowings to accounting unit in consolidated whole	2,290	0	0	0	2,290	0	0	0	0	0	2,290	2,290
Total long-term financial assets	10,431	48,006	0	0	58,437	0	0	0	0	0	10,431	58,437
Total fixed assets	617,965	119,269	71,834	0	665,400	253,652	25,451	14,614	0	264,489	364,313	400,911

	Acquisition cost/Own expenses				Accumulated depreciation/Adjustments				Net book value			
	31.12.2007	Additions	Disposals	Transfers	31.12.2008	31.12.2007	Additions	Disposals	Transfers	31.12.2008	31.12.2007	31.12.2008
	tis. €	tis. €	tis. €	tis. €	tis. €	tis. €	tis. €	tis. €	tis. €	tis. €	tis. €	tis. €
Capitalized costs on development	0	0	0	0	0	0	0	0	0	0	0	0
Software	0	0	0	0	0	0	0	0	0	0	0	0
Valuable rights	1,840	4	0	0	1,844	1,721	50	0	0	1,771	119	73
Goodwill	14	0	0	0	14	1	0	0	0	1	13	13
Other long-term intangible assets	0	0	0	0	0	0	0	0	0	0	0	0
Acquired long-term intangible assets	1,924	394	0	0	2,318	853	410	0	0	1,263	1,071	1,055
Advanced payments for long-term intangible assets	0	403	398	0	5	0	0	0	0	0	0	5
Capitalized costs on development	0	0	0	0	0	0	0	0	0	0	0	0
Total long-term intangible assets	3,778	801	398	0	4,181	2,575	460	0	0	3,035	1,203	1,146
Lands	79,770	2,859	108	0	82,521	0	0	0	0	0	79,770	82,521
Structures	396,361	24,286	216	0	420,431	188,149	18,471	148	0	206,472	208,212	213,959
Separate movables and sets of movables	52,459	5,167	267	0	57,359	38,474	4,238	257	0	42,455	13,985	14,904
Other long-term tangible assets	110	30	0	0	140	54	17	0	0	71	56	69
Acquired long-term tangible assets	44,203	31,377	32,678	0	42,902	1,615	77	73	0	1,619	42,588	41,283
Advanced payments for long-term tangible assets	0	0	0	0	0	0	0	0	0	0	0	0
Total long-term tangible assets	572,903	63,719	33,269	0	603,353	228,292	22,803	478	0	250,617	344,611	352,736
Shares and interests in a controlled entity	8,141	0	0	0	8,141	0	0	0	0	0	8,141	8,141
Shares and interests in a company with substantial influence	0	0	0	0	0	0	0	0	0	0	0	0
Other long-term securities and shares	0	0	0	0	0	0	0	0	0	0	0	0
Borrowings to accounting unit in consolidated whole	0	2,290	0	0	2,290	0	0	0	0	0	0	2,290
Total long-term financial assets	8,141	2,290	0	0	10,431	0	0	0	0	0	8,141	10,431
Total fixed assets	584,822	66,810	33,667	0	617,965	230,867	23,263	478	0	253,652	353,955	364,313

Equity 2007 - 2009

Názov	31.12.2007	Additions	Disposals	31.12.2008	Additions	Disposals	31.12.2009
	th. €	th. €	th. €	th. €	th. €	th. €	th. €
Share capital	281,399	0	0	281,399	-34	0	281,365
Own shares	-1,411	-430	0	-1,841	-86	0	-1,927
Change in share capital	0	0	0	0	0	0	0
Share capital	279,988	-430	0	279,558	-120	0	279,438
Share premium	0	0	0	0	0	0	0
Other capital reserves	1,204	1,105	0	2,309	51	0	2,360
Legal reserve fund from capital contributions	30,464	0	0	30,464	33	0	30,497
Gains or losses from assets and liabilities revaluation	3,324	0	0	3,324	30,835	0	34,159
Capital reserves	34,992	1,105	0	36,097	30,919	0	67,016
Legal reserve fund	3,194	519	0	3,713	262	0	3,975
Indivisible fund	0	0	0	0	0	0	0
Statutory funds and other funds	27,816	4,481	0	32,297	2,237	0	34,534
Funds from profit	31,010	5,000	0	36,010	2,499	0	38,509
Non-distributed profit from previous years	0	-1,975	0	-1,975	-9	0	-1,984
Accumulkated loss from previous years	-2,914	0	0	-2,914	0	0	-2,914
Profit or loss from previous years	-2,914	-1,975	0	-4,889	-9	0	-4,898
Profit or loss per current accounting period	5,197	2,617	5,197	2,617	-122	2,617	-122
Total	348,273	6,317	5,197	349,393	33,167	2,617	379,943

Shares in 2007 – 2009

Seq. No.	Shareholder	As of 31.12.2006				As of 31.12.2007				As of 31.12.2008				As of 31.12.2009			
		Number of shares	%	additions	disposals	Number of shares	%	additions	disposals	Number of shares	%	additions	disposals	Number of shares	%		
1	Bratislavská vodárenská spoločnosť	423,107	4.99	17,235		440,342	5.19	228,463		668,805	7.89	45,966		714,771	8.43		
2	National Property Fund	10,628	0.13			10,628	0.13		4,741	5,887	0.07		5,887	0	0.00		
3	The Capital of the Slovak Republic Bratislava	5,026,138	59.29			5,026,138	59.29			5,026,138	59.29			5,026,138	59.29		
4	Town of Brezová pod Bradlom	0	0.00			0	0.00			0	0.00			0	0.00		
5	Town of Gbely	58,728	0.69			58,728	0.69			58,728	0.69			58,728	0.69		
6	Town of Holíč	131,612	1.55			131,612	1.55			131,612	1.55			131,612	1.55		
7	Town of Malacky	205,126	2.42			205,126	2.42			205,126	2.42	5,887		211,013	2.49		
8	Town of Modra	96,030	1.13			96,030	1.13			96,030	1.13			96,030	1.13		
9	Town of Myjava	0	0.00			0	0.00			0	0.00			0	0.00		
10	Town of Pezinok	245,495	2.90			245,495	2.90			245,495	2.90			245,495	2.90		
11	Town of Senec	169,240	2.00			169,240	2.00			169,240	2.00			169,240	2.00		
12	Town of Senica	238,181	2.81			238,181	2.81			238,181	2.81			238,181	2.81		
13	Town of Skalica	171,128	2.02			171,128	2.02			171,128	2.02			171,128	2.02		
14	Town of Stará Turá, Černochovej Vrch	1,944	0.02			1,944	0.02		1,944	0	0.00			0	0.00		
15	Town of Stupava	88,648	1.05			88,648	1.05			88,648	1.05			88,648	1.05		
16	Town of Svätý Jur	50,211	0.59			50,211	0.59			50,211	0.59			50,211	0.59		
17	Town of Šaštín - Stráže	55,672	0.66			55,672	0.66		55,672	0	0.00			0	0.00		
18	Municipality of Báhoň	17,235	0.20		17,235	0	0.00			0	0.00			0	0.00		
19	Municipality of Bernolákovo	50,638	0.60			50,638	0.60			50,638	0.60			50,638	0.60		
20	Municipality of Bĺkove Humence	2,573	0.03			2,573	0.03			2,573	0.03			2,573	0.03		
21	Municipality of Blatné	15,494	0.18			15,494	0.18			15,494	0.18			15,494	0.18		
22	Municipality of Boldog	4,427	0.05			4,427	0.05			4,427	0.05			4,427	0.05		
23	Municipality of Borinka	0	0.00			0	0.00		4,741	4,741	0.06			4,741	0.06		
24	Municipality of Borský Mikuláš	42,695	0.50			42,695	0.50		42,695	0	0.00			0	0.00		
25	Municipality of Borský Svätý Jur	17,685	0.21			17,685	0.21			17,685	0.21			17,685	0.21		
26	Municipality of Brestovec	11,168	0.13			11,168	0.13			11,168	0.13			11,168	0.13		
27	Municipality of Budmerice	21,920	0.26			21,920	0.26			21,920	0.26			21,920	0.26		
28	Municipality of Bukovec	5,078	0.06			5,078	0.06			5,078	0.06			5,078	0.06		
29	Municipality of Cerová	14,449	0.17			14,449	0.17			14,449	0.17			14,449	0.17		
30	Municipality of Čáry	13,966	0.16			13,966	0.16		13,966	0	0.00			0	0.00		
31	Municipality of Častá	22,617	0.27			22,617	0.27			22,617	0.27			22,617	0.27		
32	Municipality of Častkov	6,472	0.08			6,472	0.08			6,472	0.08			6,472	0.08		
33	Municipality of Čataj	10,910	0.13			10,910	0.13			10,910	0.13			10,910	0.13		

Seq. No.	Shareholder	As of 31.12.2006				As of 31.12.2007				As of 31.12.2008				As of 31.12.2009			
		Number of shares	%	additions	disposals	Number of shares	%	additions	disposals	Number of shares	%	additions	disposals	Number of shares	%		
34	Municipality of Dojč	13,314	0.16			13,314	0.16			13,314	0.16			13,314	0.16		
35	Municipality of Doľany	11,808	0.14			11,808	0.14			11,808	0.14			11,808	0.14		
36	Municipality of Dubová	9,393	0.11			9,393	0.11			9,393	0.11			9,393	0.11		
37	Municipality of Dubovce	7,505	0.09			7,505	0.09			7,505	0.09			7,505	0.09		
38	Municipality of Dunajská Lužná	32,493	0.38			32,493	0.38			32,493	0.38			32,493	0.38		
39	Municipality of Gajary	29,471	0.35			29,471	0.35			29,471	0.35			29,471	0.35		
40	Municipality of Hamuliakovo	9,764	0.12			9,764	0.12			9,764	0.12			9,764	0.12		
41	Municipality of Hlboké	9,640	0.11			9,640	0.11		9,640	0	0.00			0	0.00		
42	Municipality of Hradište pod Vrátnom	0	0.00			0	0.00			0	0.00			0	0.00		
43	Municipality of Hrašné	5,349	0.06			5,349	0.06			5,349	0.06			5,349	0.06		
44	Municipality of Hrubá Borša	3,910	0.05			3,910	0.05			3,910	0.05			3,910	0.05		
45	Municipality of Hrubý Šúr	7,067	0.08			7,067	0.08			7,067	0.08			7,067	0.08		
46	Municipality of Hurbanova Ves	2,562	0.03			2,562	0.03			2,562	0.03			2,562	0.03		
47	Municipality of Chorvátsky Grob	17,213	0.20			17,213	0.20			17,213	0.20			17,213	0.20		
48	Municipality of Chropov	4,078	0.05			4,078	0.05			4,078	0.05			4,078	0.05		
49	Municipality of Chvojnica	4,786	0.06			4,786	0.06		4,786	0	0.00			0	0.00		
50	Municipality of Igram	6,180	0.07			6,180	0.07			6,180	0.07			6,180	0.07		
51	Municipality of Ivanka pri Dunaji	52,436	0.62			52,436	0.62			52,436	0.62			52,436	0.62		
52	Municipality of Jablonec	9,247	0.11			9,247	0.11			9,247	0.11			9,247	0.11		
53	Municipality of Jablonica	25,538	0.30			25,538	0.30			25,538	0.30			25,538	0.30		
54	Municipality of Jablonka	6,101	0.07			6,101	0.07			6,101	0.07			6,101	0.07		
55	Municipality of Jablonové	11,786	0.14			11,786	0.14			11,786	0.14			11,786	0.14		
56	Municipality of Jakubov	15,134	0.18			15,134	0.18			15,134	0.18			15,134	0.18		
57	Municipality of Kalinkovo	9,663	0.11			9,663	0.11			9,663	0.11			9,663	0.11		
58	Municipality of Kaplná	7,539	0.09			7,539	0.09			7,539	0.09			7,539	0.09		
59	Municipality of Kátov	6,595	0.08			6,595	0.08			6,595	0.08			6,595	0.08		
60	Municipality of Kopčany	28,167	0.33			28,167	0.33			28,167	0.33			28,167	0.33		
61	Municipality of Kostolište	10,325	0.12			10,325	0.12			10,325	0.12			10,325	0.12		
62	Municipality of Kostolná pri Dunaji	5,180	0.06			5,180	0.06			5,180	0.06			5,180	0.06		
63	Municipality of Kostolné	7,685	0.09			7,685	0.09			7,685	0.09			7,685	0.09		
64	Municipality of Koválov	0	0.00			0	0.00			0	0.00			0	0.00		
65	Municipality of Koválovec	0	0.00			0	0.00			0	0.00			0	0.00		
66	Municipality of Krajné	19,381	0.23			19,381	0.23			19,381	0.23			19,381	0.23		
67	Municipality of Kráľová pri Senci	15,527	0.18			15,527	0.18			15,527	0.18			15,527	0.18		
68	Municipality of Kuchyňa	0	0.00			0	0.00			0	0.00			0	0.00		
69	Municipality of Kuklov	8,224	0.10			8,224	0.10		8,224	0	0.00			0	0.00		

Seq. No.	Shareholder	As of 31.12.2006				As of 31.12.2007				As of 31.12.2008				As of 31.12.2009	
		Number of shares	%	additions	disposals	Number of shares	%	additions	disposals	Number of shares	%	additions	disposals	Number of shares	%
70	Municipality of Kúty	0	0.00			0	0.00			0	0.00			0	0.00
71	Municipality of Láb	15,336	0.18			15,336	0.18			15,336	0.18			15,336	0.18
72	Municipality of Lakšárska Nová Ves	11,438	0.13			11,438	0.13			11,438	0.13	11,438		0	0.00
73	Municipality of Letničie	5,899	0.07			5,899	0.07			5,899	0.07	5,899		0	0.00
74	Municipality of Limbach	12,022	0.14			12,022	0.14			12,022	0.14			12,022	0.14
75	Municipality of Lopašov	3,191	0.04			3,191	0.04			3,191	0.04	3,191		0	0.00
76	Municipality of Lozorno	29,774	0.35			29,774	0.35			29,774	0.35			29,774	0.35
77	Municipality of Malé Leváre	11,505	0.14			11,505	0.14			11,505	0.14			11,505	0.14
78	Municipality of Malinovo	14,303	0.17			14,303	0.17			14,303	0.17			14,303	0.17
79	Municipality of Marianka	10,662	0.13			10,662	0.13			10,662	0.13			10,662	0.13
80	Municipality of Miloslavov	9,663	0.11			9,663	0.11			9,663	0.11			9,663	0.11
81	Municipality of Mokrá Háj	6,584	0.08			6,584	0.08			6,584	0.08			6,584	0.08
82	Municipality of Moravský Svätý Ján	22,640	0.27			22,640	0.27	22,640		0	0.00			0	0.00
83	Municipality of Most pri Bratislave	17,190	0.20			17,190	0.20			17,190	0.20			17,190	0.20
84	Municipality of Nová Dedinka	18,482	0.22			18,482	0.22			18,482	0.22			18,482	0.22
85	Municipality of Oreské	3,753	0.04			3,753	0.04			3,753	0.04	3,753		0	0.00
86	Municipality of Osuské	0	0.00			0	0.00			0	0.00			0	0.00
87	Municipality of Pernek	8,539	0.10			8,539	0.10			8,539	0.10			8,539	0.10
88	Municipality of Píla	2,764	0.03			2,764	0.03			2,764	0.03			2,764	0.03
89	Municipality of Plavecké Podhradie	7,517	0.09			7,517	0.09			7,517	0.09	7,517		0	0.00
90	Municipality of Plavecký Mikuláš	8,112	0.10			8,112	0.10			8,112	0.10			8,112	0.10
91	Municipality of Plavecký Peter	7,202	0.08			7,202	0.08			7,202	0.08			7,202	0.08
92	Municipality of Plavecký Štvrtok	22,055	0.26			22,055	0.26			22,055	0.26			22,055	0.26
93	Municipality of Podbranč	7,528	0.09			7,528	0.09			7,528	0.09	7,528		0	0.00
94	Municipality of Podkylava	3,180	0.04			3,180	0.04			3,180	0.04			3,180	0.04
95	Municipality of Popudinské Močidlany	9,505	0.11			9,505	0.11			9,505	0.11			9,505	0.11
96	Municipality of Poriadie	8,033	0.09			8,033	0.09			8,033	0.09			8,033	0.09
97	Municipality of Prietrž	0	0.00			0	0.00			0	0.00			0	0.00
98	Municipality of Prietržka	4,798	0.06			4,798	0.06			4,798	0.06			4,798	0.06
99	Municipality of Prievaly	9,797	0.12			9,797	0.12			9,797	0.12			9,797	0.12
100	Municipality of Radimov	6,640	0.08			6,640	0.08			6,640	0.08	6,640		0	0.00
101	Municipality of Radošovce	20,527	0.24			20,527	0.24			20,527	0.24			20,527	0.24
102	Municipality of Reca	13,943	0.16			13,943	0.16			13,943	0.16			13,943	0.16

Seq. No.	Shareholder	As of 31.12.2006				As of 31.12.2007				As of 31.12.2008				As of 31.12.2009	
		Number of shares	%	additions	disposals	Number of shares	%	additions	disposals	Number of shares	%	additions	disposals	Number of shares	%
103	Municipality of Rohožník	470	0.01			470	0.01			470	0.01			470	0.01
104	Municipality of Rohov	4,303	0.05			4,303	0.05			4,303	0.05			4,303	0.05
105	Municipality of Rovensko	4,247	0.05			4,247	0.05	4,247		0	0.00			0	0.00
106	Municipality of Rovinka	13,853	0.16			13,853	0.16			13,853	0.16			13,853	0.16
107	Municipality of Rudník	0	0.00			0	0.00			0	0.00			0	0.00
108	Municipality of Rybky	4,618	0.05			4,618	0.05	4,618		0	0.00			0	0.00
109	Municipality of Sekule	17,819	0.21			17,819	0.21			17,819	0.21			17,819	0.21
110	Municipality of Slovenský Grob	19,853	0.23			19,853	0.23			19,853	0.23			19,853	0.23
111	Municipality of Smolinské	10,640	0.13			10,640	0.13	10,640		0	0.00			0	0.00
112	Municipality of Smrdáky	7,292	0.09			7,292	0.09			7,292	0.09			7,292	0.09
113	Municipality of Sobotište	17,505	0.21			17,505	0.21	17,505		0	0.00			0	0.00
114	Municipality of Sološnica	16,595	0.20			16,595	0.20			16,595	0.20			16,595	0.20
115	Municipality of Stará Myjava	7,820	0.09			7,820	0.09			7,820	0.09			7,820	0.09
116	Municipality of Studienka	17,741	0.21			17,741	0.21			17,741	0.21			17,741	0.21
117	Municipality of Suchohrad	6,483	0.08			6,483	0.08			6,483	0.08			6,483	0.08
118	Municipality of Šajdíkove Humence	12,471	0.15			12,471	0.15			12,471	0.15			12,471	0.15
119	Municipality of Senkvice	46,234	0.55			46,234	0.55			46,234	0.55			46,234	0.55
120	Municipality of Štefanov	18,752	0.22			18,752	0.22	18,752		0	0.00			0	0.00
121	Municipality of Štefanová	3,854	0.05			3,854	0.05			3,854	0.05			3,854	0.05
122	Municipality of Tomášov	22,640	0.27			22,640	0.27			22,640	0.27			22,640	0.27
123	Municipality of Trnovec	3,427	0.04			3,427	0.04			3,427	0.04			3,427	0.04
124	Municipality of Tureň	9,314	0.11			9,314	0.11			9,314	0.11			9,314	0.11
125	Municipality of Unín	13,134	0.15			13,134	0.15	13,134		0	0.00			0	0.00
126	Municipality of Veľké Leváre	38,167	0.45			38,167	0.45			38,167	0.45			38,167	0.45
127	Municipality of Veľký Biel	23,302	0.27			23,302	0.27			23,302	0.27			23,302	0.27
128	Municipality of Viničné	16,359	0.19			16,359	0.19			16,359	0.19			16,359	0.19
129	Municipality of Vinosady	10,146	0.12			10,146	0.12			10,146	0.12			10,146	0.12
130	Municipality of Vištuk	14,696	0.17			14,696	0.17			14,696	0.17			14,696	0.17
131	Municipality of Vlky	4,191	0.05			4,191	0.05			4,191	0.05			4,191	0.05
132	Municipality of Vrádište	7,112	0.08			7,112	0.08			7,112	0.08			7,112	0.08
133	Municipality of Vrbovce	0	0.00			0	0.00			0	0.00			0	0.00
134	Municipality of Vysoká Pri Morave	20,527	0.24			20,527	0.24			20,527	0.24			20,527	0.24
135	Municipality of Záhorská Ves	17,348	0.20			17,348	0.20			17,348	0.20			17,348	0.20
136	Municipality of Zálesie	8,359	0.10			8,359	0.10			8,359	0.10			8,359	0.10
137	Municipality of Závod	28,909	0.34			28,909	0.34			28,909	0.34			28,909	0.34
138	Municipality of Zohor	34,392	0.41			34,392	0.41			34,392	0.41			34,392	0.41
Total		8,477,431	100.00			8,477,431	100.00			8,477,431	100.00			8,477,431	100.00

Independent Auditor’s Report

The corporation’s rating

To the Shareholders and Board of Bratislavská vodárenská spoločnosť:

1. We have completed an audit of the attached financial statements for Bratislavská vodárenská spoločnosť (hereinafter only “company”) including the balance sheet at 31 December 2009, the income statement ending on the same date, an overview of significant accounting procedures and other additional notes.

Company Board of Directors’ Responsibility for the Financial Statements

2. The company’s Board of Directors is responsible for issuing and for the truthful presentation of these financial statements pursuant to the Slovak Accounting Act. A component of this responsibility is to propose, implement and maintain internal audits related to issuing and the truthful representation of the financial statements so that they do not contain any significant inaccuracies either due to fraud or error; the board is also responsible for selecting and applying suitable accounting procedures and for completing accounting forecasts that are suitable for the given circumstances.

Auditor Responsibility

3. Our responsibility is to express an opinion towards these financial statements on the basis of our audit. We completed the audit pursuant to International Auditing Standards. On the basis of these standards we are obliged to meet ethi-

cal standards and to plan and execute the audit in such a manner as to obtain adequate assurance that the financial statements do not contain any significant inaccuracies. The audit includes the execution of audit procedures with the goal of obtaining audit records regarding sums and facts presented in the financial statements. The selection of audit procedures depends on the auditor’s judgement including an evaluation of the risk that the financial statements contain significant inaccuracies either due to fraud or error. During the evaluation of this risk, the auditor evaluates the company’s internal audits that related to issuing and the truthful representation of the financial statements. The goal of evaluating internal audits conducted by the company is to propose suitable audit procedures and not to express an opinion as to the effectiveness of such internal audits. The audit also contains an evaluation as to the suitability of the accounting procedures used by the company and the adequacy of significant accounting forecasts made by company management as well as evaluation of the presentation of the financial statements overall. We are certain that the audit records obtained provide a sufficient and adequate base on which to express our opinion.

Opinion

4. In our opinion the financial statements express the truth with regards to all significant connections to the financial situation at Bratislavská vodárenská spoločnosť at 31 December 2009 and

its business results for the year ending on the same date pursuant to the Slovak Accounting Act.

Accentuating the facts

5. Without any bearing on our opinion we draw attention to note F.2 regarding the non-cash deposit made by the company upon the establishment of the 100% subsidiary BIONERGY. The sum was accounted as a financial investment into this subsidiary (Row 23 of the balance sheet) and valuation differences from capital participation in ownership equity (Row 78 of the balance sheet) were accounted in the amount of the real value of the non-cash deposit as set by an external expert.

Bratislava, 6 April 2009
Deloitte Audit
Licence SKAu Nr 014



Rating explanation

Despite the fact that ownership of BVS is divided between a rather large number of municipalities, Moody’s treats shareholders based on their ability and willingness to agree on a unified approach. In addition the fact that Bratislava owns 59.3% of the BVS and with regards to the strategic importance of the company we have assigned a high level of expected system support in the event of a crisis situation. This contributed to the increase in the company’s rating by two levels, which was also related to the creditworthiness of the main company shareholders and the low level of mutual dependence according to Moody’s (in correlation with the basic creditworthiness parameters).

BVS’s creditworthiness itself, assigned a BCA value of 11 by Moody’s, is a combination of the following factors: (i) the low risk profile of the company, which extends from its monopolistic position with fully regulated operations in the area of supplying potable water and processing wastewater in the

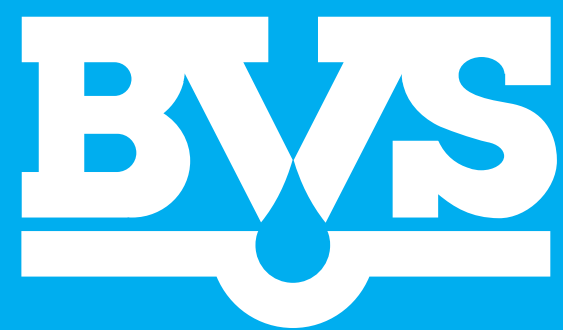
Slovak Republic protected by licensing requirements and asset ownership; (ii) the geographical location of the company within the economically strongest area of Slovakia with the highest population density and above-average service coverage reaching up to 95%; and (iii) its financial profile supported with a debt-free capital structure and the stable development of expenses.

However the company’s BCA is limited by (i) the unfavourable regulatory environment that limits the financial performance of the company; and (ii) the high level of investment necessary to modernise antiquated infrastructure which according to Moody’s expectations will weaken the financial profile of BVS and represents a serious operating risk. Methodology defines a BCA of 10 on the basis of the current financial performance of BVS, which is one level higher than the assigned BCA of 11. Moody’s expects that in the future the gap between the BCA indicated by the methodology and the current BCA for BVS will decrease as the demanding

capital expenditure program negatively affects the strong capital structure of the company, which the company has proven in the past.

Liquidity profile

BVS’s currently sufficient liquidity is supported by cash reserves and solid gross cash-flow generation. The company’s debt-free position does not require any coverage for debt services or the repayment of any principle and the strategy of the owners not to pay any dividends also supports the company’s strong liquidity position. However the extensive sources of liquidity have been exhausted in the past few years due to continually increasing capital investments. The fact that BVS has no confirmed bank limits means that the company’s ability and willingness to adapt to future capital investments or to obtain bank financing will be an important factor that will affect the company’s future liquidity, especially if financing from the EU or the national budget will not be available to support the capital expenditure plan.



SUPPLY AREA
IN 2009

