BRATISLAVSKÁ VODÁRENSKÁ SPOLOČNOSŤ **2011 ANNUAL REPORT**

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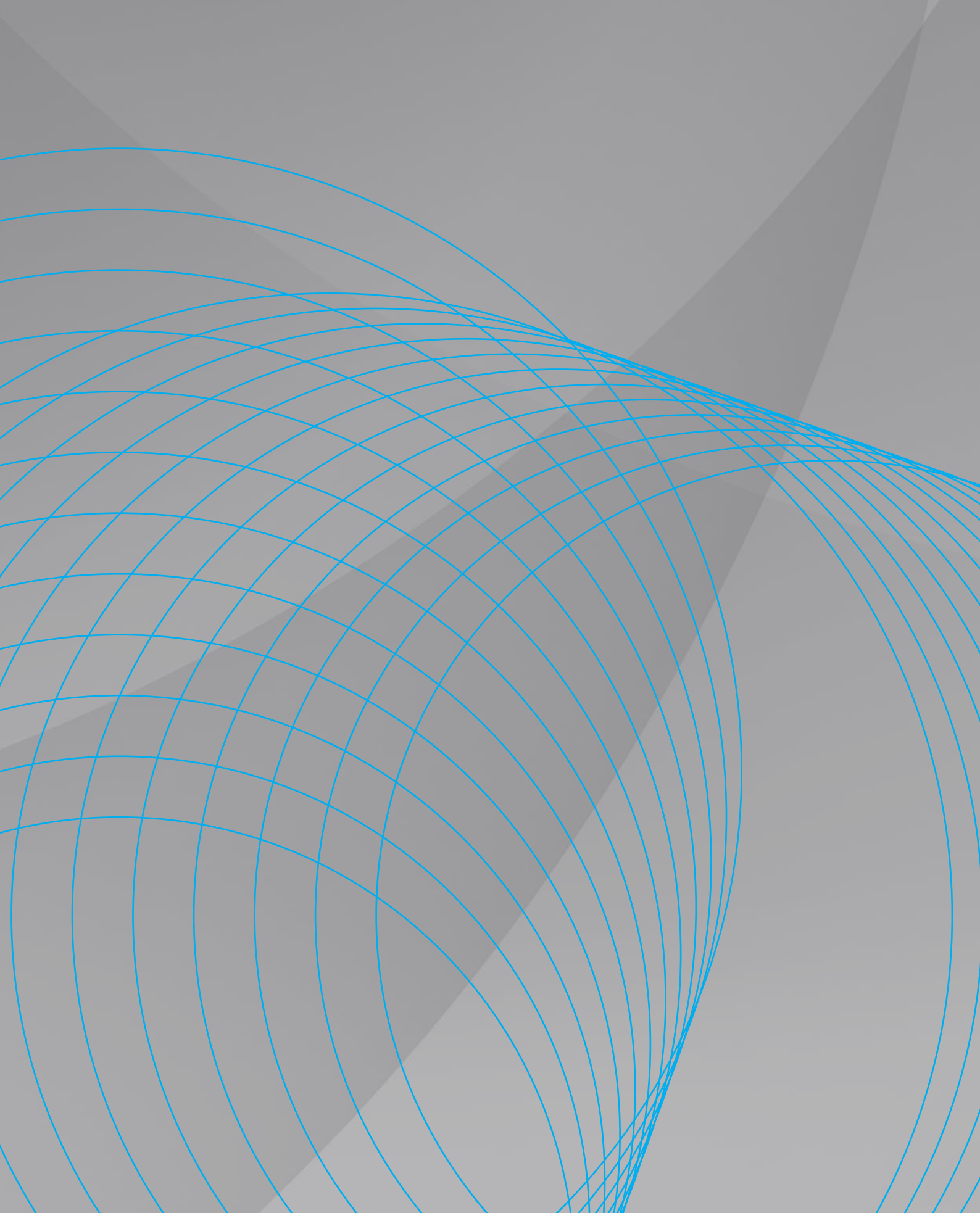


INTRODUCTION BY THE CHIEF EXECUTIVE OFFICER

Ladies and Gentlemen!

Before you start browsing through our company's 2011 Annual Report, let me first express my admiration for all those who guarantee a constant supply of good quality drinking water from our taps, to be returned to nature after it has been consumed, treated and purified. I find it a great commitment for myself to head a company on which thousands of families and enterprises are dependent.

2011 marked a jubilee for Bratislavská vodárenská spoločnosť. On 7 February we celebrated the 125th anniversary of Bratislava's first metropolitan water supply facility by organizing a host of activities. The company issued a special brochure to celebrate the event, offered an amnesty to those reporting unauthorised use of water and discharge of wastewater into public sewers, and used a special 125 logo throughout the year.

We continued projects the company had been running. As part of BVS's education program for children and youth, "Blue School – Water for the Future", five drinking water fountains were set up at two elementary schools, a secondary school and two universities. In future, we intend to carry on this project by setting up additional drinkable water fountains at other public spaces.

Capital construction included the reconstruction of wastewater treatment facilities in Senica and Holíč, where the Senica plant is being funded from our own resources while funding for Holíč is being provided by the European Union. This year saw trial operation at the Hamuliakovo wastewater treatment facility end, with permanent operation launched on 31 May.

Following a change in the majority shareholder's statutory representative, there was a turnover of staff at corporate bodies during July 2011 and also in the company's executive management on 1 August 2011. Having assumed responsibility from the previous management, we as the new management are entrusted with the company's water resources, continuous supply of high-quality drinking water, discharge and treatment of wastewater and, last but certainly not least, managing our company's hundreds of employees. Having undergone a thorough audit of the company, we are introducing changes to move BVS towards becoming an economically efficient company with a high level of services. The company has been gradually making changes in its management structures and, consequently, procedural and structural changes at every section. The aim of these changes is a more effective setup of processes, improved work efficiency and provisioning in terms of both costs and revenues.
Corporate management has opted for a new approach in monitoring performance indicators, taking the Balanced Scorecard approach. More details can be found further in this Annual Report.
We saw bettering relationships among different sections and the Infra Services and Bionergy subsidiaries to be necessary, and they too have undergone changes in both their respective corporate bodies and executive management.

Having said that, our primary and most vital job remains providing the services we offer professionally and responsibly. I am confident that BVS is going to be a reliable partner of satisfied customers.

Ing. Radoslav Jakab
Chairman of the Board of Directors
and Chief Executive Officer

INTRODUCTION FROM THE CHAIRMAN OF THE SUPERVISORY BOARD

Esteemed Shareholders, Dear Colleagues,

For BVS, 2011 was a year of changes in the management of the company and both its subsidiaries, Infra Services and BIONERGY, echoing the outcome of local elections in November 2010.

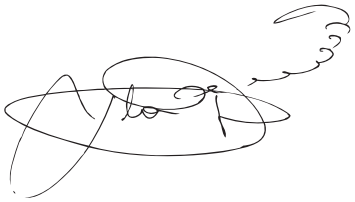
The company finished 2011 with a profit of €1,323,000, an increase from 2010 results. This earnings figure allows me to thank all of those who played a part.

I am also pleased about the company's activities in capital construction, enhancing water-supply and sewer systems in response to the needs of our towns and municipalities. With a €40 million budget for investments in 2011, we stood among the region's greatest investors using the services of domestic companies.

BVS is supplying high-quality drinking water to approximately 1 million people in Slovakia's most dynamic region. However, it has become a sad rule that the supply of drinkable spring water dwindles in most of the territory we serve, particularly during the summer months, and BVS's water supply must be supplemented to a critical extent by drinking water from wells located outside Bratislava. These abundant and superior sources of water have therefore become absolutely strategic and indispensable sources for a self-sufficient supply of drinking water. This is why we feel obligated to protect these wells against any possible contamination while trying to discourage any other activity in these localities.

Finally, I would like to thank all members of the Supervisory Board for showing their confidence in me. I also acknowledge the shareholders, the Board of Directors, our partners and employees. It is my desire that the confidence placed upon all members of the Supervisory Board will be motivational in the forthcoming term.

Ing. Milan Šindler
Chairman of the Supervisory Board



AIMS AND GOALS FOR 2012

Since its incorporation, BVS has been undergoing significant changes that are progressive and aimed at developing it into a modern municipal company in the effort to attain European-level quality. This requires making both sides work together. The chosen business model requires attracting and enhancing talents in human resources. Modern approaches to today's management offer a multitude of methods and tools. Having introduced and being keen to defend next year our ISO 9001:2000 and ISO 14001:2000 certificates, badges of management excellence and environmental management, respectively, our company is moving again forward.

In corporate management, we decided at the end of 2011 to employ a new approach in monitoring performance indicators in four fundamental perspectives: financial; "learn and grow"; procedural and, ultimately, customers. Using the Balanced Scorecard, we have been pursuing a balanced and causal relationship among these four tiers of BVS's growth and its transformation into a modern corporate entity and, even more, a leader in the network industry for the Bratislava region and all of Slovakia. As a major priority, corporate and household revenues have been effectively redistributed by a responsible, professional team with the necessary skills to create sufficiently functional processes to make our customers loyal and happy. This direction is a worldwide trend and many large corporations in the network industry are today using the four- perspective approach BVS has chosen.

Our company is prepared to take this path. In specific areas where internal prerequisites are being built as well as in external relations, there are particular plans, activities and partnerships well underway. A good example is our active role in the Danubian Knowledge Cluster and our involvement in DEWALOP, a cross-border project to explore leaks and water loss. Because state-of-the-art information technologies are an indisputable basis of professional management, we had been thinking about deploying them more dynamically and possibly overhauling them. This was when we were phasing out our current contractual relationships with suppliers, reassessing them and searching for better quality and reliability.

Our decision was, among other things, propelled by EEA members being required to have transparent and publicly accessible information on overall corporate infrastructure. A geographic information system connected to a fully-featured economic and operation information system is soon going to provide a basis for planning development and reconstruction of the water-supply and sewerage network in a region that has been constantly advancing at a very dynamic pace. Accordingly, our priority in the forthcoming period will surely be shifting towards arranging and advancing our network, its operation and maintenance. This goal can only be met with a perfect knowledge base and sophisticated monitoring. We have succeeded in obtaining EU funds for building a hydraulic model that allows diverse alert situations to be modelled. This development requires extremely responsible management as we strive to meet our shareholders' expectations in the relatively difficult economy prevailing in Slovakia, Europe and globally.

CORPORATE PROFILE

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

Line of Business:

- Operation of Category 1, 2 and 3 public water mains;
- Operation of Category 1, 2 and 3 public sewer systems;
- Physical-chemical, biological and microbiological analysis of surface water, drinking water and wastewater;
- Disposal of other than dangerous waste;
- Engineering activities in the building industry – procurement activities in the building industry;
- Generation and supply of electricity from renewable energy;
- Simple construction, minor construction and related alteration;
- Brokerage of services;
- Lease of movable properties;
- Distribution and resale of utility water.

Statutory bodies:

- Board of Directors (see page 10)
- Supervisory Board (see page 11)

Shareholders:

Number of shareholders:	91
Majority shareholder:	
Capital City of Bratislava	59.29 %
BVS – treasury shares	8.43 %
Other cities and municipalities	32.28 %

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

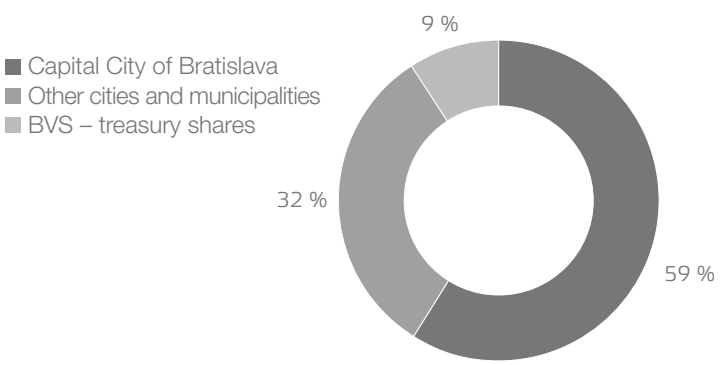
Share capital:	€281,365,934.89
Par value:	€33.19
Number of shares outstanding:	8,477,431
Type of shares:	ordinary
Form of shares:	registered shares
Nature of shares:	non-certified

Other legal facts:

Bratislavská vodárenská spoločnosť, a. s. (BVS), Prešovská 48, Bratislava was established pursuant to Resolution No. 853 on Privatisation, issued on 2 October 2002 by the Ministry of Administration and Privatisation of the National Property of the Slovak Republic, File No. KM-1306/2002, with contribution of the entire property from the dissolved government-owned Vodárne a kanalizácie Bratislava, whose registered office was located at Prešovska 48, Bratislava, and part of the property of the dissolved government-owned Západoslovenské vodárne a kanalizácie, whose registered office was located at Trnavska 32, Bratislava: branches at Bratislava-vidiek and Senica, the production-operation centre for long-distance water mains at Šamorin, part of the company headquarters, as privatised under Project No. 2276.

BVS thereby assumed assets and liabilities, rights and obligations (both known and unknown), including rights and obligations ensuing from employment relationships (except for those rights under Article 16 Act No. 92/1991 Coll.) in the dissolved government-owned companies.
On 22 December 2007, BVS contributed in kind part of Infra Services, what had been before 11 January 2011 a 100 %-owned subsidiary. On 12 January 2011, BVS's stake in Infra Services was reduced to 51.09 % with the introduction of a new shareholder.
On 31 December 2009, a second 100 %-owned subsidiary, Bionergy, a.s., was founded.

Shareholders' structure



CORPORATE BODIES

Board of Directors

Ing. Radoslav Jakab
Chairman of the Board of Directors
and Chief Executive Officer
Education: Matej Bel University,
Banská Bystrica
Named to the Board: July 2011
Contact: radoslav.jakab@bvsas.sk

Ing. Boris Gregor
Vice Chairman of the Board
of Directors and Business Director
Education: Faculty of Business Administration,
University of Economics, Bratislava
Named to the Board: July 2011
Contact: boris.gregor@bvsas.sk

Ing. Stanislav Beňo
Director
Director BIONERGY, a. s.
Education: Faculty of Civil Engineering,
Slovak University of Technology, Bratislava
Named to the Board: July 2011
Contact: stanislav.beno@bvsas.sk

Ing. Milan Hutkai
Director and IT and Strategy Manager, BVS
Education: Technical University, Zvolen –
Faculty of Wood Science, Pan-European University,
Bratislava – School of Business and Economics
Named to the Board: July 2011
Contact: milan.hutkai@bvsas.sk

JUDr. Stanislav Rehuš
Director
Human Resources Manager, BVS
Member of the Slovak Chamber of Tax Advisors,
Licence No. 815
Education: School of Law
Named to the Board: July 2011
Contact: stanislav.rehus@bvsas.sk

PaedDr. Milan Trstenský
Director, Head, BVS Waterworks Museum,
Chairman of the Supervisory Board,
Regionálne cesty Bratislava, a.s
Education: Comenius University, Bratislava
Named to the Board: July 2011
Contact: milan.trstensky@bvsas.sk

Mgr. Rastislav Gajarský
Director and Financial Director of BVS
Education: Faculty of Management,
Comenius University, Bratislava
Named to the Board: July 2011
Contact: rastislav.gajarsky@bvsas.sk

Ing. František Sobota
Director
Education: Faculty of Electrical Engineering,
Slovak University of Technology, Bratislava
Named to the Board: July 2011
Contact: frantisek.sobota@bvsas.sk

Ing. Ľubomír Kmeťko
Director
Education: Faculty of Business Administration,
University of Economics, Bratislava
Named to the Board: November 2011
Contact: lubomir.kmetko@bvsas.sk

Supervisory Board

Ing. Milan Šindler
Chairman
Education: Faculty of Electrical Engineering, Slovak University of Technology, Bratislava
Named to the Board: July 2011
Contact: milan.sindler@bvsas.sk

Ján Panák
Vice Chairman
Education: Secondary school graduate
30 years experience in industry
Named to the Board: July 2011
Contact: jan.panak@bvsas.sk

Michal Muránsky
Supervisor
MH Development, s.r.o.
Education: Faculty of National Economy, University of Economics, Bratislava
Named to the Board: July 2011
Contact: michal.muransky@bvsas.sk

Ing. Zuzana Dzivjáková
Supervisor
Employed in Slovenská konsolidačná, a. s.
Education: Faculty of Business Administration, University of Economics, Bratislava
Named to the Board: July 2011
Contact: zuzana.dzivjakova@bvsas.sk

Mgr. Sven Šovčík
Supervisor
Head, Bratislava – Staré Mesto District Office
Education: Faculty of Humanities, Comenius University, Bratislava, Masters Degree in Political Science
Named to the Board: July 2011
Contact: sven.sovcik@bvsas.sk

Ing. Stanislav Chovanec
Supervisor
Mayor, City of Skalica
Education: Faculty of Chemical Technology, Slovak University of Technology, Bratislava
Named to the Board: November 2011
Contact: stanislav.chovanec@bvsas.sk

Peter Hurban
Supervisor
Head, Modra Water Treatment Plant
Education: Vocational School of Mech. Eng., Trnava, Assembly of Machinery and Appliances
Named to the Board: April 2008
Contact: peter.hurban@bvsas.sk

Pavol Šťastný
Supervisor
Manager, Water Distribution
Education: Secondary Vocational School of Mechanical Engineering
Named to the Board: April 2008
Contact: pavol.stastny@bvsas.sk

Ing. Dagmar Blahová
Supervisor
Head, FCHR Laboratory
Education: Faculty of Chemical Technology, Slovak University of Technology, Bratislava
Named to the Board: April 2008
Contact: dagmar.blahova@bvsas.sk

EXECUTIVE MANAGEMENT

Ing. Radoslav Jakab
Chief Executive Officer

Mgr. Rastislav Gajarský
Chief Financial Officer

Ing. Robert Nemec
Chief Production Officer

Ing. Boris Gregor
Chief Economic Officer

STATEMENTS OF VISION AND MISSION

Mission

BVS is a corporate and business entity. The chief goal of our business is to make a profit and sustainably increase the value of our corporate assets.

Our mission is to do business with good quality drinking water – and related collection and ecological wastewater treatment in a territorially defined market. The company's ambition is to have its customers be aware of the high quality of the drinking water supplied to them and appreciate it as a delicious, non-alcoholic beverage, and to be competitive.

As a modern, customer-oriented company, BVS prioritises the quality and reliability of the products offered to customers in an effort to satisfy their needs.

Vision

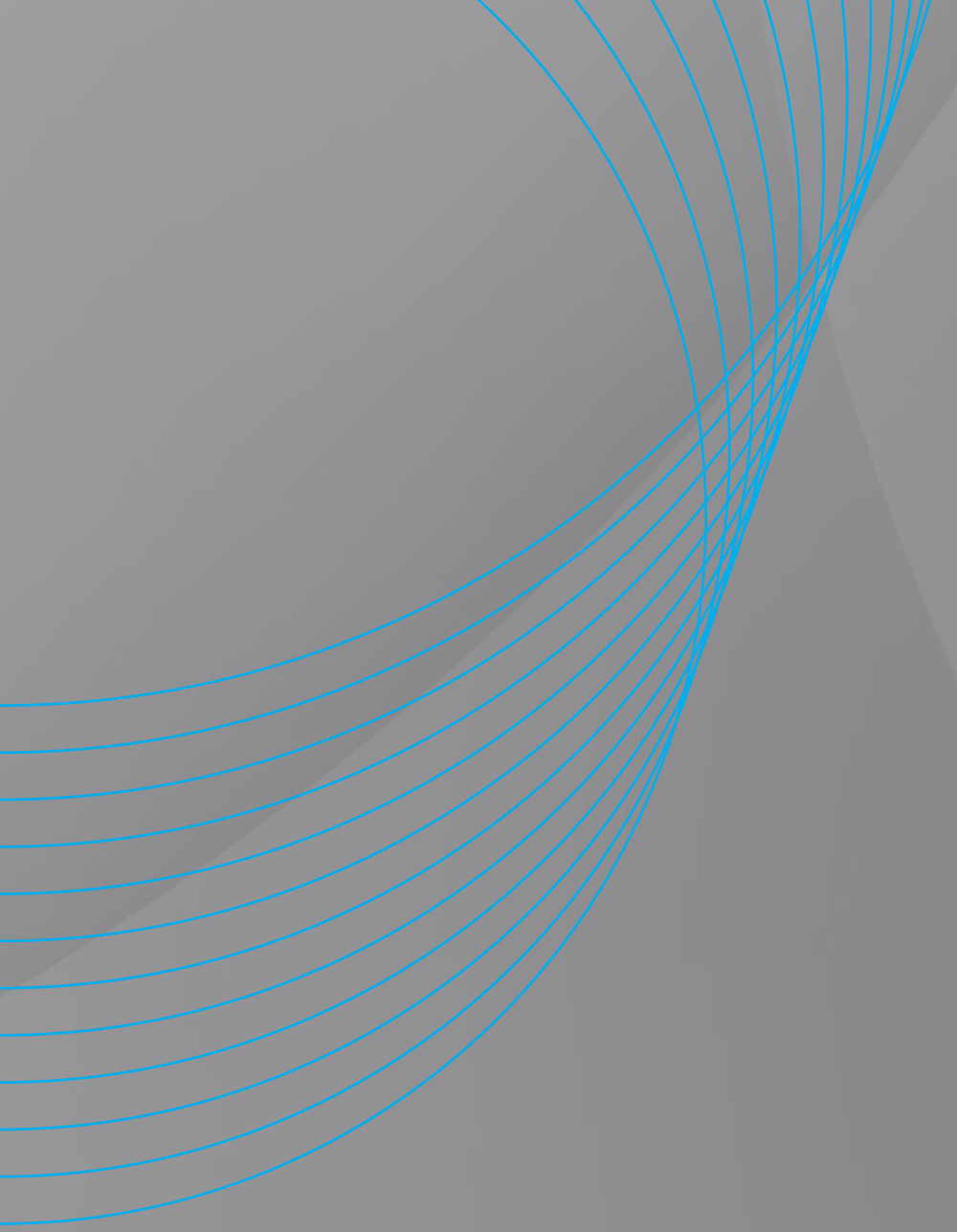
BVS takes a responsible approach toward our strategic position in providing fundamental necessities of our society. Water is and will be a vital and critical prerequisite of life. That is why our company has been seeking to alter the public image of water towards being tasty, available and an ever fresh quality beverage that is irreplaceable and indispensable for human health, while at the same time being a competitive, non-alcoholic beverage in the relevant market.

To ensure ongoing development, BVS will be reconstructing and expanding its water and sewer systems, introducing more efficient water treatment technologies, using energy resources rationally and also reconstructing old and constructing new sewage treatment plants and other water resource management structures.

Customer satisfaction and professional customer care will always be an essential feature of our activities and processes. In addition, BVS is planning the following steps:

- Listening to large companies and individuals and meeting their requirements and needs;
- Proactively anticipating those needs while creating customer relationships based on long-term satisfaction;
- Creating conditions for raising qualifications and job performance among our employees while motivating and building relationships with them grounded on solidarity and company loyalty;
- Increasing the value of our corporate assets and added value in all fields where we are active.

BVS believes water resources are significant to the healthy development of society and, as a socially and environmentally responsible enterprise, will therefore seek to increase customer satisfaction and quality of life while contributing to sustainable development.



CORE BUSINESS

PRODUCTION AND DISTRIBUTION OF DRINKING WATER

WASTEWATER DISPOSAL AND TREATMENT

LABORATORY WORK

SUBSIDIARIES

CORE BUSINESS

BVS's core business lies in producing, distributing and supplying drinking water and in collecting and treating wastewater. These activities are the responsibility of four divisions within the company. A fifth division is the Chemical Technology and Laboratory Division, which monitors the quality of both drinking water and wastewater at all stages of the production process.

BVS Divisions:

- Water Production
- Water Distribution
- Wastewater Disposal
- Wastewater Treatment
- Chemical Technology and Laboratory

To further our core business, we also provide ancillary services.

Drinking-water related services include:

- Supplying good quality drinking water
- Approving public water mains and technical surveillance of them
- Demarcating water networks and localising water network outages and leaks
- Assembling and dismantling water meters and water network connections
- Leasing hydrant standpipes
- Repairing water main connections, replacing water network nodes, replacing, repairing and maintaining water pipes and the like

Wastewater-related services:

- Collecting consumed water through sewage systems and treating collected wastewater
- Demarcating sewer networks and technical surveillance of them
- Maintaining sewer networks, repairing them in case of outages and the like

Other services:

- Hydrological opinions
- Statements on design documentation
- Administrative work (describing and corrected invoices, amending customer agreements and the like)

Laboratory services:

- Sensor testing
- Physical and chemical analysis
- Inorganic trace analysis
- Organic trace analysis
- Microbiological analysis
- Hydro-biological analysis

PRODUCTION AND DISTRIBUTION OF DRINKING WATER

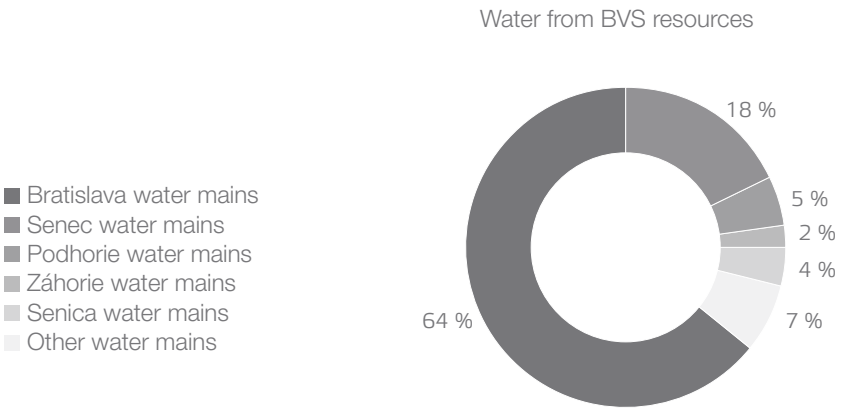
BVS administers and operates a total of 19 public water mains in 114 communities, 62 water resource plants with a total capacity of 6,277 litres per second, 113 water tanks with a total volume of 328,000 cubic metres, 237 water pumping stations and 8 underground water treatment plants with a total capacity of 2,153 litres per second. We supply almost 709,000 people with drinking water through a 3,015-kilometre long water distribution system of public water mains running through 107,000 water connections.

As of 31 December 2011, the public water mains we administer and operate were supplying 95.9 % of the population in the cities and municipalities where BVS operates public water mains: 99.9 % of those living within the city limits; 89.1 % of the inhabitants in surrounding districts (Bratislava – vidiek) and 91.7 % percent in the Senica district from the total number of communities with BVS-operated public water mains.

2011 saw the production of 70,109,000 cubic metres of deliverable drinking water, 729,000 cubic metres more than the budgeted volume and a drop of 1,008,000 cubic metres compared to 2010. The condition of supply was favourable and consumers were delivered drinking water at the requested volume and in good quality.

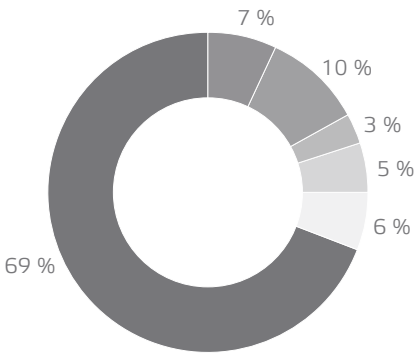
Generated drinking water:

2011	BVS	Bratislava water mains	Senec water mains	Podhorie water mains	Záhorie water mains	Senica water mains	Other water mains
BVS water resources utilised [number]	62	6	3	7	8	11	27
Water drawn from BVS resources [K cu. m]	70,157	45,267	12,406	3,658	1,234	2,989	4,603
Water in reserve [K cu. m]	70,109	48,325	4,843	7,315	2,012	3,288	4,328
Number of people connected to public water mains [number]	709,520	434,268	51,467	56,461	34,001	62,920	70,403



Water from BVS resources

Water in reserve

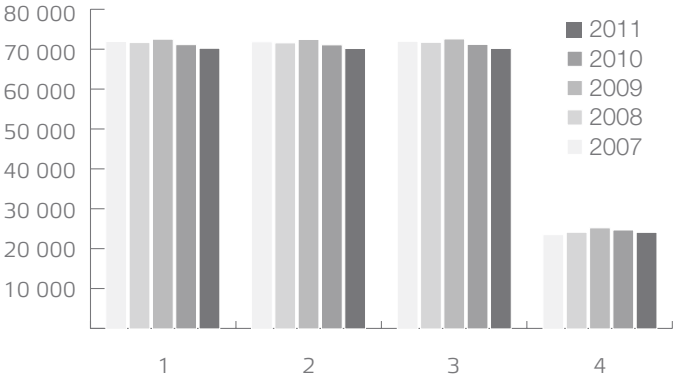


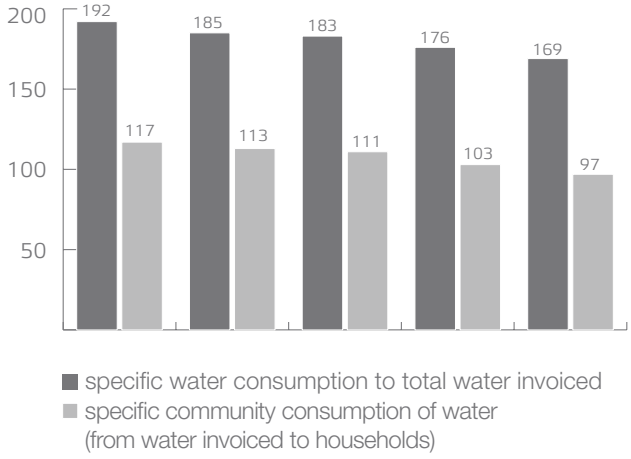
Basic water main data

Indicator	2007	2008	2009	2010	2011
Total number of public water mains	30	19	19	19	19
Number of communities with public water mains	112	116	114	114	114
Water network length [km]	2,886	2,930	2,958	2,985	3,015
Number of end users	95,263	101,567	102,848	104,738	107,117
Number of people supplied with drinking water	683,385	691,049	696,603	704,556	709,520
Total number of water resources	176	175	175	62	62
Number of water treatment plants	7	8	9	9	8
Number of water tanks	114	111	112	112	113
Water tank volume [cu. m]	317,405	319,924	320,024	320,024	327,924
Number of pumping stations	239	241	242	237	237
Pumping station capacity [l/s]	18,764	18,189	18,288	18,400	18,400

Production and Distribution of Drinking Water [K cu. m]

Indicator	2007	2008	2009	2010	2011
1 Water from BVS water resources	71,846	71,577	72,417	71,054	70,157
2 Water produced in BVS water production facilities	71,757	71,496	72,348	71,000	70,100
3 Water in reserve	71,886	71,638	72,477	71,117	70,109
4 Water lost in the pipeline network	23,606	24,199	25,300	24,771	24,183





WASTEWATER DISPOSAL AND TREATMENT

In 2011, the Wastewater Disposal Division (WDD) professionally operated in BVS's service area a total of 23 public sewers in 38 communities. These public sewer systems consist of 1,342 km of sewer networks, 152 sewage pumping stations, and other physical infrastructure. The Petržalka sewer network also drains wastewater from five Austrian municipalities (Kittsee, Berg, Pama, Edelstahl and Wolfsthal).

Smooth and failure-free wastewater disposal to treatment plants is ensured by WDD's units in Bratislava, Modra and Senica through inspections, reviews, repair and cleaning of sewer networks, pumping stations and other infrastructure, in line with approved public sewerage operation rules.

Additionally, WDD arranged, together with BVS's other organizational units, regular quality checks of industrial wastewater disposed in public sewers, penalising those who exceeded contractually agreed sewage water pollution limits..

	Bratislava	Bratislava-Vidiek	Senica	Total
Public sewer systems	1	10	12	23
Municipalities with sewer systems	1	18	19	38
Sewer network length [km]	859	325	234	1,418
Pumping stations	53	106	22	181
Wastewater quality contracts	258	27	20	305

2011 saw the operation of 23 water treatment plants comprising 17 of the company's own plants and 6 plants owned by towns and municipalities. Both operation and management of technological processes at water treatment plants focused on improving or, at least, maintaining the quality of effluent wastewater as dictated by applicable wastewater release permits, reducing flow administration fees for released pollution and maximising recovery of wastes and by-products from sewage treatment.

As proven by 2011 effluent wastewater quality monitoring, our wastewater treatment plants are complying with applicable wastewater release permits with only a few failed indicators (ammoniacal nitrogen and total nitrogen) at those treatment plants where reconstruction has begun or is yet to begin.

With stepped-up technological discipline, the flow administrator - SVP, š. p. OZ Bratislava – saw some of its fees for discharged wastewater lowered in 2011.

Two treatment plants were inspected by the National Water Authority and Slovak Environmental Inspectorate (SIŽP). The inspections resulted in no penalties being imposed upon BVS. Not a single wastewater discharge permit for treatment plants had to be revised in 2011.

2011 saw trial operation of BVS's Hamuliakovo water treatment plant, which ended on 31 May 2011 with the plant able to operate permanently. Reconstruction started at the water treatment plants in Senica (April 2011) and Holíč (May 2011). The Senica plant's reconstruction was financed by BVS while Holíč's reconstruction was funded by the EU. About half of the work at Senica and roughly a third of the work at Holíč had been completed by the end of the year.

A reconstruction project of the water treatment plant at Šajdíkove Humence was also prepared during 2011.

Capital investment included replacing bar screens at the Gbely water treatment plant and installing another debris cleaner at the Vrakuňa water treatment plant, while blenders in denitrifying tanks were replaced and a tertiary wastewater treatment stage was built at the water treatment plant in Skalica.

To ensure trouble-free operation at treatment plants, necessary repairs of technical and technological facilities were made.

In December 2011 there were talks about a new program for processing chemical technology monitoring at the treatment plants to replace the previous and almost non-functional LABOD that has been in use since 1996.

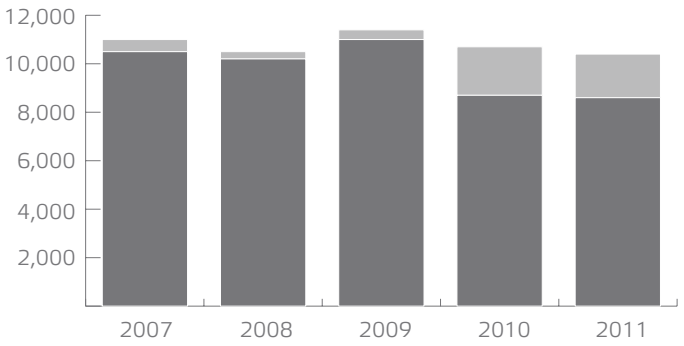
LABORATORY WORK

The accredited testing laboratory checks the quality of drinking water at all public water facilities operated by BVS 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 sewer connections through different technological wastewater treatment stages at plants until the treated effluent is released to flow to the surface.

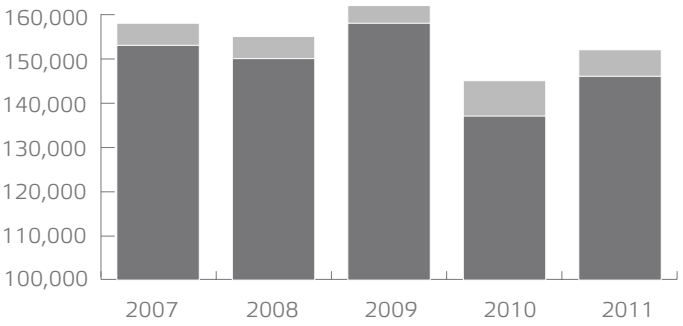
In addition to monitoring both drinking and wastewater for our company's needs, the test lab also conducted water analyses ordered by external customers.

Test Lab Activities 2007 - 2011:

Number of samples



Number of analyses



Internal orders External orders

2011		Drinking water	Wastewater	Total
Number of samples				
	Internal orders	3,922	5,782	9,704
	External orders	171	803	974
	Total	4,093	6,585	10,678
Number of analyses				
	Internal orders	108,643	39,504	148,147
	External orders	3,455	3,767	7,222
	Total	112,098	43,271	155,369

Total number of samples

represents the total number of analysed drinking water and wastewater samples. For drinking water, the number stems from the annual Drinking Water Quality Operational Control Programs prepared under Environment Ministry Decree No. 636/2004 Coll. and Slovak Government Regulation No. 354/2006 Coll., as amended by Slovak Government Regulation No. 496/2010 Coll., and approved every year by the competent Regional Public Health Office, as well as for the company to monitor water sources and operate public water networks. In the case of wastewater, the number stems from the Annual Public Sewer Operational and Inspection Monitoring Program established by Environment Ministry Decree No. 315/2004 Coll. as well as current operational needs at wastewater treatment plants and sewer networks. The number of ordered samples depends on the interest of external clients for the given year.

Total number of analyses procedures

represents the total number of completed analysis procedures for individual drinking water or wastewater quality indicators, i.e. the total number of completed lab tests. Analysis of all quality indicators for potable waste and wastewater are completed in BVS labs pursuant to current legislation, with the exception of radiochemical analysis which is subcontracted to a test lab at the Hydrological Research Institute in Bratislava.

The accredited testing lab's capacity to carry out impartial and reliable lab tests of drinking water and sewage water in compliance with ISO/IEC 17 025:2005 was reviewed in 2011, where the lab was reaccredited and its certification renewed by the Slovak National Accreditation Service in Decision No. 239/2011/326/S, dated 9 June 2011, with the test lab being granted Certificate of Accreditation No. S-235 on that date to expire on 9 June 2015.

SUBSIDIARIES

Infra Services, a. s.

Business Activities:
- Road transport inside Slovakia,
- Plumbing and heating,
- Concrete work,
- Roadway cleaning and maintenance,
- Construction work and alterations,
- Engineering - procurement of construction services in the scope of unregulated trade,
- Excavation work,
- Intermediary activities in trade, services and production in the scope of unregulated trade,
- Rental of equipment, instruments, machinery, means or transport and computer technology,
- Waste disposal other than hazardous waste,
- Locksmithing,
- Mechanical cleaning of sewer networks in the scope of unregulated trade,
- Repair of restricted electrical technical equipment,
- Repair and installation of water flow meters,
- Verification of specific meters,
- Calibration of cold and hot water flow meters,
- Informative meter reading.

Sales of products and services in 2011: €18,845,999
Loss in 2011: €322,509

Significant changes in 2011: There were changes in the composition of the Board of Directors and Supervisory Board:

	As of 31. 12. 2011	As at 31. 3. 2010
Board of Directors	Ing. Radoslav Jakab	Ing. Jaroslav Néma
	Mgr. Rastislav Gajarský	Ing. Daniel Gemeran
	Ing. Boris Gregor	Ing. Marián Hreščák
Supervisory Board	Zdena Volárová	Ing. Karol Kolada
	Bc. Katarína Miklošová	Peter Juriga
	JUDr. Anton Chromík, PhD.	Juraj Kečkeš

BIOENERGY, a. s.

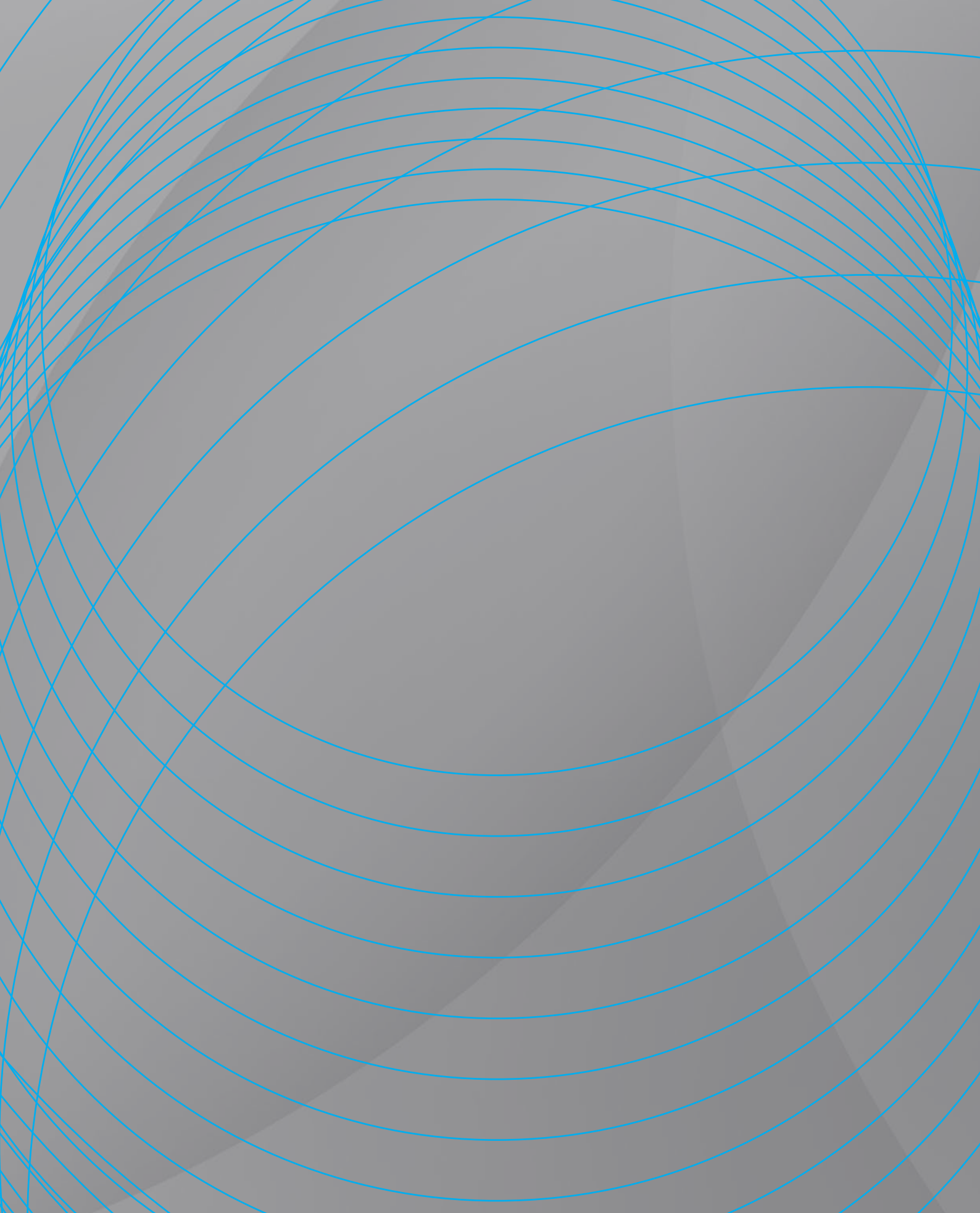
Business Activities:
- Waste disposal other than hazardous waste,
- Provision of corporate, organizational and economical advice,
- Purchase of goods for resale to end consumers (retail) and to other licensed operations (wholesale),
- Intermediary activities in trade,
- Intermediary activities in production,
- Intermediary activities in services,
- Generation and supply of electricity through power generating equipment with a maximum output of 1 MW,
- Generation and supply of electricity,
- Leasing of movable property,
- Computer data processing services,
- Informative testing, measuring, analysis and inspection services.

Sales of products and services in 2011: €7,439,061
Net income in 2011: €892,987

Significant changes in 2011: There were changes in the composition of the Board of Directors and Supervisory Board:

Board of Directors	appointed		ended
Ing. Radoslav Jakab	15. 8. 2011	Ing. Daniel Gemeran	15. 8. 2011
Ing. Róbert Nemec	15. 8. 2011	Ing. Peter Lenč	15. 8. 2011
Ing. Stanislav Beňo	15. 8. 2011	Ing. Peter Čecho	15. 8. 2011
Ing. Milan Hutkai	15. 8. 2011		
JUDr. Stanislav Rehuš	15. 8. 2011		

Supervisory Board	appointed		ended
Stanislav Fiala	16. 8. 2011	Ing. Gabriel Kosnáč	16. 8. 2011
Mgr. Zuzana Masaryková	16. 8. 2011	RNDr. Oto Nevický	16. 8. 2011
Radovan Jenčík	16. 8. 2011	Gejza Ivanič	16. 8. 2011



OUR CUSTOMERS

RATES FOR PRODUCING, DISTRIBUTING AND SUPPLYING DRINKING WATER AND FOR WASTEWATER DISPOSAL

HUMAN RESOURCES

IN THE MEDIA

CORPORATE RESPONSIBILITY

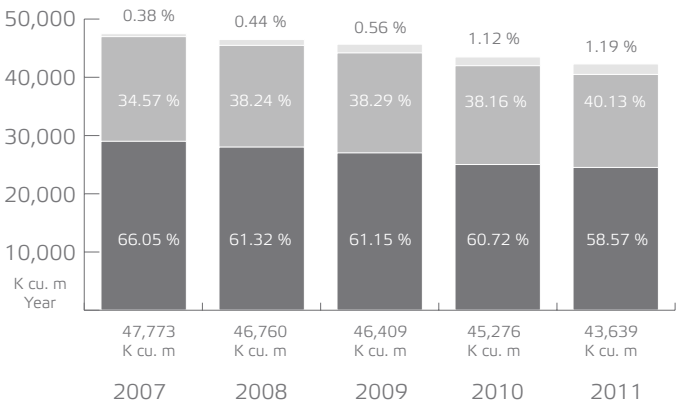
WATER COMPANY MUSEUM

OUR CUSTOMERS

BVS supplies drinking water to three basic customer segments: households, other operators or owners of public water networks and other customers. Other operators or owners of public water networks are suppliers of drinking water to customers who own or operate public water networks.

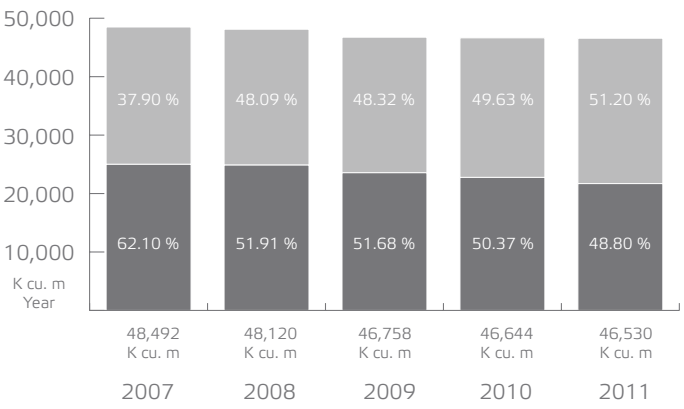
BVS provides wastewater disposal for households and other wastewater producers as follows:

Supply of Drinking Water



other public water network operators or owners
other customers
households

Wastewater Disposal



other customers
households

TOP BVS Customers in 2011

1	Dalkia, a. s.
2	Bratislavská teplárenská, a. s.
3	Bytové družstvo Petržalka /Petržalka Housing Cooperative/
4	Hlavné mesto SR, Bratislava /Capital of Slovak Republic Bratislava/
5	Univerzitná nemocnica Bratislava /University Hospital, Bratislava/
6	Stavebné bytové družstvo občanov so sídlom v Pezinku /Pezinok Housing Cooperative/
7	Slovenská technická univerzita v Bratislave /Slovak University of Technology/
8	Okresné stavebné bytové družstvo Senica /Senica District Housing Cooperative/
9	RAJO, a. s.
10	Slovnaft a. s.

RATES FOR PRODUCING, DISTRIBUTING AND SUPPLYING DRINKING WATER AND FOR WASTEWATER DISPOSAL

Maximum prices for the period between 1 January and 31 December 2011 approved by the Regulatory Office for Network Industries in Regulation No. 0074/2011/V:

Current price ceilings	€/m³ excl. VAT	€/m³ incl. VAT
Drinking water supplied by public water systems	0.8964	1.0757
Drinking water distributed by public water systems	0.6274	0.7529
Waste water discharge & treatment in public sewer systems	0.8625	1.0350

Water resource management prices are regulated by Act No. 276/2001 Coll. on Network Industry Regulation. The Regulatory Office for Network Industries, acting in pursuance of Act No. 276/2001 Coll. on Network Industry Regulation, amending some other legislation, as amended, and in compliance with the decree from the Regulatory Office for Network Industries, providing for the scope and exercise of regulatory pricing in network industries, the structure of justified costs, the manner of determining reasonable profit, and supporting material for suggested rates to produce, distribute and supply drinking water through the public water system and to dispose of and clean wastewater in the public sewer system.

Rates for producing, distributing and supplying drinking water through the public water system and for wastewater disposal and treatment through the public sewer system were proposed in 2011 in compliance with the Decree issued by the Regulatory Office for Network Industries for the relevant regulatory period in accordance with the applicable directives issued by the Regulatory Office for the relevant regulatory years. Following a review and reassessment of the proposed prices, the Regulatory Office for Network Industries issued a decision approving maximum prices for the production, distribution and supply of drinking water by the public water system and for the wastewater disposal and treatment through the public sewer system.

Pricing in 2007 - 2011 was affected by various factors spelled out in the directives mentioned before, both from the point of view of economically justified costs and also in the production, distribution and supply of drinking water by the public water system and wastewater disposal and treatment through the public sewer system carried out in technical units.

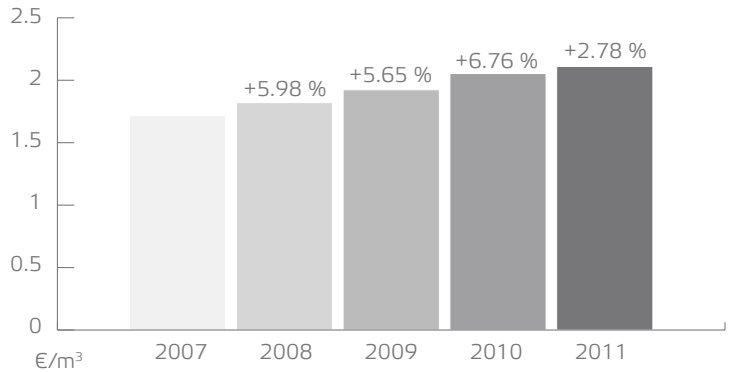
Rates approved by the Regulatory Office in 2007 - 2011 per cubic metre (excl. VAT)

Rate per metre (excl. VAT) in 2007 – 2011	1. 1. 2007	1. 1. 2008	1. 1. 2009	30. 6. 2009	1. 1. 2010	24. 2. 2010	1. 1. 2011
Rates for producing and supplying drinking water through the public water system for all customers	0.7269 (21.90 Sk)	0.7767 (23.40 Sk)	0.7767	0.8266	0.8266	0.8964	0.8964
Rates for distribution of water through the public water system by municipal water management companies	0.5642 (17.00 Sk)	0.5942 (17.90 Sk)	0.5942	0.6274	0.6274	0.6274	0.6274
Rates for discharging and treating wastewater in the public sewer system for all customers	0.7196 (21.60 Sk)	0.7532 (22.70 Sk)	0.7900	0.7900	0.8295	0.8295	0.8625

Rates approved by the Regulatory Office in 2007 - 2011 per cubic metre (incl. VAT)

Rate per metre (incl. VAT) in 2007 – 2011	1. 1. 2007	1. 1. 2008	1. 1. 2009	30. 6. 2009	1. 1. 2010	24. 2. 2010	1. 1. 2011
Rates for producing and supplying drinking water through the public water system for all customers	0.8650 (26.06 Sk)	0.9243 (27.84 Sk)	0.9243	0.9837	0.9837	1.0667	1.0757
Rates for distribution of water through the public water system by municipal water management companies	0.6714 (20.23 Sk)	0.7070 (21.30 Sk)	0.7071	0.7466	0.7466	0.7466	0.7529
Rates for discharging and treating wastewater for all customers	0.8531 (25.70 Sk)	0.8966 (27.01 Sk)	0.9401	0.9401	0.9871	0.9871	1.0350

Overview of rates (incl. VAT) for producing and supplying drinking water and for wastewater disposal and treatment – all customers



HUMAN RESOURCES

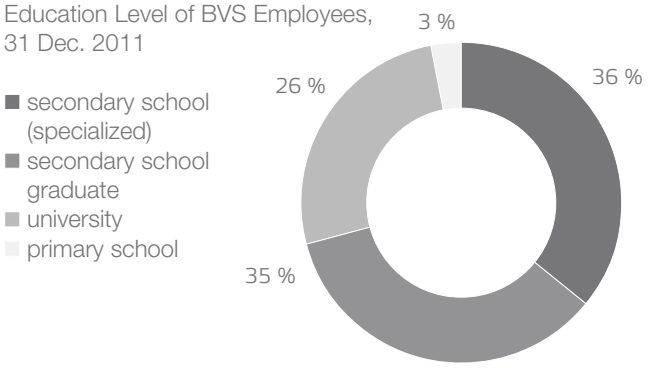
2011 brought changes in the governing structures of the Company, followed by procedural and structural changes especially in the General Director's Office, Finance, and Marketing and Business.

The changes were encouraged mainly by the situation in the preceding period when Company management focused on programming processes in these sections to increase the work effectiveness.

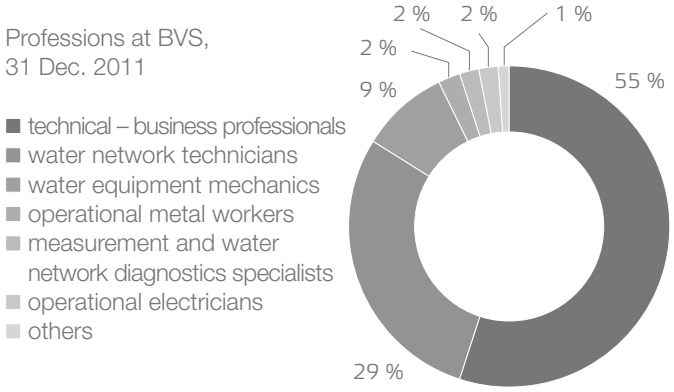
These changes gradually became reflected in the systemisation of jobs, beginning with 692 positions as of January 1, 2011 and ending with 687 positions as of December 31, 2011.

On December 31, 2011, BVS employed 684 people, with an average number of 677 employees during the year. Out of a total of 684 employees, there were 183 women, of whom 28 held managerial positions.

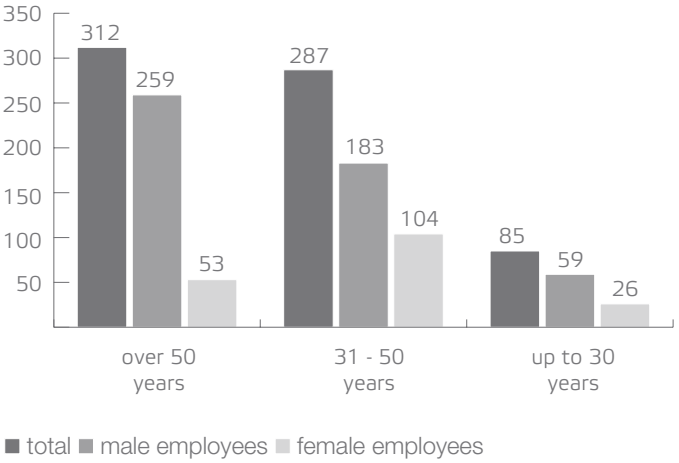
Education Level of BVS Employees, 31 Dec. 2011



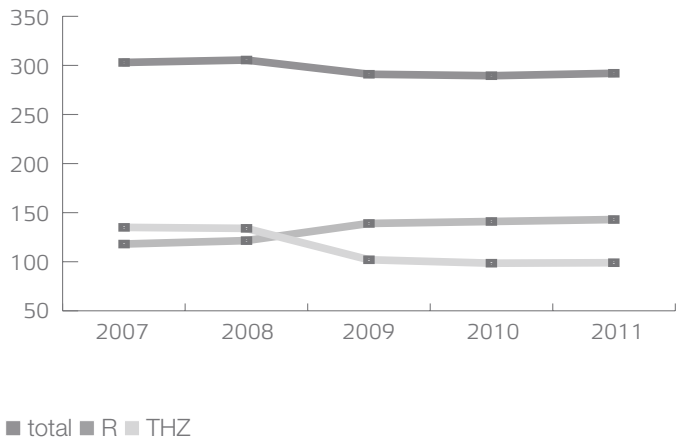
Professions at BVS, 31 Dec. 2011



Age of BVS Employees, 31 Dec. 2011



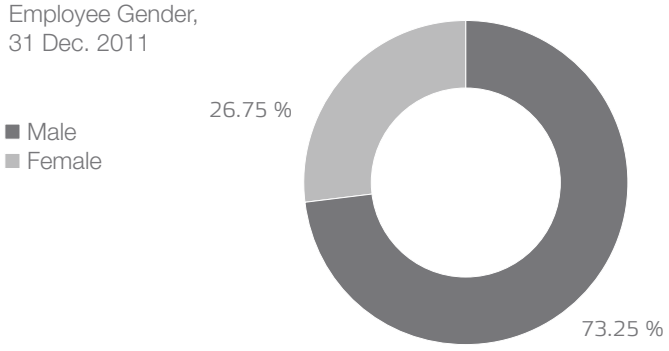
2007 - 2011 BVS Employee Numbers



During 2011, a total of 77 people joined the company and 74 employees left it.

Employee turnover in 2011 was 10.93 % with an average of 677 employees and 74 terminations. Compared with 2010, when employee turnover was 9.58 %, there was a slight increase of 1.35 %.

Employee Gender,
31 Dec. 2011



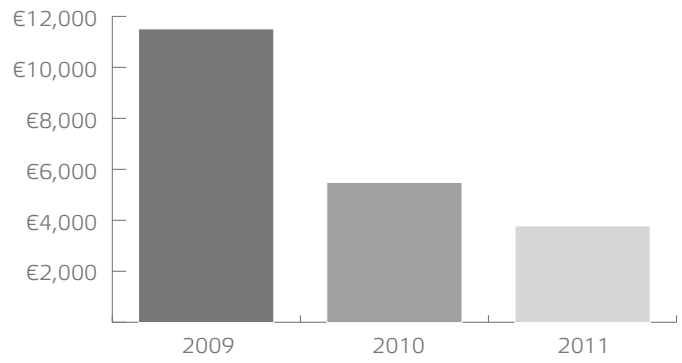
Employee Education and Development

BVS continually invests in employee education and training, where staff members can increase their professional skills for the particular jobs they have. In addition to orientations for new hires, BVS also trains all employees in safety, proper working conditions for all employees and professional growth.

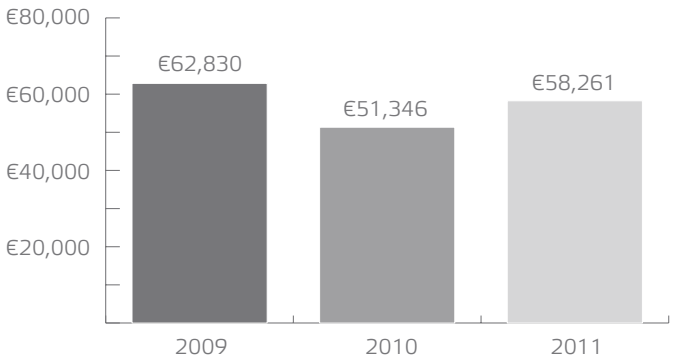
For the purpose of accelerated involvement of employees in operating procedures, new hires participated in a series of consultations about various specialized units in the Company according to their individualized orientation schedules.
Significant attention was paid to obtaining and/or updating professional qualifications vital for staff to perform and engage in operational activities with respect to occupational safety and health and personal protective equipment, and becoming qualified to operate public water and sewer systems.

A distinct category in staff education and training was assistance given to enhance the English language competence through individual and group courses organized directly at work locations and to improve professional skills for employees working in various jobs.

Staff training costs (in €)
in 2009 - 2011



Total staff training costs (in €)
in 2009 - 2011



In 2011 the Company invested €58,261 in mandatory OHS and PPE retraining as well as professional workshops, domestic and foreign conferences and seminars focused on increasing professional expertise, language competence and qualification skills.

IN THE MEDIA

A drinking fountain at the University of Economics was the first of five drinking fountains to be opened by BVS as part of its Blue School – Water for the Future educational program in 2011.

On 15 November 2011, Bratislavská vodárenská spoločnosť (BVS) in cooperation with the Faculty of Commerce at the University of Economics in Bratislava opened the first drinking fountain for students and faculty. This drinking fountain at the University of Economics is the first of five drinking fountains to be opened in 2011 by BVS in schools as part of its Blue School - Water for the Future educational program. This is a pilot program designed to build and develop the new quality drinks culture – drinking water from quality stainless steel, aesthetic and highly hygienic drinking fountains placed in schools and at locations with the largest movement of pupils, students and employees.

As part of the pilot program, drinking fountains at the Faculty of Chemical and Food Technology of the Slovak University of Technology, L. Novomesky High School at Tomášikova 2 in Bratislava, Pavol Marcely Primary School at Drieňova 16 in Bratislava, and St. Francis of Assisi Integrated School at Karloveska 32 in Bratislava were to be opened in 2011. After the pilot project is evaluated, BVS plans, as part of Blue School – Water for the Future, to install in 2012 more drinking fountains in primary and secondary schools and universities in the districts where it operates. Drinking fountains, partially funded from the Blue School - Water for the Future project, will be installed in schools under donation agreements.

BVS's Blue School –Water for the Future includes a series of different activities and events relating to drinking water and are intended to educate children and young people, develop in them new habits and skills, and change their system of values. Various events will encourage schools, the general public and the Company to work together. Parts of the program, tailored to individual target groups, will be included in either regular class activities or informal education.

Any primary and secondary school or university may join the Blue School educational program if they are located in a district where the Company operates, in any of Bratislava's 17 neighbourhoods or the districts of Malacky, Pezinok, Senec, Myjava, Senica and Skalica.

The program is being coordinated and developed by the Young Scientists of Slovakia (Mladí vedci Slovenska) in cooperation with BVS's Marketing Policies Section. Information about Blue School - Water for the Future can be found at www.modraskola.sk.

webnoviny.sk; 15 November 2011

Bratislavská vodárenská spoločnosť (BVS) has recently completed renovation of one of its main water main pipes. This involved a capital investment into the DN 800 water main along 2.5 kilometres of Tomášikova ulica from the Mierová - Kaštieľska crossing to Rožňavska. Due to the original steel piping's age, technical conditions had become unfit, and it had to be replaced with ductile iron piping.

"The advantage of the new piping is that it is durable and resistant to external conditions and corrosion. The road saw nine shafts built, three with remote data transfer to the BVS dispatch centre, which will control the water system," said Zenon Mikle, the BVS spokesperson.

The pipeline was reconstructed by Skanska, which began work in 2008, with capital costs reaching €5.7 million.

TASR, 12 September 2011

Renovation has started by Bratislavská vodárenská spoločnosť of its wastewater treatment plant in Holíč, with costs to reach €10.5 million.

Bratislavská vodárenská spoločnosť (BVS) has begun renovating its wastewater treatment plant in Holíč. The project involves reconstructing the municipal wastewater treatment plant to where nutrients are biologically removed by chemical precipitation of phosphorus, as explained to SITA by company spokesperson Zenon Mikle.

Last year BVS obtained a financial grant to reconstruct and intensify the treatment plant, and signed a contract in June 2010 with the Environment Ministry to receive a non-returnable financial contribution. A total of €10.5 million is to be invested. The Environment Ministry, in granting assistance will contribute €9.7 million while BVS, a. s. will pay €883,000.

Assistance was provided on the basis of an application by BVS seeking co-financing from the European Regional Development Fund (ERDF) for the Integrated Protection and Rational Utilization of Water priority axis in the Environment Operational Programme. The project aims with EU funding to implement the Slovak Republic's commitments to the EU concerning wastewater discharge limits and wastewater treatment.

SITA, 31 May 2011

On the occasion of the World Water Day, Bratislavská vodárenská spoločnosť prepared a free analysis of water samples from their customers' wells to test for phosphates and water hardness, said spokesperson Zenon Mikle.

Anyone interested in having their well tested can bring water samples to the BVS Customer Service Centre on Prešovská ulica or the Chemical, Technological and Laboratory Division at Bojnická ulica between Monday, 21 March and Wednesday 23 March from 8:00am to 4:00pm. Part of the Bojnická ulica laboratories will also be open to the public for excursions.

In order for water to be sampled, a 3-5 decilitre plastic bottle should be carefully washed by repeatedly rinsing it with water. Glass bottles or containers measuring over half a litre in volume will not be accepted. The water should be left running for two to five minutes in a sufficiently strong flow, and the bottle must be completely filled up, leaving no air below the bottle cap, before closing it. The samples may be brought to Bratislavská vodárenská spoločnosť during the time mentioned above.

The bottles will be marked with identification numbers and analysis results will be shown by these numbers. The results will be posted on the notice board at the BVS Customer Services Centre on Prešovská ulica, published on www.bvsas.sk , or announced at the call centre.

SITA, 15 March 2011

CORPORATE RESPONSIBILITY

BVS regards socially responsible business and volunteer activities to be its priorities. The Company supports environmental, charitable and cultural events and projects wherever it operates.

Voda (Water) Foundation

The Voda Foundation's activities in 2011 followed up on successful 2010 projects, providing financial and material assistance to various organizations and private individuals.

The Foundation donated the total of €2,700. Recipients included two individuals who used the money for disabled family members, the non-profit Lepší Svet (Better World), the Plamienok Foundation, the Rozum a Cit Foundation, and the Diagnostic Centre for Children and Youth. Voda Foundation also offered provided financial support for the 38th Ekotopfilm Festival.

Material assistance to foundations consisted of free water network demarcation for the Playground and Recreation Park built in Modra and the repair of a pool pump at the Diagnostic Centre for Children, which allowed the pool to be used again.

The Foundation's traditional activities include also volunteering by BVS employees. In 2011, the employees helped clean the forest in the Rusovce and Šúr neighbourhoods by gathering litter. Company employees also joined in voluntary blood donation drives.

BVS Donations

BVS organized meetings of the Aqua Senior Club Meeting for former employees, informing them of various Company activities and water industry news. BVS gave financial assistance to the Iuventa Water Sports Club, and helped to SPOSA, a society aiding people suffering from autism, by filling their pool. A €2,000 provided for the BVS Raft Team crew allowed it to easier cover a part of its seasonal costs. €500 was donated to the town of Senec to support summer events at the town. Nie ropovodu (No to Oil Pipeline), a civic association, received a financial gift of €1,000. BVS also contributed to the Voda Foundation's own support with a donation of €3,000.

Educational Projects

BVS places great emphasis on educating children and young people about water. Through its water-related educational programs, BVS reaches out to children, explaining in an interesting and playful manner about water system processes and the importance of drinking water, while also drawing attention to the importance of drinking rules, hygiene, protection of water resources and other related topics.

This was the third year in which BVS organized its educational program, BVS Blue School, attracting a lot of interest among the children and teachers in 2011. The Blue School program saw 204 schools registered, out of which by the end of 2011 there were 7 kindergartens, 172 primary and 25 secondary schools.

The main channel of communication concerning the Blue School program is www.modraskola.sk, a frequently visited website, from which teachers and students may copy various information and documents.

It was a highly positive act of the Ministry of Education, Science, Research and Sport of the Slovak Republic to include the Blue School program among recommended activities comprised in the Teaching and Organizational Guidelines.

In 2011. BVS organized several water-related competitions for primary schools: a significant knowledge-based contest, photography, literary and fine art competitions, and the Water Festival. 5,656 students in 129 primary and secondary schools participated in a contest of knowledge. In all these competitions, 212 photographs 63 literary works and 2,112 fine art pieces were evaluated.

The quite popular Blue School activities include excursions to wastewater treatment plants, the Water Museum and Sihoť Island water plant. In 2011, there were 133 excursions organized for over 3,800 children.

In 2011, two methodology handbooks and two workbooks concerning water were published for primary schools, with a total printing run for this edition of 12,000 copies. In addition, popular scientific publications on water for secondary schools and colouring books for lower grades of primary schools were also published. In addition, an information seminar was organized for teachers.
To encourage students to drink water, drinking fountains were set up in five Bratislava schools (two primary schools, one secondary school and two universities).

As in the five preceding years, BVS again in 2011 acted as partner and professionally underwrote the Slovak national round of the Stockholm Junior Water Prize (SJWP) competition, an international contest on water, where secondary school students from all over the world participate with water-related research topics and projects. The competition has an international finale preceded by national rounds in individual states. SJWP is well known among schools and students all around Slovakia.

In 2011, cooperation with the Ministry of Education, Science, Research and Sport deepened. In its Teaching and Organizational Guidelines for schools, the Ministry encouraged secondary school students to participate actively in the school-year SJWP project organized by the Young Scientists of Slovakia (Mladí vedci Slovenska) in cooperation with BVS.

The Central Information Portal of the Ministry of Education, Science, Research, and Sport of the Slovak Republic, www.vedatechnika.sk, regularly published information about water education and the SJWP competition. There were more than 700 entries published in 2011 concerning SJWP activities, mainly in the form of press releases, professional articles, radio and TV interviews and others.

Communication with the Ministry has played a role in the number of schools joining the Project growing year by year. In 2011, 580 secondary schools from all over Slovakia participated in the competitions. In the national SJWP competition, the BVS Prize for the best student water system project, over 7,500 secondary school students competed. In the BVS Most Committed Teacher Prize, 166 secondary school teachers signed up, and in the BVS Most Active School Prize, 72 secondary schools took part.

WATER COMPANY MUSEUM

The Water Company Museum was founded on November 1, 2007 to commemorate the 120th anniversary of the first Bratislava water company. BVS is its founder. The Water Company Museum is a specialized technical museum focusing on Slovakia's water industry. The Museum is located in Karlova Ves at the historical site of the first pumping station. The building was first built at the end of 19th century and expanded early in the 20th century. The pumping station was one of the Bratislava Water Company's first facilities. In 2011, the Water Company Museum housed two expositions – with the main exhibit at original engine room in Karlova Ves and other exhibits at the Sihoť Island national cultural monument.

In 2011, the Water Company Museum's collection included 3,496 items of cultural value, among which were significant archival documents, projects, and historical water system equipment.

The number of visitors to the Museum rose to 7,385 in 2011 from 5,497 people in 2010. The Water Company Museum organised 95 internal and external events in 2011. The most significant of its own events were the Woman and Water Exhibition and the Night of Museum and Galleries. The Museum organized 47 educational excursions to the Museum and the Sihoť water resource, mainly attended by children from primary and secondary schools.

The Museum is also an important venue for internal events organised by BVS. In 2011, three General Meetings, 13 training courses, 5 labour union meetings and one conference were held there. The Water Company Museum is the principal partner of the Blue School educational program, which held four events. In addition, the Museum hosted also 16 commercial events.

The Museum's total income was €12,833.60, excluding VAT. The Museum has its own website, www.vodarenskemuzeum.sk, and welcomed 3,442 visitors from 40 countries, while 20,553 logged onto the website.

SAFE COMPANY

INFORMATION TECHNOLOGY

CAPITAL INVESTMENT

PROSPECTS FOR MODERNISING INFRASTRUCTURE

REPORT ON THE SUPERVISORY BOARD'S ACTIVITY

SAFE COMPANY

The average number of people employed at BVS employees during 2011 was 675. In this period, only one occupational injury occurred and no cases of occupational disease arose in BVS.

Comparison of accident rate
and related information at BVS

	2011	2010
Number of occupational injuries	1	0
Number of days missed due to work disability	28	0
Average period of work disability	28	0
Average percentage of work disability	0.011	0
Average daily work disability	0.076	0

Accidents outside work

In 2011 there were 12 accidents outside work at BVS, resulting in a total of 482 calendar days missed from work due to work disability.

Measures taken to reduce occupational injuries:

New employees receive when they are hired instructions and information about occupational health and safety and fire prevention standards before they enter the workplace, with the aim of preventing occupational injuries and extraordinary accidents and to train new employees in occupational health and safety and fire prevention at all BVS workplaces. During 2011, a total of 77 new employees attended the entrance training course on occupational health and safety and fire prevention. Entrance training was provided on an individual basis for each new hire followed by a final test. Subsequently, each new employee received periodical training in occupational health and safety in accordance with § 7 of Act 124/2006 Coll. on Occupational Health and Safety, amending also other legislation, and training in fire prevention as required by § 20 and § 21 of Regulation of the Ministry of Interior No. 121/2002 Coll. on Fire Prevention, as amended.

The Occupational Health and Safety (OH&S) and Fire Prevention Department 1050 carried out systematic and random inspections of compliance with occupational health and safety and fire prevention standards at individual divisions, their corresponding workplaces, and other BVS organizational units. The inspections focused primarily on compliance with occupational health and safety standards in accordance with technical and technological procedures, technical and technological equipment safety and the use of personal protective equipment (PPE) at work. Systematic inspection involved addressing and removing weaknesses discovered during internal or external inspections conducted by the health safety work inspectorates, health authorities, national fire prevention authorities and the like. Written documentation of the inspections conducted by OH&S Department and Fire Prevention 1050 are kept in their files.

Any weaknesses discovered during inspections conducted by the OH&S and Fire Prevention Department 1050 were first discussed with staff accountable for them and then their removal was ensured. OH&S and PPE were analyzed in detail in summary reports of comprehensive OH&S and PPE inspections conducted at all BVS workplaces by a special working group between 6 October and 30 November 2011.

In accordance with § 9 (1) (b) of Act 124/2006 Coll. on Occupational Health and Safety, amending other legislation, and pursuant to Internal Directive No. 035-02-2006, inspections conducted in 2011 sought out use of alcohol, narcotics and psychotropic substances at BVS workplaces. In 2011, a total of 354 tests for alcohol were given by both OH&S and Fire Prevention Department 1050 and other responsible BVS corporate officers and managers. Out of 354 tests, just one test was positive. OH&S and Fire Prevention Department 1050 conducted 11 tests for narcotic and psychotropic substances, with none of them positive.

INFORMATION TECHNOLOGY

The introduction of the Integrated Management System (IMS) 2006 – 2007 was aimed toward monitoring Company management at a higher level. When the contract term expired, the Company was confronted with the question of how to continue and in what direction to develop its information technology. Current trends and new IT products and services have proved that outsourcing utilises resources more effectively, while it should be sufficiently flexible if a customer decides to make changes over the term of the contract. The experience acquired by BVS in the last six years since IMS was introduced has shown that it is necessary internally to build a competent team that communicates with suppliers and to look for contractual terms and conditions allowing ongoing improvements in the entire information system (IS) architecture. Of the overall IMS design, the designed Automated Technological Operations Management, Technological Dispatch Centre and Safe Access Control proved to be very good. Room for improvement can be seen in enhancing functionality and reliability in Enterprise Resource Planning (ERP) software and the professional management information system. This was also the reason for reassessing the entire IMS and searching for a model to develop good decision-making and eliminating less appropriate models based on experience with the existing system. Such a case, for example, was the effort to implement new laboratory and technical systems, where a fundamental opinion required to be made by the end of the year soon proved to be the right decision. Some projects that may have been considered in 2010 to be overdue or, on the other hand, already outdated managed to be reviewed at the right moment and replaced with those that better addressed requirements and mainly followed trends in new IS solutions.

The concept of IMS development will go forward in an effort to use the established management patterns, while avoiding too specific solutions. The need to be an equal partner with strong IT and IS suppliers was the reason for completion of a department devoted to information technology. The Outsourcing and IS Security Department brought, in addition to better control, also significant cost savings when changed in IS needed to be made. Today the new department, supplemented by the Marketing Strategies Department, is the basis for strategic planning through closely linked information systems. This non-traditional linkage aims to bring, in the next year, data automation in planning the overall management of the Company, which may considerably increase the value of the medium and long term strategic plans. The new, and for our industry, central project in the development of information systems is the Geographic Information System, prepared also to cover INSPIRE requirements, which simply means that the Company can, under EU requirements, provide the public with full, fast and reliable information concerning our network. In this context, we have begun applying for an EU grant for the “Risks in Drinking Water Supply in a Large City” project. Together with the Slovak Academy of Sciences and the Danish Hydraulic Institute (DHI) we have the potential to build a hydraulic model for the capital city of the Slovak Republic, and to be able to simulate in an environment that is currently ecologically and also meteorologically changing, not only routine risks, but also those less foreseeable.

By completing the new elements of the entire architecture, the Company seeks to attain real integration of existing and quite independent units, both in the corporate and operations information systems. This process will need some time and funding, whose return on investment will be monitored through the impact on increasing overall work productivity and the continuing rejuvenation of the new processes. We believe that our goals will be achieved in an effective way with a new team and modern tools of management.

CAPITAL INVESTMENT

BVS's capital investment activities are based on the conditions of its water mains, sewage, and wastewater treatment plants, and on the necessity to harmonize their parameters with current legislation, while maintaining limits on wastewater discharge under EU Directives and also in the BVS Strategy and Modernization of the System of Water Infrastructure and the Water Main Loss Reduction Program. These goals are reflected in the construction and projects included in the Company capital planning and investment.
BVS provides for renovation, reconstruction and modernization of public water system, public sewage system, water resources and wastewater treatment plants and their faultless operation. With new construction resulting from the development of cities and municipalities, the Company is meeting requirements for the supply of drinking water supply and disposal of wastewater not only quantitatively, but also qualitatively.

Projected funding and capital investment approved and totaling €41,965,000 in 2011, of which:

Own sources - depreciation and development fund	€26,630,000
EU and government budget sources	€2,067,000
Shareholder contributions	€283,000
LOAN	€12,985,000

Approved Company investment planning and capital investment spent in 2011 reached €25,243,000 out of an annual budget €41,965,000, of which total construction spending reached €21,649,000 or 63.97 % of total annual budgeted spending of €33,844,000.

Contributions by shareholders totalling €72,000 were used for the following construction:
Bratislava, Ľudová štvrť, water mains and sewage system reconstruction, Phase IV.

Spending on construction and the number of completed construction projects were influenced in 2011 on their structure and size.

The following construction projects were completed during this period:

- Tomášikova ul., delivery water piping reconstruction;
- Modra Wastewater Treatment Plant, reconstruction of the operational complex;
- Mostová ul., sewer connection;
- Bernolákovo, Poštová ul., public water mains reconstruction;
- Keltská ul., water mains and sewage system construction;
- Bílkove Humence, water mains;
- Holíč - IBV Pri kaštieli, water mains, sewage system, Phase 2, Part 2;,
- Reconstruction of the Labatory Complex at Bojnická ul., Bratislava,
- Senec, 3 x 2,500-cubic metre water tanks, Phase 1 and 2;
- Pumping station in Pod. Biskupice - Bernolákovo, water storage piping reconstruction, first-stage construction;
- Ľudová štvrť, water mains and sewage system reconstruction, fourth-stage construction;
- Malacky – DN 400 water piping transfer– emergency conditions;
- Rybničná ul. – Šúr Channel, water intake;
- Lamač, Plánky, water supply;
- Prešovská ul., reconstruction of AB BVS a. s. complex – winter warming.

BVS investment and capital investment plan in 2011 [in € K]

	depreciation development fund	EU, state budget sources	shareholder contributions	LOAN	Total
In construction process on 1. 1. 2011	4,626			9,094	13,720
Constructions started in 2011	3,777		72	4,080	7,929
All Constructions	8,403		72	13,174	21,649
Other capital investment items	3,594				3,594
TOTAL	11,997		72	13,174	25,243

Construction to be co-financed by the EU Fund for Regional Development and the government budget

"Wastewater collection and disposal of the Podunajska part of the Bratislava Region" Intensification and modernisation of the Vrakuňa Central Wastewater Treatment Plant, second-stage construction (€28,959,000)

Intensification and modernisation of the Petržalka Wastewater Treatment Plant, second-stage construction (€13,413,000)

Part of the earlier mentioned wastewater collection and disposal also addresses wastewater treatment in this region, though partially also sanitary wastewater pumped to Bratislava from the Little Carpathians and later from the Senec region. This region is a part of the capital city of Bratislava, belonging to the borderline Danube River Basin. This project also includes modernising the existing Central Wastewater Treatment Plant in Vrakuňa that has been in operation for 24 years, but fails to meet current legislative requirements concerning the quality of discharged and treated wastewater in relation to nitrogen and phosphorus indicators. The plant will be modernised with the construction of a new biological stage.

The project further includes modernisation of the Petržalka Wastewater Treatment Plant, where a new biological treatment unit will be built to meet legislative requirements regarding nutrients in treated wastewater. In order to have the project funded by non-refundable financial grants from the EU and from the government budget, an application was submitted to the Environment Ministry on 30 July 2010 as part of Priority Axis 1.1 - Integrated Protection and Regional Use of Water. The application was forwarded to Brussels on 19 October 2011. As of the date of the Annual Report, the application is in the comment stage and no decision has been received yet.

Construction co-financed by the EU Fund of Regional Development and the government budget

"Holíč Wastewater Treatment Plant Reconstruction and Intensification" with a planned budget of €10,574,000.

Construction began in May 2011 and will take place over 24 months. The contractor is the Holíč Wastewater Treatment Plant – with COMBIN BANSKÁ ŠTIAVNICA, s. r. o., Banská Štiavnica, being the leading member of the Group. Construction is being supervised by Dopravoprojekt, a. s., Bratislava. Modernisation and reconstruction of the wastewater treatment plant involves mechanical pre-treatment, biological stage, sludge and gas management with the discharge of treated wastewater to the Morava River. The plant must be modernised to satisfy legislative requirements concerning the quality of discharged treated wastewater with respect to nitrogen and phosphorus.

In addition to the above projects, BVS is also complying with quality conditions in treated wastewater discharge under the EU Directive at the construction site below:

- Senica Wastewater Treatment Plant intensification and modernisation, under construction. An engineering contract was entered into between BVS and BIONERGY.

In 2011 BVS secured, from its own sources, construction to be done at the following sites:

- Devínska Nová Ves Wastewater Treatment Plant, intensification and expansion,
- Botanická ul., collector A VIII., reconstruction,
- Sewage collector D, reconstruction,
- Senica Wastewater Treatment Plant, reconstruction of administration building,
- Stupava, Pajštún water spring, filter plant,
- Podkolibský vodojem – Vtáčnik Water Reservoir, water system reconstruction.

Different construction projects are being prepared and completed with acquired knowledge from and use of the latest information technologies, guaranteeing proper water and sewer system utilisation fron the dispatch centre.

By making these capital investments in development, and with reconstruction and modernisation of existing networks and wastewater treatment plants, the supply of drinking water is improved. BVS provides the required capacity for wastewater discharge and the quality of water treatment in the regions where it operates, while at the same time reducing water network losses in compliance with the Water Piping Loss Reduction Program.

PROSPECTS FOR MODERNISING INFRASTRUCTURE

In modernisation of its water network infrastructure, BVS has been focusing on the existing condition of the assets it uses for its core business activities (public water networks and public sewers). One of the key priorities is to keep existing assets in the best possible condition, which is achieved by ongoing restoration. Our commitment to keeping existing water infrastructure in good condition is integrally related to the task of modernising the system for this infrastructure. This aim is directed toward attaining optimum solutions in water production and distribution as well as in wastewater collection and treatment, while achieving sufficient capacity to satisfy demands for land development and in both sides of the business with economic benefits.

Priority areas for water supply system modernisation include:

- Achieving water capacity to reliably meet current drinking demands while considering future needs
- Securing subsidisation for deficient areas or areas with problematic local sources
- Optimum use of springs with energy efficient gravity distribution to consumers
- Optimisation of the drinking water distribution process by more efficient use of water sources and water distribution through the introduction of an integrated system for management and central technical dispatching
- Securing alternative solutions for supplying water in crisis situations

The concepts for modernizing the water supply systems are as follows:

- Continuing to apply the current concept for using water sources in the Podunajska area for Bratislava in the long term as these sources are very suitably located on city land or in its immediate vicinity.
- In other areas, it is necessary to mention that local water sources in Zahorie 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 Danube valley). Because water sources (in the Danube Valley) are not centred close to where consumers in the city of Bratislava live, additional water piping capacity needs to be built. Currently distribution lines are being constructed from Bratislava to Zahorie (via Malacky) and to the Podhorie region (via Pezinok and Senec). Continuation of this concept includes the planned connection of distribution equipment to optimise deliveries to the Little Carpathian Region in the eastern part of Bratislava (a new water line from Rača to Pezinok Grinava and reconstruction and expansion of water main capacity from Podunajske Biskupice to Bernolakovo) or to be used to secure water supplies from the western section of Bratislava to Senica and Skalica (a new water main from Malacky – Kuty and Kuty – Holič).

During 2011, the water system modernisation strategy was updated, where part of the strategy included clarifying the Company's priorities in the area.

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

- Connecting the eastern and western sections of the water supply systems with a preferred piping solution to be placed in a planned road tunnel
- Securing distribution lines to supply Záhorie from the Bratislava water system and addressing the supply of drinking water to the northwest section of the city
- Adding water capacity in Bratislava (mainly in Lamač, Karlova Ves, Devin and Kramare)
- Fully addressing drinking water supplies to Koliba and Kramare in Bratislava
- Supplying drinking water to potentially developing areas of Bratislava
- Modernising the water system in the eastern part of Bratislava and around Pezinok and Senec (reconstruction and modernisation of water main running between Podunajske Biskupice, Bernolakovo and Pezinok Grinava, the water main between Bratislava Rača and Pezinok Grinava and additional connections and lower line loops)
- Constructing the Zohor – Suchohrad –Malacky supply line
- Expanding and connecting to the water source system at Holdošov mlyn
- Optimising water spring use
- Connecting the water system to the water main running between Rohožnik and Plavecke Podhradie
- In the event of unfavourable developments in water stocks and if economically beneficial or in the event of contingencies and crisis scenarios, activating the Malacky – Kúty or Kúty – Holíč water mains
- Building an integrated system for management and central technical dispatching

Current and anticipated total water reserves where BVS operates looks to be significantly positive, but this also raises the question of using water source capacity beyond anticipated demand where BVS operates and to cover the needs of neighbouring regions. Updated, detailed reserves mention the viability of cooperation in the supply of drinking water with cross-border regions in Hungary, Austria and/or the Czech Republic (southern Moravia).

Priorities in sewer system modernisation include:

- Achieving sewer capacity to reliably meet current demand for sewage collection while considering future needs
- Providing wastewater treatment in compliance with current legislation and in line with current land development
- Optimising the sewage removal process by gradually completing an integrated management system and central technical dispatching

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

Sewer solutions will continue to concentrate on the concept of centralising the wastewater treatment process, which is efficient for the Little Carpathian and Senec Regions and the municipalities of Most pri Bratislave, Malino and Zalesie, and on the new H sewage collector in eastern Bratislava, with a connection to the left bank sewer system in Bratislava to the shared Bratislava-Vrakuňa treatment plant (or alternatively the local treatment plant in Seneca). The same scheme applies to the shared Hamuliakovo wastewater plant for group sewers. In other cases, independent sewers with a separate wastewater treatment plant will continue to be used with possible connections to a low number of satellite neighbourhoods around smaller towns.

During 2011 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 the framework of the following solutions:

- Modernising drainage networks (mainly Collector H in Bratislava and pressure sewer piping between villages in the sewer system for the Hamuliakovo treatment plant, among others)
- Modernising water treatment plants to meet cleaned wastewater effluent parameters under applicable law; the category of municipal areas exceeding 10,000 EO includes the Vrakuňa and Petržalka treatment plants, and also sewer collection from the Small Carpathian and Senec Regions addressing wastewater treatment in Pezinok and Senec (alternatively with the local plant in Senec), and wastewater treatment plants in Holič, Senica, Skalica and Malacky (in the case of Pezinok and Hamuliakovo, modernisation has not yet been completed)
- Modernising wastewater plants in order to increase capacity to cover land development demands (this is addressed in modernisation already mentioned plus modernisation of the Devinska Nova Ves wastewater plant)
- Modernising sewer systems in order to improve technology used to increase efficiency, to be secured in the modernisations earlier mentioned
- Building an integrated management and central technical dispatching system

BVS's strategy in the area of modernising water company infrastructure is conceived with regard to 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 transposed 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 fundamental national documents including the Concept of Water Policy until 2015 and the Public Water System and Public Sewer Development Plan for the Slovak Republic.

Gradual reconstruction and modernisation of BVS's water infrastructure will employ an optimal conceptual solution that will increasingly approach a perspective directed toward effective production and distribution of water and collection and treatment of wastewater.

REPORT ON THE SUPERVISORY BOARD'S ACTIVITY

Under the Commercial Code, BVS's Supervisory Board is the controlling agency and in this respect it is charged with supervising the activities of the Board of Directors and the company as a whole. Its activities are carried out under the company's Articles and by-laws and the Board's rules of procedure, which provide for its powers, the scope of its activity and the number of supervisors on the Board. As with the Board of Directors and the executive management, 2011 saw personal changes in the Supervisory Board as well.

By mid-2011, five Supervisory Board meetings had been held with the membership below:

Chairman:	Ing. Karol Kolada
Vice-Chairman:	JUDr.Tomáš Korček
Supervisors:	Ing. Dagmar Blahová
	Peter Hurban
	Ing. Gabriel Kosnáč
	Ing. Katarína Otčenášová
	Mgr. Oliver Solga
	Pavol Šťastný
	PaedDr. Milan Trstenský

On 7 July 2011, the terms of the following supervisors expired: Ing. Karol Kolada, JUDr. Tomáš Korček, Ing. Gabriel Kosnáč, Ing. Katarína Otčenášová and PaedDr. Milan Trstenský.

New supervisors were appointed at the company's extraordinary general meeting on 13 July: Ing. Zuzana Dzivjáková, Ján Panák, Mgr. Sven Šovčík, Michal Muránsky, Ing. Milan Šindler.

At the subsequent meeting held on 20 July 2011, Ing. Milan Šindler was appointed Chairman of BVS's Supervisory Board. Changes in membership of the Supervisory Board were completed when Mr. Oliver was dismissed.

Mr. Solga was replaced at BVS's extraordinary meeting on 21 November 2011 by Ing. Stanislav Chovanec.

In the second half of 2011, BVS's Supervisory Board met with the following membership:

Chairman:	Ing. Milan Šindler
Vice-Chairman:	Ján Panák
Supervisors:	Ing. Zuzana Dzivjáková
	Ing. Dagmar Blahová
	Mgr. Sven Šovčík
	Michal Muránsky
	Peter Hurban
	Pavol Šťastný
	Mgr. Oliver Solga (do 21. 11. 2011)
	Ing. Stanislav Chovanec (od 21. 11. 2011)

There were seven meetings in 2011 with the members mentioned above, approving or taking notice of the following:

- Business plan, financial budget, capital investment and capital construction planned for 2011;
- 2011 Report on Business and Assets;
- 2010 Annual Report, 2010 Financial Statements, Report of the Auditor and the proposed clearing of the 2010 annual accounts
- 2010 Consolidated Financial Statements and the Report of the Auditor
- Information on the company's condition in the transition between the previous and current Board of Directors
- Resolutions adopted by the Board of Directors
- Amendment No. 2 to the Board of Directors Statutes
- Amendment No. 1 to the Supervisory Board Rules of Procedure
- Directors' work contracts and employment contracts of section heads
- Consent to transfer shares in the Company under Article 7.8 of the company's by-laws to the municipalities of Veľký Biel, Hrubý Šúr, Kopčany, Šmajdíkove Humence, Častkov and the city of Skalica
- Quarterly performance of the 2011 production, business, financial and investment plans;
- Assessment of the condition of company receivables and recovery of outstanding receivables;

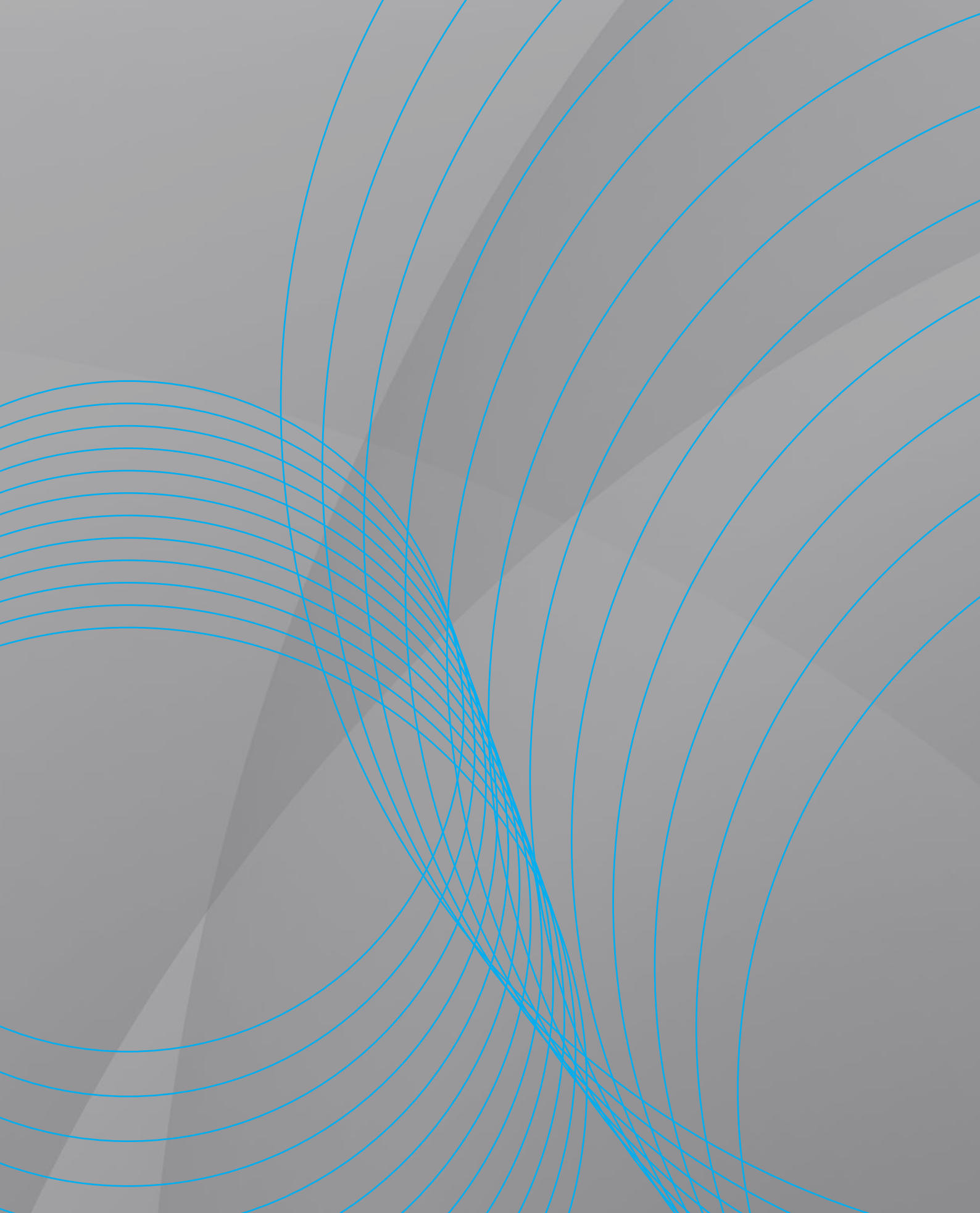
- Compliance with tasks under generally binding laws for water management, environmental protection, public health, natural resources and other laws;
- Request for a quote to be issued of 2012 water and sewer rates addressed to the Regulatory Office for Network Industries;
- Measures for eliminating losses of drinking water;
- Work-related injuries at the company, Occupational Health and Safety Review Report, Report on Actual and Planned Employment including employee pay;
- Handling of complaints, notices, warranty claims and other activities by the Internal Audit Department, assessment of content in monitored articles, support of charitable, cultural and social events.

During 2011, attendance by supervisors was satisfactory. Each meeting had a quorum and supervisor absences were either duly notified or personally communicated with apologies to the Chairman. The minutes of all meetings were recorded with attendance sheets signed by supervisors and guests if there were any. Invitations with agendas were always sent early between the Board of Directors and the Supervisory Board.

Supervisory Board meetings were regularly attended by the Chairman of the Board of Directors, the Chief Financial Officer and other officers responsible for the particular agenda to be discussed, in addition to other professionals of the company wherever it was necessary. Each meeting of the Board of Directors was attended by the Chairman of the Supervisory Board and the supervisors.

The Supervisory Board states that the Board of Directors has been consistently and professionally following strategic goals, addressing development projects and effectively managing both BVS and its subsidiaries. Overall, the Supervisory Board perceives BVS activity to be proper, free of difficulties and in line with the Company's approved business strategy.

Ing. Milan Šindler
Chairman of the Supervisory Board



CORPORATE FINANCE

CONSOLIDATED FINANCIAL STATEMENTS FOR PERIOD ENDING 31 DECEMBER 2011

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

OVERVIEW OF CHANGES IN EQUITY

CONSOLIDATED FINANCIAL STATEMENTS FOR PERIOD ENDING 31 DECEMBER 2011

Consolidated financial statements of Bratislavská vodárenská spoločnosť, a. s. for period ending 31 December 2011 made in accordance with International Financial Reporting Standards as applicable in the European Union

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Notes to Consolidated Financial Statements

Consolidated Balance Sheet [in € K]

	Note	Balance as of 31 December 2011	2010 adjustment	Balance as of 1 January 2010 adjustment
ASSETS				
Fixed assets				
Fixed tangible assets	8	361,855	361,510	362,892
Intangible assets and other assets	9	1,573	1,370	1,279
Other fixed assets		7	-	-
		363,435	**362,880**	**364,171**
Current assets				
Inventory	7	852	911	825
Trade receivables and other receivables	6	19,851	24,347	19,170
Income tax receivable		-	-	838
Cash and cash equivalents	5	23,709	17,776	8,764
		43,941	**43,034**	**29,597**
Total assets		**407,847**	**405,914**	**393,768**
EQUITY AND LIABILITIES				
Equity				
Share capital	16	279,439	279,439	279,439
Legal and other funds	16	66,461	66,346	71,366
Retained earnings	16	6,525	4,932	-530
		352,425	**350,717**	**350,275**
Stakes with minority interest		6,955	7,113	-
		359,380	**357,830**	**350,275**
Long-term liabilities				
Loans and borrowings	13	1,012	3,298	-
Provisions	15	2,156	1,121	915
Deferred revenues	11	14,150	14,296	14,218
Liabilities from pension schemes	14	618	491	678
Deferred tax liability	10	4,036	4,067	3,912
Other long-term liabilities		1,818	1,219	1,570
		23,790	**24,492**	**21,293**
Short-term liabilities				
Trade payables and other payables	12	21,933	23,395	22,200
Loans and borrowings	13	2,286	-	-
Income tax liability		458	197	-
		24,677	**23,592**	**22,200**
Total equity and liabilities		**407,847**	**405,914**	**393,768**

Consolidated comprehensive income and loss statement [in € K]

Year ending 31 December	Note	2011	2010 Adjustment
Revenues	17	81,647	79,364
Consumption of water, other material and energies		-13,598	-13,455
Wage cost	18	-19,697	-17,489
Depreciation, amortization and change of adjusting entry	8, 9	-27,504	-28,603
Services	19	-19,679	-18,526
Other operating revenues	20	3,816	2,941
Other operating costs	20	-2,823	-3,116
Operating costs		**-79,485**	**-78,248**
Operating income		**2,162**	**1,116**
Financial revenues		161	51
Financial expenses		-32	-55
Net financial expenses		**129**	**-4**
Profit before taxation		**2,291**	**1,112**
Income tax	21	-741	-457
Income of current period		**1,550**	**655**
Other comprehensive income		-	-
Comprehensive income of current period		**1,550**	**655**
Profit and comprehensive income for:			
Owners of parent company		1,708	655
Stakes with minority interest		-158	-
		1,550	**655**

Consolidated statement of changes in equity [in € K]

	Share capital	Equities	Statutory and other funds	Retained earnings	Total	Stakes with minority interest	Total equity
Balance as of 1 January 2010	**281,366**	**-1,927**	**71,366**	**-530**	**350,275**	**-**	**350,275**
Total comprehensive income							
Profit	-	-	-	655	655	-	655
Other changes	-	-		-213	-213	213	-
Reduction of reserve fund	-	-	-5,020	5,020	-	-	-
Total comprehensive income for 2010	-	-	**-5,020**	**5,462**	**442**	**213**	**655**
Transactions with owners							
Shareholders' contribution	-	-	-	-	-	6,900	6,900
Balance as of 31 December 2010	**281,366**	**-1,927**	**66,346**	**4,932**	**350,717**	**7,113**	**357,830**
Total comprehensive income							
Profit	-	-	-	1,708	1,708	-158	1,550
Allocation to reserve and other funds	-	-	115	-115	-	-	-
Total comprehensive income for 2011	-	-	**115**	**1,593**	**1,708**	**-158**	**1,550**
Balance of 31December 2011	**281,366**	**-1,927**	**66,461**	**4,817**	**352,425**	**6,955**	**359,380**

Consolidated cash flows [in € K]

Year ending 31 December	Note	2011	2010
Cash flow from operations			
Cash flows from operations	22	34,373	28,498
Tax refunds (+) / Paid (-) tax		-511	723
Interest paid		-32	-
Interest received		162	51
Net cash flows from operations		**33,991**	**29,272**
Cash flows from investment			
Purchase of fixed assets		-28,156	-26,226
Income from fixed assets sold		98	210
Net cash flow from investment		-28,058	-26,016
Cash flows from financial activity			
Revenues from received loans and borrowings		-	3,298
Revenues from increased equity	1	-	2,458
Other revenues from financial activity		-	-
Net cash flows from financial activity		-	**5,756**
Net cash flows		**5,933**	**9,012**
Net income of cash and cash equivalents			
Cash and cash equivalents at the period beginning	5	17,776	8,764
Cash and cash equivalents at the period ending	5	**23,709**	**17,776**

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

1. General

Bratislavská vodárenská spoločnosť (Company ID (IČO): 35 850 370) was established by Privatisation Decision No. 853, issued by the Slovak Ministry for National Property Administration and Privatisation and dated 2 October 2002, when the government-owned Water and Sewer Company and a part of the government-owned Western Slovak Water and Sewer Company were transformed. The company was incorporated in the Bratislava I District Court Business Register on 7 January 2003 (Section Sa, Insert No. 3080/B). Bratislavská vodárenská spoločnosť, a. s. ("BVS" or "the Company"), is a joint-stock company in the Slovak Republic whose headquarters is located at Prešovská ulica 48, Bratislava. The Company's main activities include operating public water and sewer networks around Bratislava, Senica and Zahorie.

1.1 Incorporation of Infra Services, a. s. and BIONERGY, a. s.

A decision was taken at the General Meeting on 9 December 2007 to have the Company establish 100 %-owned subsidiary Infra Services through a contribution in kind of part of the enterprise, including assets and liabilities from the company's former Services Division. The company was incorporated in the Business Register on 22 December 2007.

The Company established another 100%-owned subsidiary, BIONERGY, on the basis of prior consent received at the general meeting held on 14 October 2009 through a contribution in kind of part of the enterprise, including assets and liabilities related to the processing and disposal of biodegradable waste and the production and delivery of thermal supplies and electricity.

BIONENERGY was incorporate in the Business Register on 31 December 2009. On 17 December 2010, Infra Services, a. s. increased share capital by €6,672,000 and had an additional €228,000 share premium. In a subscription of new shares, it raised €2,230,000 in cash and had a commitment from shareholders for a contribution of €4,670,000. The Company owned 51 % of the subsidiary on 31 December 2010. The Company continues to exercise significant influence in Infra Services, a. s.

As a result of the above transaction, BVS held minority interest of €7,113,000. When both subsidiaries were incorporated, assets were contributed and liabilities valued under Slovak law and these were reported at fair value on each subsidiary's financial reports.

Assets contributed and liabilities assumed were reported in these IFRS financial reports at their respective original values based on the concept of historical cost.

Structure of the company's largest shareholders for 31 December 2011 was as follows:

Shareholders	Share in share capital [in € thousands]	Share in share capital [in %]	Share in voting rights [%]
The Capital of Slovak Republic Bratislava	166,818	59.29	59.29
Town of Skalica	24,001	8.53	8.53
Town of Pezinok	8,148	2.90	2.90
Town of Malacky	7,004	2.49	2.49
Equities	23,723	8.43	8.43
Other shareholders	51,672	18.36	18.36
Total	**281,366**	**100.00**	**100.00**

Structure of the company's largest shareholders for 31 December 2010 was as follows:

Shareholders	Share in share capital [in € thousands]	Share in share capital [in %]	Share in voting rights [%]
The Capital of Slovak Republi Bratislava	166,818	59.29	59.29
Town of Pezinok	8,148	2.90	2.90
Town of Malacky	7,004	2.49	2.49
Equities	23,723	8.43	8.43
Other shareholders	67,768	24.08	24.08
Total	**281,366**	**100.00**	**100.00**

1.3 Corporate bodies

The following persons were members of the Company's statutory body in 2011 and 2010:

Board of Directors	As of 31 December 2011	As of 31 December 2010
Chairman:	Ing. Radoslav Jakab (appointed 13. 7. 2011)	
	Ing. Daniel Gemeran (recalled 13. 7. 2011)	Ing. Daniel Gemeran
Vice-Chairman:	Ing. Boris Gregor (appointed 13. 7. 2011)	
	RNDr. Oto Nevický (recalled 13. 7. 2011)	RNDr. Oto Nevický
Directors:	Ing. Milan Hutkai (appointed 13. 7. 2011)	
	JUDr. Stanislav Rehuš (appointed 13. 7. 2011)	
	Ing. Stanislav Beňo (appointed 13. 7. 2011)	
	PeadDr. Milan Trstenský (appointed 13. 7. 2011)	
	Mgr. Rastislav Gajarský (appointed 13. 7. 2011)	
	Ing. František Sobota (appointed 13. 7. 2011)	
	Ing. Ľubomír Kmeťko (appointed 22. 11. 2011)	
	Ing. Jaroslav Néma (recalled 13. 7. 2011)	Ing. Jaroslav Néma
	Ing. Ján Rafajdus (recalled 13. 7. 2011)	Ing. Ján Rafajdus
	Ing. Aleš Procházka (recalled 13. 7. 2011)	Ing. Aleš Procházka
	Ing. Peter Lenč (recalled 13. 7. 2011)	Ing. Peter Lenč
	Ing. Peter Čecho (recalled 13. 7. 2011)	Ing. Peter Čecho

Supervisory Board:	As of 31 December 2011	As of 31 December 2010
Chairman:	Ing. Milan Šindler (appointed 13.7. 2011)	
	Ing. Karol Kolada (recalled 7. 6. 2011)	Ing. Karol Kolada
Vice-Chairman:	Ján Panák (appointed 13. 7. 2011)	
	JUDr. Tomáš Korček (recalled 7. 6. 2011)	JUDr. Tomáš Korček
Supervisors:	Ing. Dagmar Blahová	Ing. Dagmar Blahová
	Peter Hurban	Peter Hurban
	Pavol Šťastný	Pavol Šťastný
	Ing. Zuzana Dzivjáková (appointed 13. 7. 2011)	
	Michal Muránsky	
	Mgr. Sven Šovčík	
	Ing. Stanislav Chovanec	
	PeadDr. Milan Trstenský (recalled 7. 7. 2011)	PeadDr. Milan Trstenský
	Ing. Katarína Otčenášová (recalled 7. 7. 2011)	Ing. Katarína Otčenášová
	Ing. Gabriel Kosnáč (recalled 7. 7. 2011)	Ing. Gabriel Kosnáč
	Mgr. Oliver Solga (recalled 22. 11. 2011)	Mgr. Oliver Solga

Body	Office	Held by
Executive management	generálny riaditeľ	Ing. Jaroslav Jakab
	výrobný riaditeľ	Ing. Róbert Nemec
	finančný riaditeľ	Mgr. Rastislav Gajarský
	obchodný riaditeľ	Ing. Boris Gregor

Executive management members were appointed in office on 1 August 2011.

1.4 The consolidated unit

The Company has significant influence in and is the parent company of the following companies:

Company	Reg. office	Business	Ownership interest	Relationship
Infra Services, a. s.	Hraničná 10, Bratislava	water network and sewer line servicing	51 %	subsidiary
BIONERGY, a. s.	Prešovská 48, Bratislava	heat and electricity generation from biomass	100 %	100 % subsidiary

Infra Servises, a. s. and BIONERGY, a. s. are subsidiaries of Bratislavská vodárenská spoločnosť, a. s. Consolidated financial statements are prepared by Bratislavská vodárenská spoločnosť, a. s. for both companies of the consolidated unit.

BVS together with its subsidiaries is hereinafter referred to as "the Group". Neither Bratislavská vodárenská spoločnosť, a. s. nor its subsidiaries are companies with unlimited liability in any other accounting unit.

In 2011, the Group had an average of 1,062 employees comprising 172 senior managers (the 2010 average was 1,065 employees comprising 166 senior managers).

2. Summary of underlying accounting methods and principles used

The underlying methods and principles of accounting used in these consolidated financial statements are described below. Unless described otherwise, these methods are consistently applied in all reporting periods.

2.1 Assumptions for these consolidated financial statements

Under Slovak Accounting Act (National Council of the Slovak Republic Act no. 431/2002 Coll. as amended), the Group's consolidated financial statements for period ending 31 December 2011 must be prepared in compliance with International Financial Reporting Standards ("IFRS") applicable in the European Union ("EU").

The Group's consolidated financial statements for the period ending 31 December 2011 were prepared as ordinary consolidated financial statements under the Accounting Act No. 431/2002 Z. z. as amended (Accounting Act) for the reporting period beginning 1 January and ending 31 December 2011.

These consolidated financial statements were prepared in accordance with IFRS as applicable in the EU on the principle that the Group as a going concern. The Group has been applying all IFRS and interpretations as issued by the International Accounting Standards Board ("IASB") as applicable in EU that were in force as of 31 December 2011.

These consolidated financial statements were prepared on the basis of the accrual principle and on the assumption that the Group is a going concern and using the principle of historical cost.

Once approved by the general meeting of the Company's shareholders, consolidated financial statements may be amended at the request by the Board of Directors. However, under § 16 paragraphs 9 to 11 of the Accounting Act, once financial statements are prepared and approved by the Company at its General Meeting, closed journals and ledgers cannot be reopened. Still, if an accounting unit finds that data reported in the approved financial statements for the previous period are not comparable, they can be corrected under the Accounting Act. These misstatements must be corrected in the accounting period in which they were found.

Consolidated financial statements prepared under IFRS applicable in the EU requires accounting estimates and opinions and judgment of the management for accounting policies on problematic transactions. The management additionally makes particular, critical decisions in the process of applying accounting methods. Areas that require a higher decision-making authority or are more complex or areas that are assumed and estimated as significant for consolidated financial statements are described in Note 4. Consolidated financial statements are made in thousands of euro – "€".

2.1.1 Changes in accounting principles and reporting

(a) Newly issued standards, interpretations and amended standards applied by the Group for the first time in 2011

No IFRS standard or IFRIC interpretation that became effective for the first time in the period beginning after 1 January 2011 had any significant effect on the Group. The following new standards and interpretations become effective for the Group on 1 January 2011:

Amendment of IAS 24, Related party disclosures (issued in November 2009 and effective for annual accounting periods beginning on or after 1 January 2011). IAS 24 was amended in 2009 to the effect that (a) it simplified the related party definition, clarified its purported meaning and removed inconsistencies; and (b) it provided for a partial exemption from disclosure requirements of state-controlled entities. According to this amended standard, the Group now makes additional disclosures concerning its contractual promises to buy or sell goods or services with respect to related parties, disclosing only individually significant transactions with state-related parties. This amendment was approved by the European Union 19 July 2010.

Improvements of International Financial Reporting Standards (issued in May 2010 and effective for annual periods beginning on or after 1 January 2011). The improvements comprise a combination of substantial changes and explanations in the following standards and interpretations: IFRS 1 was amended to the effect that (i) it allows establishing deemed cost as book value of long-term tangible or intangible assets as established under previous Generally Accepted Accounting Standards (GAAP), if such assets were previously used in operation that was subject to rate regulation, (ii) it allows establishing deemed cost as an event-driven revaluation of a long-term tangible asset even if the revaluation was made in a period covered by its first IFRS financial statements and (iii) it requires IFRS' first-time adopters to explain changes in accounting policies or use of IFRS 1 exemptions, if occurring between interim financial report and first comprehensive IFRS financial statements; IFRS 3 was amended to the effect that (i) it requires that of a non-controlling interest other than current ownership interest or interest entitling a proportional share of equity in the event of liquidation must be measured at fair value (unless a different manner of valuation is required under other IFRS standards), (ii) it provides guidance on accounting payments agreed on the basis of equity instruments, if such agreements of the acquiree were not replaced or were replaced voluntarily within a business combination by other agreements and (iii) it specifies that conditioned payments arising from business combinations effected prior to effective date of the amended IFRS 3 (issued in January 2008) will be accounted under the previous version of IFRS 3; IFRS 7 was amended towards clarifying particular disclosure requirements, in particular by (i) adding the explicit emphasis on the interaction between qualitative and quantitative disclosures concerning the kind and scope of financial risks, (ii) removing the obligatory disclosure of book value of assets with agreed changes in contractual terms that would otherwise be overdue or impaired in value, (iii) replacing the requirement of disclosure of fair value of security on receivables by a more general disclosure of the financial impact of such security, and (iv) clarifying that the accounting unit should disclose the amount of security on receivable held on balance date, not the amount of security obtained during the accounting period; IAS 1 was amended with the intention to clarify the requirement of disclosure and content of reporting changes in equity (this amendment was adopted by the Group in its financial statements covering previous period); IAS 27 was amended by clarifying the transitional provisions for amendments of IAS 21, IAS 28 and IAS 31 as introduced in the IAS 27 amendment (issued in January 2008); IAS 34 was amended to include additional examples of significant events and transactions requiring disclosure in interim financial report including transfers between the different levels of hierarchy of fair values or changes in the economic environment with influence on the fair value of financial assets; and IFRIC 13 was amended to clarify the fair valuation of customer points. The above changes and amendments introduced disclosure of additional or revised information but had no significant effect on valuation or reporting of transactions and balances in these financial statements. Financial effect of security to be disclosed under the amended IFRS 7 is described in these financial statements by disclosing the particular amount of security for (i) financial assets with security equal to or exceeding the book value of the assets ("Excessively secured assets"), and for (ii) financial assets with security lower than the book value of the assets ("Partially secured assets"). These amendments were approved by the European Union 18 February 2011.

The amendment of IFRIC 14, IAS 19, The Limit on Defined Benefit Asset, Minimum Funding Requirements and their Interaction (effective for annual periods beginning on or after 1 January 2011). The amendment is applicable for entities that are subject to minimum requirements for funding pension schemes and making advances to pension contributions. The amendment specifies when such advances are bookable as assets. This amendment was approved by the European Union 19 July 2010. IFRIC 14 has no relevance for the Group.

IFRIC 19, Extinguishing Financial Liabilities By Equity Instruments (effective for period beginning on or after 1July 2010). This interpretation specifies IFRS requirements when an entity extinguishes its liability by issue of equity instruments requiring that the issued equities must be measured at fair value. This interpretation was approved by the European Union 23 July 2010. IFRIC 19 has no relevance for the Group.

Other amended standards and interpretations effective for current period including the amendment of IAS 32 "Classification of Rights Issues" and amendment of IFRS 1"First adoption of International Financial Reporting Standards" had no impact on this financial statements.

(b) Issued standards, interpretations and amended standards other than effective for periods beginning 1 January 2011 that were not applied by the Group prior to their effective date

None of the below standards, interpretations and amendments were voluntarily applied in the Group's financial statements as of 31 December 2011 prior to their respective effective dates:

IFRS 9, Financial Instruments, Part One: Classification and Measurement (effective for periods beginning on or after 1 January 2015). Issued in November 2009, IFRS 9 replaces portions of IAS 39 concerning classification and valuation of financial assets. It was amended in October 2010 to include portions on classification and valuation of financial liabilities. Key characteristics of this standard are as follows:

- For purposes of valuation, financial must be classified into two categories: assets to be subsequently measured at fair value and assets to be subsequently measured at amortised cost arrived at by using the effective interest rate method. Classification must be made on acquisition and first reporting of financial assets and depends on the entity's business model for managing its financial instruments and the characteristics of the particular financial instrument's contractual cash flows.

- Financial assets are to be subsequently measured at amortised cost using the effective interest rate method only if involving a long-term financial instrument and if (i) the entity's business model seeks to hold this asset to collect its contractual cash flows and (ii) the contractual cash flows from this asset are strictly payments of principal and interest (i. e. the financial instrument meets strictly "basic credit characteristics"). Any other debt instrument will be measured at fair value the change of which is reported as profit and loss.

- All shares and business interests are subsequently to be measured at fair value. Shares and business interests held for trading are to be measured at fair value which, if changed, is to be reported through profit and loss. For all other equity financial assets entities have an irrevocable choice by instrument when first reported whether realized or unrealized profits or losses from revaluation will be reported through other comprehensive income or loss, and not through profit and loss. Recycling revaluation to profits and losses will be barred. This decision will only be possible for each acquired investment to shares and business interests. Dividends are to be reported through profit and loss only if carried as return on investment.

- The IAS 39 classification and measurement requirements have been largely transitioned unchanged into IFRS 9. Key change for liabilities measured at fair value is that the amount of change in the fair value of a liability that is attributable to changes in credit risk must be presented in other comprehensive income while the remainder of the change in fair value is presented in profit or loss.

The Group currently considers the impact of this new standard on its financial statements. IFRS 9 has not yet been approved by the European Union.

IFRS 10, Consolidated Financial Statements (issued in May 2011 and effective for annual periods beginning on or after 1 Janua-

ry 2013) – replaces all provisions concerning control and consolidation under IAS 27, Consolidated and Individual Financial Statements, and SIC-12, Consolidations – Special Purpose Entities. IFRS 10 revises the definition of control in that accounting must apply the same set of criteria for all entities. This definition is further supported by numerous guidance pieces on application. The Group currently considers the influence of the new standard on its consolidated financial statements. This standard has not yet been approved by the European Union.

IFRS 11 Joint Arrangements (issued in May 2011 and effective for annual period beginning on or after 1 January 2013) – replaces IAS 31 Interests in Joint Ventures and SIC-13 Jointly-controlled Entities — Non-monetary Contributions by Venturer. Changes in definitions have reduced the kinds of joint arrangements to two: joint operations and joint ventures. The existing choice of proportionate consolidation for jointly-controlled entities has been cancelled. Equity method accounting is now obligatory for joint venturers. This standard will have no effect on the Group's consolidated financial statements. This standard has not yet been approved by the European Union.

IFRS 12 Disclosure of Interest in Other Entities (issued May 2011 and effective for annual period beginning on or after 1 January 2013) – concerns entities with interest in subsidiaries, joint arrangements, associates and/or unconsolidated structured entity, replacing disclosure requirements that are currently under IAS 28 Interests in Associates. IFRS 12 requires disclosures to help readers of financial statements consider the nature, risks and financial effects of the entity's interests in subsidiaries, joint arrangements, associates and unconsolidated structured entities. To meet these goals, a new standard of disclosure is required including significant judgments and assumptions used by management in determining control, joint control and significant influence over another entity, extensive information on minority shareholding in the group, as well as cash flows, summarized financial information on subsidiaries with significant minority interests and detailed disclosures on interests in unconsolidated structured entities. The Group currently considers the impact of this new standard on its consolidated financial statements. This standard has not yet been approved by the European Union.

IFRS 13 Fair Value Measurement (issued in May 2011 and effective for annual periods beginning on or after 1 January 2013) – tries to improve consistency while reducing complexities by amended definition of fair value, imposing single source for fair value measurements and by disclosure requirements to be applied in all IFRS requiring or allowing fair value measurements. The Group currently considers the influence of the new standard on its consolidated financial statements. This standard has not yet been approved by the European Union.

Amendment of IAS 27 Individual Financial Statements (issued May 2011 and effective for annual periods beginning on or after 1 January 2013) – the goal is to impose accounting and disclosure requirements for investments in subsidiaries, joint arrangements and associates where the entity makes individual financial statements. Guidance on control and consolidated financial statements has been carried over to IFRS 10 Consolidated Financial Statements. This amendment will have no influence on the Group's consolidated financial statements. The amendment has not yet been approved by the European Union.

Amendment of IAS 28 Interest in Associates and Joint Arrangements (issued May 2011 and effective for annual periods beginning on or after 1 January 2013). This IAS 28 amendment has resulted from IASB's joint arrangements project. In project discussions, IASB decided to incorporate equity method accounting for joint arrangements into IAS 28 as this method is applicable for both joint arrangements and associates. The remaining provisions have remained unaffected. The Group currently considers the impact of this amended standard on its financial statements. The amendment has not yet been approved by the European Union.

Transfers of Financial Assets - IFRS 7 Financial Instruments: Disclosures (issued October 2010 and effective for annual periods beginning on or after 1 July 2011). The amendment requires additional disclosures concerning risks arising from transferring financial assets. It requires disclosing, for each class of asset, the nature, book value and description of risks and economic benefits related to derecognized financial assets. This should help readers to understand the amount of any related liabilities and the relationship between financial assets and related liabilities. If financial assets have been transferred but the accounting entity continues to be exposed to risks and receiving economic benefits associa-

ted with transferred assets, additional disclosures must be made for the reader to be able to understand the consequences of such risks. The Group currently considers the impact of this amended standard on its financial statements. This amendment has been approved by the European Union 22 November 2011.

Amendment of IAS 1 Presentation of Financial Statements (issued June 2011 and effective for annual periods beginning on or after 1July 2012) – amends disclosures of items contained in other comprehensive income. The amendment requires dividing other comprehensive income items into two groups depending on whether they are re-classifiable in future into profits and losses. The proposed heading of IAS 1 has been changed to "Profit and Loss Statement of Profit and Loss and Other Comprehensive Income ". The Group assumes that presentation of its financial statements will change as a result of this amendment, yet without effect on measuring transactions and balances. This amendment has not yet been approved by the European Union.

Amendment of IAS 19 Employee Benefits (issued June 2011 and effective for annual periods beginning 1January 2013) – introduces substantial changes in reporting and measuring costs of pension schemes with defined benefits and for benefits arising from employment termination as well as disclosures of all employment benefits. According to this standard, all changes in the net value of a liability (asset) from defined benefits must be reported as they occur in the following manner: (i) cost of service and net interest in profit and loss statement, and (ii) revaluations in other comprehensive income. The Group currently considers the effect of this amended standard on its financial statements. This amendment has not yet been approved by the European Union. Other amended standards and interpretations: Amendment of IFRS 1 First Adoption of International Financial Reporting Standards concerning severe hyperinflation and removing fixed reference dates for particular exemptions will have no effect on the Group's financial statements. Amendment of IAS 12 Income Taxes introducing the rebuttable assumption that that deferred tax on investment properties measured at fair value will be recognised on a sale basis will have no effect on these financial statements. Interpretation of IFRIC 20 Stripping Costs in the Production Phase of a Surface Mine clarifies how and when benefits from stripping in surface mining activity are to be carried. None of these standards have been yet approved by the European Union.

Unless noted otherwise above, it is assumed that the new standards and interpretations will have no significant effect on the Group's financial statements.

2.2 Consolidation

(i) Subsidiaries

Subsidiaries are all companies (including special purpose vehicles) in which the Group has the power to control their financial and operational intentions, which is generally connected with ownership of more than fifty percent of voting rights. Existence and influence of potential voting rights that are currently exercisable or exchangeable are considered when determining whether or not another company is controlled by the Group.

For accounting acquisitions of subsidiaries, the Group uses the purchase method. The acquisition price of a subsidiary represents the actual value of transferred assets, issued shares and liabilities arising or assumed on purchase date. The acquired identified assets and liabilities and conditioned liabilities assumed within the business combination are primarily valued by using their fair value on acquisition date.

The costs of acquisition are accounted among costs. Any conditioned performances payable by the Group are valued at fair value on acquisition date. Future changes in fair value of these performances that are considered either assets or liabilities are reported under IAS 39 either in the profit and loss statement or any other account of aggregated profit.

The amount by which the price of acquisition exceeds the fair value of the Company's share in the acquired identifiable net assets is reported as goodwill. If the acquisition price is lower than the fair value of net assets of the acquired subsidiary, the differential amount is reported directly in the profit and loss statement.

Within-the-Group transactions, balances, revenues and costs relative to transactions made between the enterprises within the Group are eliminated in consolidation. The subtotal of intragroup transactions which features in the valuation of assets is eliminated in consolidation. Accounting policies and methods of subsidiaries have been adjusted where necessary, to ensure consistency with accounting policies and methods applied by the Group.

2.3 Foreign currencies

(i) Functional currency and the reporting currency

Data in the Group's consolidated financial statements are valued in by using the currency of the primary economic environment in which the Group operates ("Functional Currency").

Financial statements are presented in thousands of euros – "€" which is the Functional Currency and the reporting currency of the Group in 2011 and 2010.

(ii) Transactions and balances

Transactions in foreign currencies are translated into the Functional Currency using the exchange rate applicable on the transaction date. Any exchange profits and losses resulting from such transactions and exchanging financial assets and liabilities denominated in foreign currency using the year-end exchange rate are reported in costs and revenues.

2.4 Financial assets

The Group classifies financial assets under IAS 39 "Financial instruments:
Reporting and Valuation" into the following categories: financial assets at fair value through profit and loss statement, loans and receivables and financial assets available for sale. The classification depends on the purpose for which the particular financial asset was acquired, whether it is quoted on a public market or on the management's intentions.

(i) Financial assets at fair value through profit and loss statement

Financial assets at fair value through profit and loss statement represent financial assets held for trading. Financial assets are reported in this category if effectively acquired to be sold in short--term. Derivatives are also classified as held for trading. Assets in this category are classified as short-term assets. The Group has reported no financial assets at fair value through profit and loss statement during the financial years 2011 and 2010.

(ii) Loans and receivables

Loans and receivables represent non-derivative financial assets with fixed or fixable maturities that are not quoted on an active market. Loans and receivables are included in short-term assets except those with maturities longer than 12 months on balance date, in which case they are classified as long-term assets.

The Group's loans and receivables comprise "Trade receivables and other receivables" and "Cash and cash equivalents" (Notes 2.6 and 2.7).

(iii) Financial assets available for sale

Financial assets available for sale represent non-derivative financial assets that is either classified in this category or not classified in any other category. Unless intended by the management to be sold within 12 months on balance date, these assets are reported as long-term assets.

Purchase and sale of financial assets is accounted for on date of agreeing the purchase, i. e. the date on which the Group undertakes to either buy or sell these assets. Financial assets are primarily reported at fair value plus the costs of transaction for all financial assets except the category of financial assets accounted for at fair value through profit and loss statement. Financial assets accounted for at fair value through profit and loss statement is primarily reported at fair value; the transaction costs are accounted for directly in costs. Financial assets are debited on expiry of rights to cash flows or on transferring such right while transferring essentially all risks and potential risks related to ownership.

Financial assets available for sale and financial assets at fair value through profit at loss statement are then reported at fair value. Loans and receivables are reported at book value using the effective interest rate method.

Realized and not realized profits and losses from changed fair value of "financial assets at fair value through profit and loss statement" are reported in the profit and loss statement in the period in which they occurred.

Profits and losses from changed fair value of "financial assets for sale" are reported in equity in the period in which the change occurred and are accounted in the profit and loss statement on sale or decreased value.

The Group reported no financial assets available for sale during the 2011 and 2010 financial years.
The Group reconsiders on balance date the existence of indications that the financial assets or a group of financial assets have

depreciated in value. With securities classified as financial assets available for sale, a significant or persisting below-the-cost drop of market value is seen as an indication of depreciation of value. If this is the case with financial assets available for sale, the accumulated loss calculated as the differential amount between cost and current market value net of depreciation accounted in the profit and loss statement is carried from equity into the profit and loss statement.

The test of depreciation of receivables is described in Note 2.7.

2.5 Financial liabilities

The Group's financial liabilities with its subsidiaries are classified under IAS 39 "Financial Instruments: Reporting and Measurements". Classification depends on the contractual liabilities tied to the particular financial instrument and the management's underlying intentions in concluding the particular contract. Classification of its financial liabilities is first determined by the managed at early accounting and then reconsidered for each balance date. When accounted for the first time, a financial liability is initially measured at fair value less transaction costs that are directly attributable to acquiring the financial liability.

Following the initial accounting, all financial liabilities are measured at book value by using the effective interest rate method. Profit or loss resulting from financial liabilities is carried in profit and loss statement when these liabilities are discharged.

Financial liability (or its part) is written off the balance sheet only if discharged i.e. when a contractual liability terminates or expires.

2.6 Cash and cash equivalents for purposes of cash flows reporting

Cash and cash equivalents include cash, money kept at bank accounts and securities with up to three years maturity of issue that are associated with negligible risk of changing value.

2.7 Trade receivables and other receivables

Arising trade receivables are measured at fair value and are then reported at book value using the effective interest rate method while their value is lowered by a provision. Provision is made if there is objective evidence that the Company will be unable to collect all amounts owed under the original terms of the receivable.

Indicators of an impaired receivable include debtor's substantial financial difficulties, the likelihood of debtor's adjudication in bankruptcy or financial restructuring, insolvency or default on payments. The provision is the differential amount between book value of the asset and current value of future estimated cash flows discounted by the original effective interest rate.

The amount of provision is reported in the comprehensive income and loss report in operating costs (Note 6).

2.8 Inventories

Material and other inventories are reported at acquisition price or net realisable value, whichever the lower. Acquisition price comprises costs of material, other direct costs and related overheads. Net realisable value is the estimated sale price under normal trading conditions less costs of sale.

2.9 Long - term tangible assets

Buildings, constructions, machinery, equipment and intangible assets are measured in the balance sheet at acquisition cost less accumulated depreciation and total adjustments due to the long-term decrease in the value of assets. Acquisition costs include expenses for contracted labour, direct materials, salaries and overhead expenses. Land is measured by official estimate 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 Group can also include depreciation into the water and sewer tariff during a period established by Network Industries Regulation Office. Actual technical lifespan differs and is normally longer (for water equipment and infrastructure 20 - 50 years) but the Group 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 have been fully depreciated. Depreciation begins on the date on which long-term assets are put into use. Land and works of art are not depreciated. Periods of depreciation are regulated; the depreciation methods and depreciation rates for long-term tangible assets are as follows:

	Lifespan in years
Buildings, halls, constructions and water industry infrastructure	20 - 30 years
Machinery, appliances and equipment	6 - 12 years
Means of transport	4 - 6 years
Intangible assets	4 - 5 years

The most prominent long-term tangible assets are land, buildings, constructions and equipment related to water infrastructure, supply and distribution of drinking water and disposal and treatment of wastewater.

Profits and losses from the de-commissioned buildings, constructions, machinery and equipment are fully accounted for in the profit and loss statement.

Expenses that relate to buildings, structures, machinery and equipment once put in use only increase their accounting value in the event that the Group can anticipate future economic returns beyond their initial performance. All other expenses are accounted for as repairs and maintenance for the relevant period.

Book value of assets is lowered at its recoverable value as soon as their book value exceeds their estimated recoverable value (Note. 2.11).

Any component of any long-term tangible asset with acquisition costs that are significant for the overall acquisition costs of that asset is depreciated independently. The proportion of the amount initially reported as long-term tangible asset is attributed to its relevant components and each such component is depreciated independently.

Assets that have been worn out or de-commissioned are written off together with their accumulated depreciation. Any profits and losses on de-commissioning are determined by comparing the asset's proceeds and book value and are reported in net costs and revenues.

2.10 Long - term intangible assets

Long-term intangible assets are measured at acquisition costs. They are reported if likely to bring related future economic benefits to the Group and their acquisition costs can be determined reliably. At subsequent measurement, long-term tangible assets are reported in acquisition costs less accumulated depreciation and accumulated loss from decreased value. Interest on costs that is carried from the point of acquisition until the assets are put into use is capitalized. The Group has no intangible asset with indefinite service life. Long-term intangible assets are depreciated on regular basis over their service life which does not exceed four years.

Costs of maintaining software are carried at profit and loss statement for the period in which they occur. Development costs directly attributable to the design and testing of identifiable software products controlled by the Group are capitalized as intangible asset, subject to the following criteria:

- possibility of its technical completion that will make it fit for use,
- its completion, use or sale is intended by the management,
- it can be used and sold by the accounting entity,
- ability to bring future economic benefits in demonstrable manner,
- availability of corresponding technical, financial and other sources for completion of its development, use or sale,
- reliable costing of its acquisition during development.

Capitalized costs of software development comprise wage costs and the corresponding overheads. Other costs of development that do not meet these criteria are carried at profit and loss statement in the period in which they occur. Costs of development that were carried as costs in previous periods are not capitalized in the next periods.

Costs of software development activated as an intangible asset are depreciated over their service life which does not exceed four years.

2.11 Devaluation of non-financial assets

Assets with definite service life are not depreciated; instead, it is tested for decreased value on annual basis. Land and acquired long-term assets that are depreciated are reviewed for possible devaluation every time the events or changed circumstances indicate that the book value of such assets need not be realizable. Loss from devaluation is carried in the amount by which the book value of such assets exceeds their realizable value. Realizable value is either fair value less costs of sale or utility value, whichever the higher. For purposes of devaluation, assets are grouped according to the lowest levels with independently identifiable cash flows (cash flows generating units). Non-financial assets other than goodwill that have been devalued are reviewed as of each balance date for possibility reversing the decreased value i. e. dissolving the adjusting entries.

2.12 Leasing of assets

Under IAS 17, leasing is defined as a contract under which the lessor transfer the right to use property for agreed period of time to lessee in exchange for a payment or a series of payments.

(i) Operative leasing

Leasing of assets where lessor bears a significant portion of risks and profits related to ownership is classified as operative leasing. Instalments (less any premium from lessor) realized in operative leasing is reported on regular basis in profit and loss statement as the leasing lasts.

(ii) Financial leasing

Leasing of long-term tangible assets where the Group clearly assumes all risks and benefits related to ownership are classified as financial leasing. Assets acquired through financial leasing are activated, at the beginning of the lease, either at their fair value or the current value of minimum leasing instalments, whichever the lower.

Each leasing installment is divided between liability and financial costs to achieve a constant rate applied on the outstanding financial balance. The corresponding liabilities from lease, less financial costs are part of other long-term liabilities. Interest on financial costs is carried into profit and loss statement as the lease lasts to achieve a constant interest rate applied on the outstanding balance from lease for each period. Long-term tangible assets acquired through financial leasing are written off either over service life of assets or over the term of the lease, if shorter, unless the Group is sufficiently certain to acquire ownership of the leased asset following termination of the lease contract.

2.13 Assets - related subsidies

State and European subsidies granted for acquisition of long--term assets are reported as deferred revenues and are dissolved in corresponding revenues over service life of their underlying assets or on their de-commissioning.

2.14 Share capital

The Company's share capital comprises ordinary documentary shares. The Company has not issued new ordinary shares. In past years, the Company purchased its equities.

2.15 Statutory reserve fund

The Company's statutory reserve fund is made under Commercial Code and the Company's bylaws. Allocations were distributed from net profit up to 20 % of share capital. Statutory reserve fund is usable strictly under Commercial Code and the Company's bylaws and cannot be paid out as dividend.

2.16 Pay - out of dividends

Dividends are reported in notes to consolidated financial statements, if approved after the balance date but before approval of financial statements by the Company's Board of Directors. Pay-out of dividends to the Group's shareholders is reported as an equity-reducing liability on the date of financial statements only if dividends are approved on or before the balance date.

2.17 Other funds

The Group makes other funds from profit for future investment costs under Commercial Code and the Company's bylaws. Allocations to this fund are subject to approval by the general meeting of shareholders. Such funds are distributable strictly with shareholder's consent.

2.18 Taxes

(i) Deferred Income Tax

Deferred income tax is carried in financial statements at full amount using the balance liabilities method for temporary differentials between the value of assets and liabilities for tax purposes and their book value. Deferred income tax is not carried, if arising from first-time reporting of an asset or a liability or with respect to a transaction other than a business combination and having no impact on book or tax profit or loss at the time of transaction. Deferred income tax is determined by applicable tax rates (and laws) that were approved or near approval as of balance date and are expected to apply when deferred tax receivable or a settlement of deferred tax liability is realized.

Deferred tax receivables are reported to the extent in which taxable income against which the temporary differences will be realisable is likely to be generated.

Deferred income tax arises from temporary differences occurring with investments in subsidiaries, associates and joint arrangements except where the timing of realisation of temporary differences is controlled by the Group and temporary differences are not likely to be realized in foreseeable future. Dividend yield is currently exempted from taxation in the Slovak Republic.

Deferred tax receivables are set off against deferred tax liabilities where the group has an enforceable right to do so and where concerning income taxes collected by a single tax authority.

(ii) Income Tax Due

Income tax is carried in the Group's costs when due and is reported in the Group's attached profit and loss statement on the basis of profit before taxation that was adjusted for attributable and deductible items due to permanent and temporary adjustments of the tax base and amortization of loss. Tax liability is reported less income tax advances paid by the Group in the course of the year.

2.19 Loans and borrowings

Loans and borrowings are largely bank loans and overdrafts. They are initially carried in the amount of funds received less costs of transaction. Loans are then measured at amortised cost using the effective interest rate. Loans are classified as short-term loans, unless the Group has an unconditional right to defer settlement of its liability for no less than 12 months of the date of financial statements.

2.20 Employee benefits

(i) Short - term employee benefits

Salaries, wages, annual paid leave, bonuses and other non-monetary benefits are carried into costs in the period in which they are claimable by the Group's employees. In particular, short-term liabilities with employees include wages and wage replacements for leave.

(ii) Pension scheme
The Group categorizes old age retirement employee benefits into programs with fixed contributions and programs with fixed pensions. For the latter, the Group follows the obligation under § 79a Labour Code to pay employee retirement benefit for first termination of employment on claimable old age pension, early retirement pension or disability pension (if the work disability is above 70 %) in the amount of one average monthly income and another average monthly income under the 2011 Collective Agreement.
Further under the 2011 Collective Agreement, employees whose employment terminates within one month in which their old age pension, early retirement pension or disability pension (if the work disability is above 70 %) become claimable are granted additional employee benefit of one average monthly income.

In 2010, the Group has the statutory duty under § 76a Labour Code to pay employee benefits in the amount of one average monthly income and another average monthly income under the 2011 Collective Agreement.

The Group has no further duty to make additional performances in this respect. The obligation under the fixed-pension program is reported as long-term provision and calculated as for the date of financial statements using the actuarial method as current value of the fixed value of employee benefit for time worked until the balance date. Actuarial profits or losses arising from adjustments and changes in actuarial assumptions are carried in current costs and revenues at the time of occurring.

The Group additionally pays out allowances for work and life anniversaries.

Long-term liabilities with employees from working anniversaries are carried in long-term provision and are measured in similar manner as liability from the fixed-pension program. Incremental costs, of any, of claimable allowances under amended Collective Agreements are carried in net amounts to costs as they occur. Working anniversary allowance depends on the number of years worked in the Group and is as follows:

Years of work	2011	2010
20	€270	€250
25	€400	€365
30	€510	€485
35	€570	€520
40	€700	€600

The same or similar liability has been incorporated in the trade union agreements since 2002. The Group has the employees expecting that benefits will continue to be granted. The Group does not see suspension of these grants as a realistic option.

(iii) Pension schemes with pre-fixed contributions
The Group has been contributing to state funds administering additional old age pension schemes.

Throughout the year the Group makes contributions to obligatory health insurance, hospitalization insurance, injury insurance, retirement schemes in addition to contributions to guarantee fund and unemployment insurance in the statutory amounts on gross wage basis. Throughout the year the Group's contributions to these funds amounted to 35.2 % (2010: 35.2 %) of gross wages up to the gross wage amount which is stipulated under applicable laws with employee contributions at 13.4 % (2010: 13.4 %). Costs of these contributions are carried in profit and loss statement for the same period as the relevant wage costs.

(iv) Compensation
Under § 76 Labour Code, the Group is obligated to provide compensation only if employment is terminated by agreement on the grounds under § 63 paragraph 1 (a) to (c), i. e.

- if the employer or its part is cancelled or relocated;
- if the employee becomes redundant due to the employer's written decision altering the employee's tasks, technical equipment or staff downsizing aimed to ensure labor efficiency or other organizational changes;
- if the employee's certified health condition precludes continuation of his work duties or if work duties must be discontinued due to an occupational disease.

The amount of compensation depending on the number of years worked is provided under Commercial Code and the applicable Collective Agreement. Any amount of compensation paid beyond the statutory obligation is subject to collective bargaining.

(v) Profit-sharing schemes and premium schemes
Liability from employee benefits in the form of profit-sharing schemes and premium schemes is reported among other liabilities, unless there is another realistic option of discharging this liability and subject to any of the following conditions:

- the scheme is official and payable amounts are determined; or
- past practices have the employees expecting to receive premiums or shares of profit and this amount can be determined prior to the date of financial statements.

Liabilities from profit-sharing and premium schemes are expected to be settled within 12 months and are measured in the amount expected at the time of settlement.

2.21 Trade payables and other payables

Trade payables are payables for goods or services obtained from suppliers in the course of normal business of the Group. Liabilities are reported as short-term liabilities if payable within one year or sooner. Other payables are classified as long-term liabilities.

When arising, trade payables are first measured at fair value and subsequently at book value using effective interest rate.

2.22 Provisions

Provisions are liabilities with a particular temporal definition or amount and are measured at current value of expected expenses. When estimating provisions, all risks and uncertainties must be considered that are necessarily accompanied by many related events and circumstances. Provision is made if all of the following criteria are met: existence of an obligation (legal or material) to perform as a result of past events; the performance is likely to occur and deplete the economic benefits; performances can be estimated with reasonable reliability.

Provisions are measured at current value of deemed costs of discharging the liability while applying the pre-taxation rate reflecting market estimates of the value of money at the particular time and the liability-specific risks. Time-related increases of provisions are reported as cost of interest.

The Group estimates costs with respect to sludge disposal and recovery of waste dumps and disposal of contaminated facilities. Estimated costs of liquidation and recovery are based on the current legislation, technologies and price levels. Provision for environmental liabilities is made in the amount covering all estimated future costs of their liquidation discounted to their current value and considering inflation. The discount rate used reflects the current market appreciation of time value of money and the liability-specific risks.

2.23 Reporting revenues

Revenues are the actual value of performance for the sale of goods and services in the course of normal business of the Group less value-added tax and discounts. The Group's revenues are reported at a time when their amounts are reliably measureable, are likely to bring collect future economic benefits to the Group and if specific criteria for diverse activities of the Group are met as follow.

(i) Sale of own goods, material and products
Revenues from sale of own products (particularly water charges) are reported if the Group has transferred substantial risks and benefits of ownership to the buyer without keeping any effective control over sold products, material and goods.

(ii) Services
Revenues from sale of services (particularly water charges) are reported in the period in which they were provided with respect to the progress of the particular service. This is ascertained on the basis of actually provided services in proportion to the overall scope of agreed services.

(iii) Revenue interest
Revenue interest is carried on accrual basis using the effective interest rate.

(iv) Unbilled supplies
The amount of unbilled supplies has been carried based on actual invoicing for period after 31 December
2011 and on estimates of unbilled supplies of water and sewer charges to customers as of 31 December 2011 that were set base on previous consumption developments.

3. Financial risk management

3.1 Financial risk factors
In the course of its business the Group is exposed to diverse financial risks, particularly the credit risk and the risk of changing interest rates and partly also the risk of changing exchange rates. Key financial instruments used to manage these risks include bank loans, trade receivables and trade payables from the Group's normal course of business.

Risk management is the task of the Finance Section that has identified and assessed financial risks and on their analysis proposed financial risk management policies. Financial risk management is governed by corporate guidelines approved by the Company's Board of Directors.

(i) Market risk

(a) Exchange rate risk
The Group trades primarily on the domestic market and its revenues, costs and short-term bank deposits are largely denominated in euros.
The management does not consider the exchange rate risk significant for the Group as only a limited volume of transaction is made in other than Functional Currency.

(b) Price risk
As the Group does not invest in shares or similar financial instruments, it is not exposed to price risk.

(c) Risk of interest rate with impact on fair value and cash flows
The Group is exposed to the risk of changes in interest rate, primarily on short-term and long-term loans. Variable interest rate borrowings make the Group vulnerable against variability of cash flows. Fixed interest rate borrowings make the Group vulnerable against changes in fair value.

As the Group has no significant liabilities variable interest rate, dependence of its interest revenues on interest rate changes is limited; accordingly, the Group is not exposed to significant effective risk of changes in interest rates.

Additionally, as of 31 December 2011 and 2010 the Group has no significant interest-bearing assets except short-term bank deposits and money kept on bank accounts; dependence of cash flows from operations on changes in the market interest rate is limited.

(ii) Credit risk
Credit risk arises with respect to cash and cash equivalents, financial derivatives and deposits in banks and financial institutions. Also, the Group is exposed to the credit risk of trading with large and small customers through outstanding receivables and with respect to agreed future transactions.

(in € K)	As of 31 December 2011	As of 31 December 2010
Trade receivables and other receivables (Note 6)	19,380	24,337
Cash and cash equivalents (Note 5)	23,709	17,776
Total financial assets	**43,089**	**42,113**

To eliminate credit risks from bank accounts and financial derivatives, the Group enters relationships only with banks and financial institutions with high independent rating. Cash is deposited in financial institutions with minimum risk of insolvency at the time of deposit.

Financial assets that carry a potential credit risk comprise chiefly trade receivables.

An overview of trade receivables and an analysis of their provision are given in Note 6.

The Group has established credit management rules to ensure minimum credit risk. Before a concluding a contract with a new customer, the customer's credibility is surveyed and the deal is subject to approval. No individual risk limits are attributed to customers. With respect to trade receivables, the Group has no credit risk concentration particularly for a high number of diverse customers. A system of reminder notes is used which, unless settled, can result in suspension of supplies, the most frequently used manner of compliance with payment discipline. Even if repayment of receivables can be impacted by economic factors, the management believes the Group is exposed to no significant risk of losses that would exceed the amounts of provisions.

(iii) Liquidity risk

Risk of liquidity means the Group may find it difficult to perform its obligations under financial liabilities. Prudent liquidity risk management means keeping sufficient cash and availability of funding through a reasonable volume of agreed credit lines and the ability to close market positions. Management of the Group's financial position seeks to maintain flexibility in funding by keeping available credit lines.

The management monitors preliminary forecasts of the Company-'s liquidity based on estimated cash flows. Key liquidity management instruments are particularly a standing balance of credit lines (Note 12), cash and cash equivalents (Note 5).

The business plan in the Group is made under the supervision of Finance Section which prepares the plan together with other sections. Business plan is submitted for approval by the Board of Directors and then for inspection to by the Supervisory Board, including an annual summary of cash flows made suing the indirect method.

The table below analyses estimated undiscounted cash flows from payment of the Group's financial liabilities:

(in € K)	Less than 1 year	1 year to 2 years	2 years to 5 years	More than 5 years	Total
As of 31 December 2010					
Bank loans - principal (Note 13)	-	2,286	1,012	-	3,298
Bank loans - interest *	19	75	64	-	158
Trade payables and other payables (Note 12)	20,276	-	-	-	20,276
Total financial liabilities covered under IFRS 7	**20,295**	**2,361**	**1,076**	**-**	**23,732**
As of 31 December 2011					
Bank loans - principal (note13)	2,286	1,012	-	-	3,298
Bank loans - interest *	109	49	-	-	158
Trade payables and other payables (Note 12)	17,886	-	-	-	17,886
Total financial liabilities covered under 7	**20,281**	**1,061**	**-**	**-**	**21,342**

* Interest on bank loans represents the estimated cost of interest by the time of its estimated maturity

3.2 Capital management

According to the Group's management, the Group's capital comprises equity as presented in these financial statements (31 December 2011: €359,380 K; 31 December 2010: €357,830 K).

The Group's capital management is aimed at ensuring the Group's ability to carry on its business, sufficient return on capital for the shareholder and to maintain an optimal capital structure for keeping the costs of funding low.

The Group makes allocations to the statutory reserve fund that serves to cover potential losses or policies for bridging unfavourable business developments. As of 31 December 2011, the reserve fund amount was €66,461 K (as of 31 December 2010: €66,346 K). The fund is not distributable as dividend.

Under loan agreements, the Group is bound to comply with the financial indicator of equity-to-total equity and liabilities ratio. This indicator was met for end of the accounting period.

3.3 Estimate of fair value

Nominal values of financial assets and liabilities with less than one year maturity net of any adjustments down are approximately at their fair value. For purposes of attached reports, fair value of financial liabilities is measured on the basis of discounted future cash flows at current market interest rate which the Company has available for similar financial instruments.

According to the Group's management, book values of financial assets and financial liabilities reported in statements of amortised costs are approximately at their fair values.

4. Key accounting estimates and decisions

For applying the its accounting policies as described in Note 2, the Company has adopted decisions concerning uncertainties and estimates with significant influence on the amounts reported in financial statements. This chapter describes the issues that bear a significant risk of substantial adjustments in future accounting periods:

(i) Regulated revenues

The Group's revenues include chiefly proceeds from production, distribution and supplies of drinking water via public water network in addition to wastewater disposal via public sewerage. Prices for providing these services are stipulated by the Network Industries Regulation Office (ÚRSO). Prices for drinking water supplies and disposal are stipulated by ÚRSO based on planned fair costs that also comprise depreciation of long-term tangible assets based on defined depreciation rates and a fair profit on the basis of 1 Cu. m of supplied or disposed water.

Where fair costs carried on the Group's accounts are higher or lower than the planned costs embodied in ÚRSO-approved prices, the differential amount will be accounted for in future prices for regulated services determined by ÚRSO using the so-called corrective factor. In line with IFRS, no asset or liability is reported for accounting future price adjustments where actual costs are above/below the planned fair costs.

(ii) Litigation

The Group is a party to diverse lawsuits. In this respect, the management has estimated the deemed loss which may result in particular financial expenses. This estimate was made in reliance on the Group's external counsel, newest available information on the pending lawsuits and an internal assessment of their likely outcome. Details on individual legal disputes are described in Notes 15 and 25.

5. Cash and cash equivalents

The balance sheet carries cash and cash equivalents in the following items:

(in € K)	As of 31. 12. 2011	As of 31. 12. 2010
Cash and cash equivalents at cash register	40	49
Current accounts in banks	238	2,858
Certificates of deposit	23,431	14,869
Total cash and cash equivalents	**23,709**	**17,776**

As of 31 December 2011, the Group had ready cash and cach equivalents except certificates of deposit with one week to 3 months maturity.

No balance is overdue or devalued.

6. Trade receivables and other receivables

(in € K)	As of 31. 12. 2011	As of 31. 12. 2010
Trade receivables	13,911	15,568
Unbilled revenues	3,143	4,542
Receivable due to shareholder's contribution	-	4,670
Adjustment	-1,561	-1,349
Total trade receivables	**15,493**	**23,431**
Advances and deferred costs	3,076	316
Tax receivables (particularly due to VAT)	1,126	550
Other non-financial receivables	156	40
Total other non-financial receivables	4,358	906
Total trade receivables and other receivables	**19,851**	**24,337**

The adjusting entry development is described in the following table:

	2011	2010
Beginning of period	1,349	3,290
Adjustment to receivables (Note 19)	212	928
Dissolution of adjustment	-	-559
Write-off of uncollectibles	-	2,310
End of period	**1,561**	**1,349**

The Group had 100-percent adjustments for all 365 days-plus receivables (except receivables with towns and town districts); in the past, receivables that are more than 365 days overdue have been generally uncollectible. For trade receivables that are 60 to 365 days overdue adjustments are made by estimating the uncollectible amount from sale of goods according to previous experience with overdue receivables on percentage basis.

As of 31 December 2011, a security interest of €15,943 K has been established on the Group's receivables to the benefit of VÚB, a. s..

The fair value of receivables is at no significant variance with their book value.

7. Inventories

(in € K)	As of 31. 12. 2011	As of 31. 12. 2010
Material and spare parts	852	911
	852	**911**

Inventories are modified by adjustments of €0 K (2010: €38 K) to fast-moving material and spare parts.
Developments of this adjustment in the course of the period ending 31 December 2011 are described in the following table:

	As of 1. 1. 2011	Allocations	Dissolution	As of 31.12.2011
Material and spare parts	38	-	-38	-
Total inventories	**38**	**-**	**-38**	**-**

No security interest has been established on the Group's inventories to the benefit of creditors.

8. Long-term tangible assets

31 December 2011	Land, buildings and constructions	Machinery and equipment	Capital investment in progress	Total
Acquisition costs as of 1 January 2011	556,218	91,141	33,317	680,676
Accumulated depreciation and adjustments	-248,853	-68,875	-1,438	-319,166
Net book value/ Amortised costs	**307,365**	**22,266**	**31,879**	**361,510**
Additions	-	-	27,618	27,618
Put into use	15,406	4,543	-19,949	0
Depletions	-147	-266	-	-413
Write-offs	-20,079	-6,854	-	-26,933
Change of adjustment	-	-	72	72
Final amortised costs as of 31 December 2011	**302,545**	**19,689**	**39,621**	**361,855**
Acquisition costs	571,477	95,418	40,987	707,882
Accumulated depreciation and adjustments	-268,932	-75,729	-1,366	-346,027
Net book value/ Amortised costs	**302,545**	**19,689**	**39,621**	**361,855**

31 December 2010	Land, buildings and constructions	Machinery and equipment	Capital investment in progress	Total
Acquisition costs as of 1 January 2010	541,074	82,499	31,731	655,304
Accumulated depreciation and adjustments	-228,005	-62,324	-2,083	-292,412
Net book value/ Amortised costs	**313,069**	**20,175**	**29,648**	**362,892**
Additions	-	-	25,437	25,437
Put into use	15,144	8,707	-23,851	-
Depletions	-	-65	-	-65
Write-offs	-20,896	-6,551	-	-27,447
Change of adjustment	48	-	645	693
Net book value/ Amortised costs at end of period	**307,365**	**22,266**	**31,879**	**361,510**
Acquisition costs	556,218	91,141	33,317	680,676
Accumulated depreciation and adjustments	-248,853	-68,875	-1,438	-319,166
Net book value/ Amortised costs at end of period	**307,365**	**22,266**	**31,879**	**361,510**

The Groups long-term assets are free from any creditor security interest. Long-term tangible assets are insured against natural disasters, suspended operation (and other events) up to the amount of acquisition costs.

9. Intangible assets

(in € K)	Purchased software and other intangible assets
Balance as of 1 January 2010	
Acquisition costs	4,794
Accumulated depreciation and adjustments	-3,515
Amortised costs/Net book value	**1,279**
Year ending 31 December 2010	
Additions	610
Write-offs	-519
Amortised costs/Net book value	**1,370**
Balance as of 31 December 2010	
Acquisition costs	5,404
Accumulated depreciation and adjustments	-4,034
Amortised costs	**1,370**
Year ending 31 December 2011	
Additions	852
Depletions	-6
Write-offs	-643
Amortised costs/Net book value	**1,573**
Balance as of 31 December 2011	
Acquisition costs	5,881
Accumulated depreciation and adjustments	-4,308
Amortised costs/Net book value	**1,573**

10. Deferred income tax

Deferred income tax is calculated at full amount from temporary differentials using the balance liabilities method at the basic tax rate of 19 %. Deferred tax receivables are set off against deferred tax liability where the Group has an enforceable claim to set off a short-term receivable against a short-term liability provided the deferred income tax is due with the same tax authority.

(in € thousands)	As of 31. 12. 2011	As of 31. 12. 2010
Deferred tax receivable:		
- with expected realisation in more than 12 months	491	267
- with expected realisation within 12 months	53	433
	544	700
Deferred tax liability:		
- with expected realisation in more than 12 months	-4,421	-4,577
- with expected realisation within 12 months	-149	-190
	-4,570	-4,767
Total	**-4,036**	**-4,067**

Changes in deferred tax receivables (+) and liabilities (-) in the course of 2011 were as follow:

(in € thousands)	As of 31. 12. 2010	Cost (-) / revenue (+) (Note 21)	As of 31. 12. 2011
Long-term tangible assets	-4,767	197	- 4,570
Adjustments and provisions	605	61	544
Other	95	-105	-10
Total	**-4,067**	**31**	**-4,036**

Changes in deferred tax receivables (+) and liabilities (-) in the course of 2010 were as follow:

(in € thousands)	As of 31.12.2009	Cost (-) / revenue (+) (Note 21)	As of 31.12.2010
Long-term tangible assets	-4,735	-32	-4,767
Adjustments and provisions	616	-11	605
Tax loss	150	-150	-
Other	57	38	95
Total	**-3,912**	**-155**	**-4,067**

11. Deferred revenues

(in € thousands)	As of 31.12.2011	As of 31.12.2010
Long-term		
Subsidies and contributions – long-term (a)	14,150	14,296
	14,150	**14,296**
Short-term - Note 12		
Subsidies and contributions – short-term (a)	954	949
	954	**949**

(a) Subsidies and contributions are primarily contributions paid by customers for capital investment in pursuit of their interest and gratuitous transfers of property belonging to water and sewerage networks. Subsidies are non-refundable and reported in other operating revenues over the depreciation period of the underlying asset.

12. Trade liabilities and other liabilities

(in € thousands)	As of 31.12.2011	As of 31.12.2010
Financial liabilities:		
Trade payables and other payables	15,830	15,890
Unbilled deliveries and contingencies	2,023	2,466
Deferred expenses	33	1,920
Total financial liabilities	**17,886**	**20,276**
Non-financial liabilities:		
Liabilities from relationships with employees	1,525	774
Liabilities with Social Security	556	491
Deferred revenues (Note 11)	950	949
Other liabilities	1,016	905
Non-financial liabilities	**4,047**	**3,119**
Total trade liabilities and other liabilities	**21,933**	**23,395**

Fair values of both short-term and long-term liabilities are at no significant variance with their respective book values. The Company has no liabilities covered by security interest. Structure of liabilities before maturity and overdue liabilities is described in the following table

(in € thousands)	As of 31.12.2011	As of 31.12.2010
Liabilities before maturity	19,870	22,717
Overdue liabilities	2,063	678
Total trade payables and other payables	**21,933**	**23,395**

Allocations and depletions of the social fund over the accounting period are described in the following table:

(in € thousands)	2011	2010
Balance as of 1 January	30	92
Allocation to costs, other allocation	194	158
Depletion	-185	220
Balance as of 31 December	**39**	**30**

13. Loans and borrowings

(in € thousands)	As of 31. 12. 2011	As of 31. 12. 2010
Short-term		
Bank loans	2,286	-
Total short-term loans and borrowings	**2,286**	**-**
Long-term		
Bank loans	1,012	3,298
Total long-term loans and borrowings	**1,012**	**3,298**
Total loans and borrowings	**3,298**	**3,298**

Outstanding maturity of loans and borrowings:

(in € thousands)	As of 31. 12. 2011	As of 31. 12. 2010
within 1 year	2,286	-
1 - 2 years	1,012	3,298
More than 5 years	-	-
	3,298	**3,298**

The Group's loans are denominated in € and bearing variable interest at 3M EURIBOR + 1.15 % p. a. Securitization of bank loans is described in Notes 6 and 25. The Group has unused credit lines of up to €20,000 K.

(in € thousands)	As of 31. 12. 2011		As of 31. 12. 2010	
	Book value	Fair value	Book value	Fair value
Bank loans	3,298	3,298	3,298	3,298
Total loans and borrowings	**3,298**	**3,298**	**3,298**	**3,298**

Book value and fair value of long-term loans and borrowings: Fair values of long-term loans and borrowings are at no significant variance with their respective book values. The Group complied with all terms and conditions of the credit line contract defining performance of financial indicators as at 31 December 2011.

14. Liability from benefits related to employment termination

The Company's long-term employee benefits program includes defined benefits for employees with a claim of one retirement contribution in the amount of two average employee wages. As at 31 December 2011, this program involved 1,062 employees of the Company (2010: 1,067). As at that date, the program was not covered by financial sources, i.e. without specified assets to cover the arising liabilities.

A net change in liabilities as reported in the balance sheet for year ending 31 December 2011 and year ending 31 December 2010 can be summarized as follows:

	Employee benefits, total 31 December 2011	Employee benefits, total 31 December 2010
Net liabilities as of 1 January	491	678
Net change in provision (actuarial estimate), included in personal costs	176	-167
Employee benefits paid	-49	-20
Net liabilities	**618**	**491**

The key actuarial assumptions made in this measurement are as follows:

	As of 31. 12. 2011	As of 31. 12. 2010
Discount rate	5.1 %	5 %
Actual future annual wage increase rate	2 %	2 %
Estimated fluctuation	9 %	9 %
Retirement age	62 rokov	62 rokov

Were the actually used fluctuation by 500 base points higher (lower) than the estimated fluctuation, the book value of the liability from pension performances would be, as of 31 December, by €78 K lower (higher) (31 December 2010: by €89 K).

15. Provisions

Long-term provisions (in € thousands)	As of 1 January	Allocation	Use	As of 31 December
Provisions on lawsuits (ii)	182	319	-15	486
Environmental provisions (i)	733	44	-142	635
Total for 2010	**915**	**363**	**-157**	**1,121**
Provisions on lawsuits (ii)	486	1,050	22	1,514
Environmental provisions (i)	635	7	-	642
Total for 2011	**1,121**	**1,057**	**22**	**2,156**

(i) Environmental provisions

As at 31 December 2011, the provision amounted to €642 K (31 December 2010: €635 K) and was made primarily for closing and re-cultivating a waste dump in the amount of estimated investment costs of its closedown. The provision calculations were based on anticipated consumption of diverse construction materials (foils, gravel, diverse geo-composites), unit prices of materials at the time of analysis and estimated costs of work related to the closedown and re-cultivation of the waste dump.

(ii) Litigation

The litigation provision at €717 K (2010: €486 K) comprises the estimated financial effect of pending lawsuits and the number of request of payment due to restricted use of immovable properties.

Additionally, the Group is involved in a lawsuit of €638 K in damages. The action was filed in 2001. The first instance court awarded the claimant with €177 K of damages. The case is currently pending further procedure at first instance as the claimant has made an extraordinary appeal. Accordingly, a provision €797 K was made on this lawsuit, corresponding to the estimated damages plus interest.

16. Share capital and other funds

As at 31 December 2011 and 2010, share capital comprised 8,477,431 ordinary book shares at €33.19 par value per share that have been fully paid up. As at 31 December 2011, the Company held 714,771 of its equities (2010: 714,771) at acquisition costs of €1,927 K (2010: €1,927 K). This shareholding is subject to no restriction whatsoever by law.

17. Revenues

(in € K)	2011	2010
Water charges	39,020	39,646
Sewer charges	40,725	38,690
Other revenues	1,902	1,028
Total revenues	**81,647**	**79,364**

18. Wage costs

(in € K)	2011	2010
Wages (including remuneration for members of statutory bodies)	14,098	12,760
Mandatory social contributions	5,599	4,729
Other social costs	-	-
Total wage costs	**19,697**	**17,489**

19. Services

(in € K)	2011	2010
Lease	2,683	3,604
Repairs and maintenance	7,331	5,496
Metering, metrology and analyses	667	647
Advertising and promotional costs	90	65
Safety and protection of property	1,043	1,099
Postage, telephones	973	1,086
Legal, economic and tax services	626	573
Cleaning, collection and disposal of waste	1,506	1,305
IT services	851	620
Trainings, analyses, projects	219	167
Other services	3,690	3,864
Total services	**19,679**	**18,526**

20. Other operating costs and revenues

(in € thousands)	2011	2010
Other operating revenues		
Own work capitalized	241	244
Proceeds from long-term tangible assets and materials sold	99	210
Proceeds from leased assets	1,340	205
Contractual penalties and fees	839	271
Dissolution of subsidy to revenues	959	951
Received dividends	-	15
Other revenues	338	1,044
Total other operating revenues	**3,816**	**2,941**

(in € thousands)	2011	2010
Other operating costs		
Amortised costs of long-term tangible assets and materials sold	92	84
Adjustments for devaluing receivables	211	211
Bank fees, other financial costs	453	580
Taxes and charges	1,433	1,806
Other costs	634	434
Total other operating costs	**2,823**	**3,116**

21. Income tax

(in € thousands)	2011	2010
Income tax due	772	302
Change in deferred tax	-31	155
Total income tax	**741**	**457**

(in € thousands)	2011	2010
Profit before taxation,	2,291	1,112
of which theoretical income tax at 19 % tax rate	435	211
Other items unrecognized for tax purposes	337	246
Total reported tax	**772**	**457**

22. Cash flows from operations

[in € K]

Year ending 31 December	Note	2011	2010
Current profit before taxation		**2,291**	**1,112**
adjusted by:			
depreciations of long-term tangible assets and intangible assets	8, 9	27,576	28,603
depreciation of receivable		-	45
increase (reduction) of adjustments to receivables	6	-	-1,949
increase (reduction) of adjustments to long-term tangible assets	8	-72	-692
change in provisions	14	1,162	206
loss (profit) from long-term tangible assets sold		-	-138
change in deferred revenues	11	-147	-
net interest		-129	-51
Changes in working capital			
Inventories	7	59	-85
Trade receivables and other receivables	6	4,496	621
Trade payables and other payables	12	-863	734
Cash flows from operations		**34,373**	**28,406**

23. Remuneration and benefits provided to the management

Salaries and remuneration paid in the course of the year ending 31 December 2011 to members of the Group's bodies and officers amount to €1,676 K (31 December 2010: €680 K). Both salaries and remuneration are carried in personnel costs.

24. Transactions with related parties

The Group's related parties are:

1. Major shareholder – Capital of Slovak Republic Bratislava
2. Board of Directors – see section 26
3. HYDROCOOP, spol. s r. o. – a company with personal ties
4. Asociácia vodárenských spoločností (Association of Water Utilities)
5. HASS, s. r. o. – minority stakeholder in Infra Services a. s.

Related party transactions (HYDROCOOP, spol. s r. o. and Association of Water Utilities) are described in the following table:

(in € thousands)	2011	2010
Purchased services	72	218

As at 31 December 2011:	Revenues	Purchase of services and long-term assets	Receivables	Liabilities
Capital of SR Bratislava	2,360	331	498	2
HASS, s. r. o.	-	4,837	-	308
Total	**2,360**	**5,168**	**498**	**310**

As at 31 December 2010:	Revenues	Purchase of services and long-term assets	Receivables	Liabilities
Capital of SR Bratislava	1,600	139	144	1
HASS, s. r. o.	-	5,920	4,670	1,138
Total	**1,600**	**6,059**	**4,814**	**1,139**

25. Other potential liabilities and other financial obligations

The Group has the following other potential liabilities that are not followed in current accounting and are off the balance sheet:

(i) Securitization of bank loans

Loan	Liability	Creditor	Value of pledged receivables as at 31 December 2011 (in € thousands)
Investment	Receivables	VÚB, a. s.	15,943

(ii) The underlying uncertainty in Slovak tax law

As many areas of Slovak tax law have not yet been reasonably proven by practice, their application by tax authorities remains uncertain. The extent of this uncertainty is not quantifiable and it will not be overcome before the arrival of legal precedents or, for that matter, official interpretations by competent authorities.

(iii) Environmental burdens

On 13 May 2004, Slovak parliament approved Waters Act No. 364/2004 Z. z. which had embraced the requirements of Council Directive 91/271/EEC concerning decontamination of municipal wastewaters. Under that Act, public sewerage network with wastewater decontamination arrangements is obligatory in agglomerations of more than 10,000 inhabitants by end 2010 and by end 2015 in agglomerations of more than 2,000 inhabitants. The group has been using its own funds to finance such investments, additionally considering grants and other external funding. In July 2010, it made a contract with Všeobecná úverová banka, a. s. for funding projects and purchasing petty investment assets and reconstructing the current assets and investment needs of the Group.

Under the Waters Act, the Group has been making contributions at €0.0332/m^3 for water consumed from subterranean sources and, within meaning of Slovak Government Regulation No. 755/2004 Z. z., contributions for wastewater discharges into surface water. In 2011 the Group's contributions for water consumption from subterranean sources amounted to €2,354 K (in 2010: €2,385 K) and wastewater discharge penalties of €1,049 K (2010: €1,312 K).

(iv) Litigation

The Group is a party to a lawsuit involving three bills of exchange in the total amount of €13 million that were drafted by the former management of Western Slovakia Waters and Seweraages, š. p. on 11 February 2000. The Group has been denying the genuineness of these bills of exchange on suspicion of a fraud and does not see a performance in this respect likely. The Group is also a party to a lawsuit involving damages to property interests of agricultural organizations as a result of restricted use of lands in protected areas of water resources. The largest action involves €2,656 K in damages. Even though the action was brought in 2008, the claimant has failed to prove the actual existence of a legal ground of this dispute. The Company does not consider it a performance in this respect likely and maintains that the potential liability from this dispute cannot be currently measured with any reliability.

26. Post balance date events

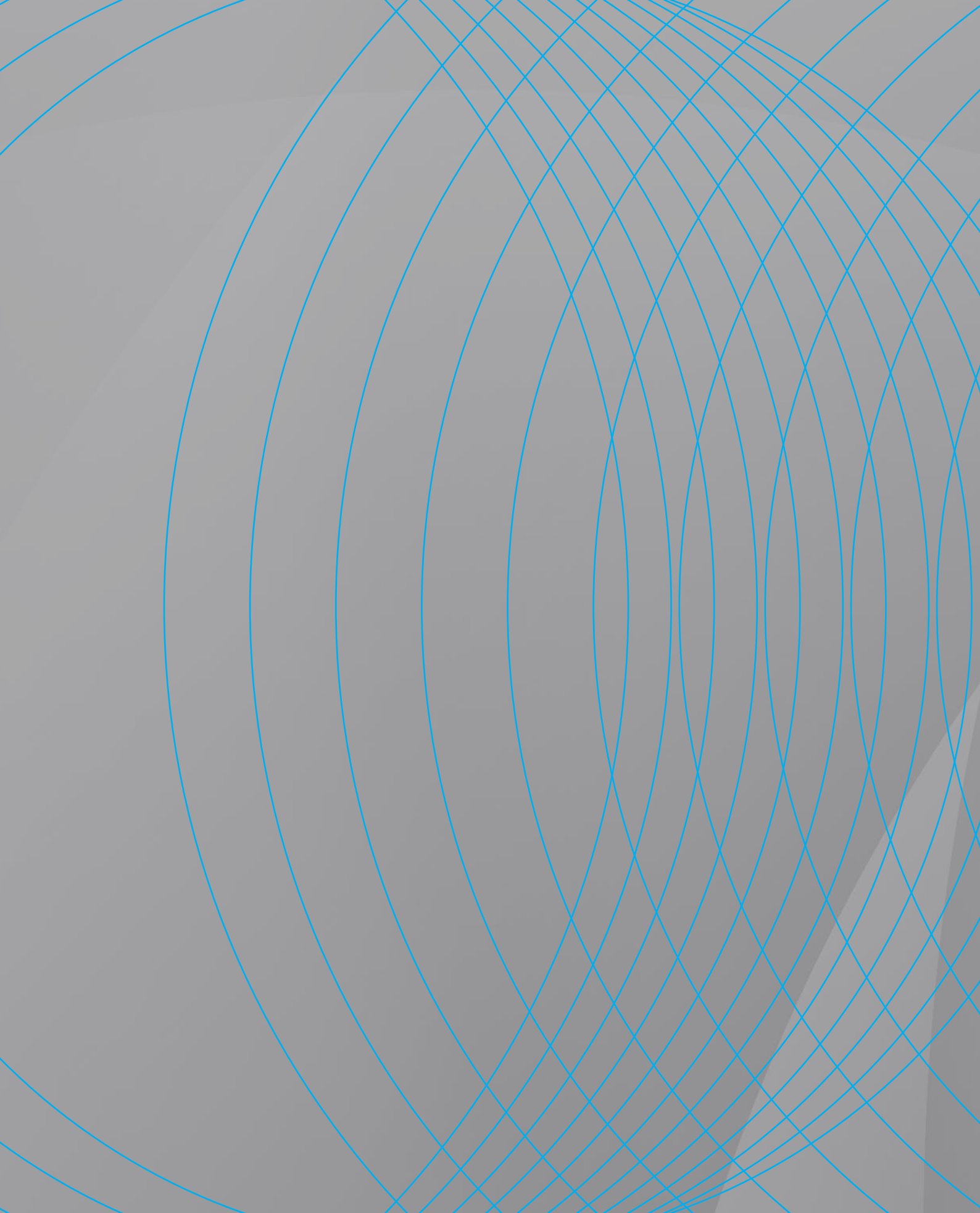
No significant events requiring disclosure occurred after the balance date.

OVERVIEW OF CHANGES IN EQUITY

Overview of 2007 – 2011 changes in BVS' equity [in € K]

Title	31. 12. 2006	Additions	Depletions	31.12.2007	Additions	Depletions
Equity	281,399	0	0	281,399	0	0
Treasury shares	-1,379	-32	0	-1,411	-430	0
Change in share capital	0	0	0	0	0	0
Share capital	**280,020**	**-32**	**0**	**279,988**	**-430**	**0**
Share premium	0	0	0	0	0	0
Other capital funds	1,141	63	0	1,204	1,105	0
Statutory reserve fund from capital deposits	30,464	0	0	30,464	0	0
Valuation differentials from revaluation of assets and liabilities	0	3,324	0	3,324	0	0
Capital funds	**31,605**	**3,387**	**0**	**34,992**	**1,105**	**0**
Statutory reserve fund	3,818	755	1,379	3,194	519	0
Non-distributable fund	0	0	0	0	0	0
Statutory funds and other funds	19,831	6,606	-1,379	27,816	4,481	0
Funds from profit	**23,649**	**7,361**	**0**	**31,010**	**5,000**	**0**
Retained earnings	0	0	0	0	-1,975	0
Unsettled loss	-2,680	-234	0	-2,914	0	0
Profit or loss from previous years	**-2,680**	**-234**	**0**	**-2,914**	**-1,975**	**0**
Profit or loss for current period	**7,545**	**5,197**	**7,545**	**5,197**	**2,617**	**5,197**
Total	**340,139**	**15,679**	**7,545**	**348,273**	**6,317**	**5,197**

31. 12. 2008	Additions	Depletions	31. 12. 2009	Additions	Depletions	31. 12. 2010	Additions	Depletions	31. 12. 2011
281,399	-33	0	281,366	0	0	281,366	0	0	281,366
-1,841	-86	0	-1,927	0	0	-1,927	0	0	-1,927
0	0	0	0	0	0	0	0	0	0
279,558	**-119**	**0**	**279,439**	**0**	**0**	**279,439**	**0**	**0**	**279,439**
0	0	0	0	0	0	0	0	0	0
2,309	51	0	2,360	0	0	2,360	-16	0	2,344
30,464	33	0	30,497	0	5,020	25,477	0	0	25,477
3,324	30,835	0	34,159	0	0	34,159	0	0	34,159
36,097	**30,919**	**0**	**67,016**	**0**	**5,020**	**61,996**	**-16**	**0**	**61,980**
3,713	262	0	3,975	1,927	0	5,902	15	0	5,917
0	0	0	0	0	0	0	0	0	0
32,297	2,237	0	34,534	0	1,927	32,607	100	0	32,707
36,010	**2,499**	**0**	**38,509**	**1,927**	**1,927**	**38,509**	**115**	**0**	**38,624**
-1,975	-9	0	-1,984	5,007	0	3,023	0	0	3,023
-2,914	0	0	-2,914	2,914	0	0	0	0	0
-4,889	**-9**	**0**	**-4,898**	**7,921**	**0**	**3,023**	**0**	**0**	**3,023**
2,617	**-122**	**2,617**	**-122**	**150**	**-122**	**150**	**1,323**	**150**	**1,323**
349,393	**33,168**	**2,617**	**379,944**	**9,998**	**6,825**	**383,117**	**1,422**	**150**	**384,389**



STATEMENT OF BVS'S CASH FLOWS

STATEMENT OF CHANGES IN SHARES FOR YEARS 2005-2011

BALANCE SHEET AS AT 31 DECEMBER

STATEMENT OF PROFIT AND LOSS AS AT 31 DECEMBER

INDEPENDENT AUDITOR'S REPORT

STATEMENT OF BVS'S CASH FLOWS

for years 2011, 2010, 2009, 2008 and 2007 using the indirect method [in € K]

Cash flows from operations

Desig-nation	Item	2011	2010	2009	2008	2007
Z/S	**Statement of income from operations before income tax (+/-)**	**1,917**	**380**	**6**	**3,775**	**7,857**
A.1.	Non-monetary operations with influence on net income from operations before income tax (+/-)	27,454	23,902	26,872	22,912	18,543
A.1.1.	Depreciation of long-term tangible and intangible assets (+)	25554	26845	25,033	23,185	21,689
A.1.2.	Net book value of long-term tangible and intangible assets when carried to current costs except when sold (+)	-	-	-	-	-
A.1.3.	Accumulated depreciation – gained property (+/-)	-	-	-	30	-
A.1.4.	Change in provisions (+/-)	1850	-3187	-394	-833	557
A.1.5.	Change in adjustments (+/-)	234	-2635	-932	-1,329	4,027
A.1.6.	Change in accruals and deferrals (+/-)	-	3023	3,156	2,890	-4,435
A.1.7.	Dividends and other shares in profit carried to revenues (-)	-	-	-	-	-
A.1.8.	Interest carried to costs (+)	-	-	-	-	-
A.1.9.	Interest carried to revenues (-)	-129	-51	-42	-512	-550
A.1.10.	Exchange rate differences (+/-)	-	-	-	-1	-
A.1.11.	Proceeds from long-term assets except where deemed cash equivalent (+/-)	-55	-138	60	-519	-2,775
A.1.12.	Other items of non-monetary nature (+/-)	-	45	-9	1	30
A.2.	Influence of changes in working capital on income from operations	-2,244	1,448	2,657	-4,112	-1,745
A.2.1.	Change in receivables from operations (-/+)	943	3022	-995	-935	-353
A.2.2.	Change in liabilities from operations (+/-)	-3190	-1557	3652	-3,178	-2,207
A.2.3.	Change in inventories (-/+)	3	-17		1	815
A.2.4.	Change in short-term financial assets except where held as cash and cash equivalents (-/+)	-	-	-	-	-
*	**Cash flows from operations except costs and revenues accounted for in other parts of the statement of cash flows (+/-) (total Z/S+A.1.+A.2.)**	**27,127**	**25,730**	**29,535**	**22,575**	**24,655**
A.3.	Interest received (+)	149	51	42	514	550
A.4.	Expenses of interest paid (-)	-20	-	-	-	-
A.5.	Revenues from dividends and other shares on profit (+)	-	-	-	-	-
A.6.	Expenses of paid-out dividends and other shares on profit (-)	-35	-	-	-	-
A.7.	Expenses of income tax of the accounting entity (-/+)	-205	815	-76	-177	-2,179
A.8.	Extraordinary revenues related to operations (+)	-	-	-	-	-
A.9.	Extraordinary expenses related to operations (-)	-	-	-	-	-
A.	**Net cash flows from operations**	**27,016**	**26,596**	**29,501**	**22,912**	**23,026**

Cash flows from financial operations (FČ)

Designation	Item	2011	2010	2009	2008	2007
B.1.1.	Acquisition costs of long-term tangible and intangible assets (-)	-26,000	-24,214	-29,897	-31,427	-40,966
B.1.2.	Acquisition costs of long-term securities and interests in other accounting entities except securities deemed as cash equivalents and securities held for sale or trading (-)	-	-	-	-	-
B.1.3.	Revenues from long-term tangible and intangible assets sold (+)	393	203	9	692	4,270
B.1.4.	Revenues from long-term securities and interests in other accounting entities except securities deemed as cash equivalents and securities held for sale or trading (+)	-	-	-	-	-
B.1.5.	Acquisition costs of long-term securities and interests in other accounting entities	-	-	-1,123	-	-
B.2.1.	Costs of long-term borrowings to another accounting entity within the consolidated unit (-)	-	-	-	-2,290	-
B.2.2.	Revenues from repayment of long-term borrowings to another accounting entity within the consolidated unit (+)	-	2,290	-	-	-
B.2.3.	Costs of long-term borrowings to third parties except long-term borrowings to an accounting entity within the consolidated unit (-)	-	-	-	-	-
B.2.4.	Revenues from repayment of borrowings to third parties except long-term borrowings to an accounting entity within the consolidated unit (+)	-	-	-	-	-
B.3.	Revenues from leasing a set of movable and immovable assets used and depreciated by the lessee (+)	-	-	-	-	-
B.4.	Interest received (+)	-	-	-	-	-
B.5.	Revenues from dividends and other shares on profit (+)	-	-	-	-	-
B.6.1.	Costs in relation to derivatives except where held for sale or trading (-)	-	-	-	-	-
B.6.2.	Revenues in relation to derivatives except where held for sale or trading (+)	-	-	-	-	-
B.7.	Costs of the accounting entity's income tax (-)	-	-	-	-	-
B.8.1.	Extraordinary revenues related to investment (+)	-	-	-	-	-
B.8.2.	Extraordinary expenses related to investment (-)	-	-	-	-	-
B.9.1.	Other investment-related revenues (+)	-	-	-	-	-
B.9.2.	Other investment-related expenses (-)	-	-	-	-	-
B.	Net cash flow from investment	-25,607	-21,721	-31,011	-33,025	-36,696

Cash flows from financial operations (FČ)

Desig-nation	Item	2011	2010	2009	2008	2007
C.1.	Cash flows to equity	-15	0	-86	-195	-8,173
C.1.1.	Revenues from subscribed shares and ownership interests (+)	-	-	-119	-	-
C.1.2.	Revenues from further equity contributions by shareholders (+)	-15	-	33	1,105	-
C.1.3.	Monetary donations received (+)	-	-	-	-	-
C.1.4.	Revenues from shareholders' settlement of loss (+)	-	-	-	-	-
C.1.5.	Costs of acquisition or buyback of equities and ownership interests (-)	-	-	-	-430	-8,173
C.1.6.	Costs of reducing funds created by the accounting entity (-)	-	-	-	-	-
C.1.7.	Costs of payment of share in equity by shareholders (-)	-	-	-	-	-
C.1.8.	Costs on other grounds related to reduction of equity (-)	-	-	-	-870	-
	Cash flows arising from long-term liabilities and short-term liabilities from financial operations	0	3,298	455	0	0
C.2.1.	Revenues from issue of debt securities (+)	-	-	-	-	-
C.2.2.	Costs of payables from debt securities CP (-)	-	-	-	-	-
C.2.3.	Revenues from loans (+)	-	3,298	-	-	-
C.2.4.	Costs of repayment of loans (-)	-	-	-	-	-
C.2.5.	Revenues from borrowings received (+)	-	-	-	-	-
C.2.6.	Costs of repayment of borrowings (-)	-	-	-	-	-
C.2.7.	Costs of payables from financial leasing (-)	-	-	-	-	-
C.2.8.	Costs of payables from leasing a set of movable and immovable property used and depreciated by the lessee (-)	-	-	-	-	-
C.2.9.	Revenues from other long-term and short-term liabilities arising from financial operations (+)	-	-	455	-	-
C.2.10.	Costs of repayment of other long-term and short-term liabilities arising from financial operations (-)	-	-	-	-	-
C.3.	Cash flows arising from other financial operations	0	0	0	0	-2,598
C.3.1.	Costs of interest paid (-)	-	-	-	-	-
C.3.2.	Costs of paid-out dividends and other shares on profit (-)	-	-	-	-	-
C.3.3.	Costs related to derivatives except where held for sale or trading (-)	-	-	-	-	-
C.3.4.	Revenues related to derivatives except where held for sale or trading (+)	-	-	-	-	-
C.3.5.	Costs of income tax of the accounting entity (-)	-	-	-	-	-2,598
C.3.6.	Extraordinary revenues related to financial operations (+)	-	-	-	-	-
C.3.7.	Extraordinary costs related to financial operations (-)	-	-	-	-	-
C.	**Net cash flows from financial operations**	**-15**	**3,298**	**369**	**-195**	**-10,771**

Desig-nation	Item	2011	2010	2009	2008	2007
D.	Net increase or net reduction of cash and cash equivalents (+/-) (total A+B+C)	1,394	8,173	-1,141	-10,308	-24,441
E.	Balance of cash and cash equivalents at the start of account-ing period	14,943	6,770	7,911	18,219	42,660
F.	Exchange rate differences for cash and cash equivalents on the date of financial statements (+/-)	0	0	0	0	0
G.	Balance of cash and cash equivalents at the end of accounting period (total D+E+F)	16,337	14,943	6,770	7,911	18,219

STATEMENT OF CHANGES IN SHARES FOR YEARS 2005-2011

No.	Name	As at 31 December 2005				As at 31 December 2006				As at 31 December 2007	
		No. of shares	%	Additions	Depletions	No. of shares	%	Additions	Depletions	No. of shares	%
1	Bratislavská vodárenská spoločnosť, a. s.	76,122	0.90	423,107	76,122	423,107	4.99	17,235		440,342	5.19
2	National Property Fund	10,628	0.13			10,628	0.13			10,628	0.13
3	Capital of Slovak Republic Bratislava	5,026,138	59.29			5,026,138	59.29			5,026,138	59.29
4	Town of Brezová pod Bradlom	447	0.01	63,000	63,447	0	0.00			0	0.00
5	Town of Gbely	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
7	Town of Malacky	205,126	2.42			205,126	2.42			205,126	2.42
8	Town of Modra	96,030	1.13			96,030	1.13			96,030	1.13
9	Town of Myjava	279,392	3.30		279,392	0	0.00			0	0.00
10	Town of Pezinok	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
12	Town of Senica	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
14	Town of Stará Turá, Mč Černochov Vrch	1,944	0.02			1,944	0.02			1,944	0.02
15	Town of Stupava	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
17	Town of Šaštín - Stráže	55,672	0.66			55,672	0.66			55,672	0.66
18	Municipality of Báhoň	17,235	0.20			17,235	0.20		17,235	0	0.00
19	Municipality of Bernolákovo	50,638	0.60			50,638	0.60			50,638	0.60
20	Municipality of Bílkove Humence	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
22	Municipality of Boldog	4,427	0.05			4,427	0.05			4,427	0.05
23	Municipality of Borinka	0	0.00			0	0.00			0	0.00
24	Municipality of Borský Mikuláš	42,695	0.50			42,695	0.50			42,695	0.50
25	Municipality of Borský Svätý Jur	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
27	Municipality of Budmerice	21,920	0.26			21,920	0.26			21,920	0.26
28	Municipality of Bukovec	1,078	0.01	4,000		5,078	0.06			5,078	0.06
29	Municipality of Cerová	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	0.16
31	Municipality of Častá	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
33	Municipality of Čataj	10,910	0.13			10,910	0.13			10,910	0.13
34	Municipality of Dojč	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
36	Municipality of Dubová	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
38	Municipality of Dunajská Lužná	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
40	Municipality of Hamuliakovo	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	0.11
42	Municipality of Hradište pod Vrátnom	7,618	0.09		7,618	0	0.00			0	0.00
43	Municipality of Hrašné	49	0.00	5,300		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
45	Municipality of Hrubý Šúr	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

As at 31 December 2008				As at 31 December 2009				As at 31 December 2010				As at 31 December 2011			
Additions	Depletions	No. of shares	%	Additions	Depletions	No. of shares	%	Additions	Depletions	No. of shares	%	Additions	Depletions	No. of shares	%
228,463		668,805	7.89	45,966		714,771	8.43			714,771	8.43			714,771	8.43
	4,741	5,887	0.07		5,887	0	0.00			0	0.00			0	0.00
		5,026,138	59.29			5,026,138	59.29			5,026,138	59.29			5,026,138	59.29
		0	0.00			0	0.00			0	0.00			0	0.00
		58,728	0.69			58,728	0.69		58,728	0	0.00			0	0.00
		131,612	1.55			131,612	1.55			131,612	1.55		131,612	0	0.00
		205,126	2.42	5,887		211,013	2.49			211,013	2.49			211,013	2.49
		96,030	1.13			96,030	1.13			96,030	1.13			96,030	1.13
		0	0.00			0	0.00			0	0.00			0	0.00
		245,495	2.90			245,495	2.90			245,495	2.90			245,495	2.90
		169,240	2.00			169,240	2.00			169,240	2.00			169,240	2.00
		238,181	2.81			238,181	2.81			238,181	2.81		238,181	0	0.00
		171,128	2.02			171,128	2.02	99,950		271,078	3.20	452,620		723,698	8.54
	1,944	0	0.00			0	0.00			0	0.00			0	0.00
		88,648	1.05			88,648	1.05			88,648	1.05			88,648	1.05
		50,211	0.59			50,211	0.59			50,211	0.59			50,211	0.59
	55,672	0	0.00			0	0.00			0	0.00			0	0.00
		0	0.00			0	0.00			0	0.00			0	0.00
		50,638	0.60			50,638	0.60			50,638	0.60			50,638	0.60
		2,573	0.03			2,573	0.03			2,573	0.03		2,573	0	0.00
		15,494	0.18			15,494	0.18			15,494	0.18			15,494	0.18
		4,427	0.05			4,427	0.05			4,427	0.05			4,427	0.05
4,741		4,741	0.06			4,741	0.06			4,741	0.06			4,741	0.06
	42,695	0	0.00			0	0.00			0	0.00			0	0.00
		17,685	0.21			17,685	0.21			17,685	0.21			17,685	0.21
		11,168	0.13			11,168	0.13			11,168	0.13			11,168	0.13
		21,920	0.26			21,920	0.26			21,920	0.26			21,920	0.26
		5,078	0.06			5,078	0.06			5,078	0.06			5,078	0.06
		14,449	0.17			14,449	0.17			14,449	0.17			14,449	0.17
	13,966	0	0.00			0	0.00			0	0.00			0	0.00
		22,617	0.27			22,617	0.27			22,617	0.27			22,617	0.27
		6,472	0.08			6,472	0.08			6,472	0.08			6,472	0.08
		10,910	0.13			10,910	0.13			10,910	0.13			10,910	0.13
		13,314	0.16			13,314	0.16			13,314	0.16			13,314	0.16
		11,808	0.14			11,808	0.14			11,808	0.14			11,808	0.14
		9,393	0.11			9,393	0.11			9,393	0.11			9,393	0.11
		7,505	0.09			7,505	0.09			7,505	0.09			7,505	0.09
		32,493	0.38			32,493	0.38			32,493	0.38			32,493	0.38
		29,471	0.35			29,471	0.35			29,471	0.35			29,471	0.35
		9,764	0.12			9,764	0.12			9,764	0.12			9,764	0.12
	9,640	0	0.00			0	0.00			0	0.00			0	0.00
		0	0.00			0	0.00			0	0.00			0	0.00
		5,349	0.06			5,349	0.06			5,349	0.06			5,349	0.06
		3,910	0.05			3,910	0.05			3,910	0.05			3,910	0.05
		7,067	0.08			7,067	0.08			7,067	0.08		7,067	0	0.00
		2,562	0.03			2,562	0.03			2,562	0.03			2,562	0.03

No.	Name	As at 31 December 2005				As at 31 December 2006				As at 31 December 2007	
		No. of shares	%	Additions	Depletions	No. of shares	%	Additions	Depletions	No. of shares	%
47	Municipality of Chorvátsky Grob	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
49	Municipality of Chvojnica	86	0.00	4,700		4,786	0.06			4,786	0.06
50	Municipality of Igram	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	Municipality of Jablonec	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
54	Municipality of Jablonka	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
56	Municipality of Jakubov	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
58	Municipality of Kaplná	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
60	Municipality of Kopčany	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
62	Municipality of Kostolná pri Dunaji	5,180	0.06			5,180	0.06			5,180	0.06
63	Municipality of Kostolné	85	0.00	7,600		7,685	0.09			7,685	0.09
64	Municipality of Koválov	7,483	0.09		7,483	0	0.00			0	0.00
65	Municipality of Koválovec	1,461	0.02		1,461	0	0.00			0	0.00
66	Municipality of Krajné	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
68	Municipality of Kuchyňa	18,089	0.21		18,089	0	0.00			0	0.00
69	Municipality of Kuklov	8,224	0.10			8,224	0.10			8,224	0.10
70	Municipality of Kúty	46,099	0.54		46,099	0	0.00			0	0.00
71	Municipality of Láb	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
73	Municipality of Letničie	5,899	0.07			5,899	0.07			5,899	0.07
74	Municipality of Limbach	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
76	Municipality of Lozorno	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
78	Municipality of Malinovo	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
80	Municipality of Miloslavov	9,663	0.11			9,663	0.11			9,663	0.11
81	Municipality of Mokrý Háj	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	0.27
83	Municipality of Most pri Bratislave	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
85	Municipality of Oreské	3,753	0.04			3,753	0.04			3,753	0.04
86	Municipality of Osuské	6,932	0.08		6,932	0	0.00			0	0.00
87	Municipality of Pernek	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
89	Municipality of Plavecké Podhradie	7,517	0.09			7,517	0.09			7,517	0.09
90	Municipality of Plavecký Mikuláš	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
92	Municipality of Plavecký Štvrtok	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

As at 31 December 2008				As at 31 December 2009				As at 31 December 2010				As at 31 December 2011			
Additions	Depletions	No. of shares	%	Additions	Depletions	No. of shares	%	Additions	Depletions	No. of shares	%	Additions	Depletions	No. of shares	%
		17,213	0.20			17,213	0.20			17,213	0.20			17,213	0.20
		4,078	0.05			4,078	0.05		4,078	0	0.00			0	0.00
	4,786	0	0.00			0	0.00			0	0.00			0	0.00
		6,180	0.07			6,180	0.07			6,180	0.07			6,180	0.07
		52,436	0.62			52,436	0.62			52,436	0.62			52,436	0.62
		9,247	0.11			9,247	0.11			9,247	0.11		9,247	0	0.00
		25,538	0.30			25,538	0.30			25,538	0.30			25,538	0.30
		6,101	0.07			6,101	0.07			6,101	0.07			6,101	0.07
		11,786	0.14			11,786	0.14			11,786	0.14			11,786	0.14
		15,134	0.18			15,134	0.18			15,134	0.18			15,134	0.18
		9,663	0.11			9,663	0.11			9,663	0.11			9,663	0.11
		7,539	0.09			7,539	0.09			7,539	0.09			7,539	0.09
		6,595	0.08			6,595	0.08			6,595	0.08			6,595	0.08
		28,167	0.33			28,167	0.33			28,167	0.33		28,167	0	0.00
		10,325	0.12			10,325	0.12			10,325	0.12			10,325	0.12
		5,180	0.06			5,180	0.06			5,180	0.06			5,180	0.06
		7,685	0.09			7,685	0.09			7,685	0.09			7,685	0.09
		0	0.00			0	0.00			0	0.00			0	0.00
		0	0.00			0	0.00			0	0.00			0	0.00
		19,381	0.23			19,381	0.23			19,381	0.23			19,381	0.23
		15,527	0.18			15,527	0.18			15,527	0.18			15,527	0.18
		0	0.00			0	0.00			0	0.00			0	0.00
	8,224	0	0.00			0	0.00			0	0.00			0	0.00
		0	0.00			0	0.00			0	0.00			0	0.00
		15,336	0.18			15,336	0.18			15,336	0.18			15,336	0.18
		11,438	0.13		11,438	0	0.00			0	0.00			0	0.00
		5,899	0.07		5,899	0	0.00			0	0.00			0	0.00
		12,022	0.14			12,022	0.14			12,022	0.14			12,022	0.14
		3,191	0.04		3,191	0	0.00			0	0.00			0	0.00
		29,774	0.35			29,774	0.35			29,774	0.35			29,774	0.35
		11,505	0.14			11,505	0.14			11,505	0.14			11,505	0.14
		14,303	0.17			14,303	0.17			14,303	0.17			14,303	0.17
		10,662	0.13			10,662	0.13			10,662	0.13			10,662	0.13
		9,663	0.11			9,663	0.11			9,663	0.11			9,663	0.11
		6,584	0.08			6,584	0.08			6,584	0.08			6,584	0.08
	22,640	0	0.00			0	0.00			0	0.00			0	0.00
		17,190	0.20			17,190	0.20			17,190	0.20			17,190	0.20
		18,482	0.22			18,482	0.22			18,482	0.22			18,482	0.22
		3,753	0.04		3,753	0	0.00			0	0.00			0	0.00
		0	0.00			0	0.00			0	0.00			0	0.00
		8,539	0.10			8,539	0.10			8,539	0.10			8,539	0.10
		2,764	0.03			2,764	0.03			2,764	0.03			2,764	0.03
		7,517	0.09		7,517	0	0.00			0	0.00			0	0.00
		8,112	0.10			8,112	0.10			8,112	0.10			8,112	0.10
		7,202	0.08			7,202	0.08			7,202	0.08			7,202	0.08
		22,055	0.26			22,055	0.26			22,055	0.26			22,055	0.26
		7,528	0.09		7,528	0	0.00			0	0.00			0	0.00

No.	Name	As at 31 December 2005				As at 31 December 2006				As at 31 December 2007	
		No. of shares	%	Additions	Depletions	No. of shares	%	Additions	Depletions	No. of shares	%
94	Municipality of Podkylava	3,180	0.04			3,180	0.04			3,180	0.04
95	Municipality of Popudinské Močidľany	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
97	Municipality of Prietrž	8,325	0.10		8,325	0	0.00			0	0.00
98	Municipality of Prietržka	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
100	Municipality of Radimov	6,640	0.08			6,640	0.08			6,640	0.08
101	Municipality of Radošovce	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
103	Municipality of Rohožník	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
105	Municipality of Rovensko	4,247	0.05			4,247	0.05			4,247	0.05
106	Municipality of Rovinka	13,853	0.16			13,853	0.16			13,853	0.16
107	Municipality of Rudník	77	0.00	8,900	8,977	0	0.00			0	0.00
108	Municipality of Rybky	4,618	0.05			4,618	0.05			4,618	0.05
109	Municipality of Sekule	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
111	Municipality of Smolinské	10,640	0.13			10,640	0.13			10,640	0.13
112	Municipality of Smrdáky	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	0.21
114	Municipality of Sološnica	16,595	0.20			16,595	0.20			16,595	0.20
115	Municipality of Stará Myjava	0	0.00	7,820		7,820	0.09			7,820	0.09
116	Municipality of Studienka	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
118	Municipality of Šajdíkove Humence	12,471	0.15			12,471	0.15			12,471	0.15
119	Municipality of Šenkvice	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	0.22
121	Municipality of Štefanová	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
123	Municipality of Trnovec	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
125	Municipality of Unín	13,134	0.15			13,134	0.15			13,134	0.15
126	Municipality of Veľké Leváre	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
128	Municipality of Viničné	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
130	Municipality of Vištuk	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
132	Municipality of Vrádište	7,112	0.08			7,112	0.08			7,112	0.08
133	Municipality of Vrbovce	482	0.01	17,000	17,482	0	0.00			0	0.00
134	Municipality of Vysoká Pri Morave	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
136	Municipality of Zálesie	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
138	Municipality of Zohor	34,392	0.41			34,392	0.41			34,392	0.41
	Total	**8,477,431**	**100.00**	**541,427**	**541,427**	**8,477,431**	**100.00**	**17,235**	**17,235**	**8,477,431**	**100.00**

As at 31 December 2008				As at 31 December 2009				As at 31 December 2010				As at 31 December 2011			
Additions	Depletions	No. of shares	%	Additions	Depletions	No. of shares	%	Additions	Depletions	No. of shares	%	Additions	Depletions	No. of shares	%
		3,180	0.04			3,180	0.04			3,180	0.04			3,180	0.04
		9,505	0.11			9,505	0.11		9,505	0	0.00			0	0.00
		8,033	0.09			8,033	0.09			8,033	0.09			8,033	0.09
		0	0.00			0	0.00			0	0.00			0	0.00
		4,798	0.06			4,798	0.06			4,798	0.06			4,798	0.06
		9,797	0.12			9,797	0.12			9,797	0.12			9,797	0.12
		6,640	0.08	6,640		0	0.00			0	0.00			0	0.00
		20,527	0.24			20,527	0.24		20,527	0	0.00			0	0.00
		13,943	0.16			13,943	0.16			13,943	0.16			13,943	0.16
		470	0.01			470	0.01			470	0.01			470	0.01
		4,303	0.05			4,303	0.05			4,303	0.05			4,303	0.05
4,247		0	0.00			0	0.00			0	0.00			0	0.00
		13,853	0.16			13,853	0.16			13,853	0.16			13,853	0.16
		0	0.00			0	0.00			0	0.00			0	0.00
4,618		0	0.00			0	0.00			0	0.00			0	0.00
		17,819	0.21			17,819	0.21			17,819	0.21			17,819	0.21
		19,853	0.23			19,853	0.23			19,853	0.23			19,853	0.23
10,640		0	0.00			0	0.00			0	0.00			0	0.00
		7,292	0.09			7,292	0.09			7,292	0.09			7,292	0.09
17,505		0	0.00			0	0.00			0	0.00			0	0.00
		16,595	0.20			16,595	0.20			16,595	0.20			16,595	0.20
		7,820	0.09			7,820	0.09			7,820	0.09			7,820	0.09
		17,741	0.21			17,741	0.21			17,741	0.21			17,741	0.21
		6,483	0.08			6,483	0.08			6,483	0.08			6,483	0.08
		12,471	0.15			12,471	0.15			12,471	0.15		12,471	0	0.00
		46,234	0.55			46,234	0.55			46,234	0.55			46,234	0.55
18,752		0	0.00			0	0.00			0	0.00			0	0.00
		3,854	0.05			3,854	0.05			3,854	0.05			3,854	0.05
		22,640	0.27			22,640	0.27			22,640	0.27			22,640	0.27
		3,427	0.04			3,427	0.04			3,427	0.04			3,427	0.04
		9,314	0.11			9,314	0.11			9,314	0.11			9,314	0.11
13,134		0	0.00			0	0.00			0	0.00			0	0.00
		38,167	0.45			38,167	0.45			38,167	0.45			38,167	0.45
		23,302	0.27			23,302	0.27			23,302	0.27		23,302	0	0.00
		16,359	0.19			16,359	0.19			16,359	0.19			16,359	0.19
		10,146	0.12			10,146	0.12			10,146	0.12			10,146	0.12
		14,696	0.17			14,696	0.17			14,696	0.17			14,696	0.17
		4,191	0.05			4,191	0.05			4,191	0.05			4,191	0.05
		7,112	0.08			7,112	0.08		7,112	0	0.00			0	0.00
		0	0.00			0	0.00			0	0.00			0	0.00
		20,527	0.24			20,527	0.24			20,527	0.24			20,527	0.24
		17,348	0.20			17,348	0.20			17,348	0.20			17,348	0.20
		8,359	0.10			8,359	0.10			8,359	0.10			8,359	0.10
		28,909	0.34			28,909	0.34			28,909	0.34			28,909	0.34
		34,392	0.41			34,392	0.41			34,392	0.41			34,392	0.41
		8,477,431	**100.00**			**8,477,431**	**100.00**	**99,950**	**99,950**	**8,477,431**	**100.00**	**452,620**	**452,620**	**8,477,431**	**100.00**

BALANCE SHEET AS AT 31 DECEMBER

[in € K]

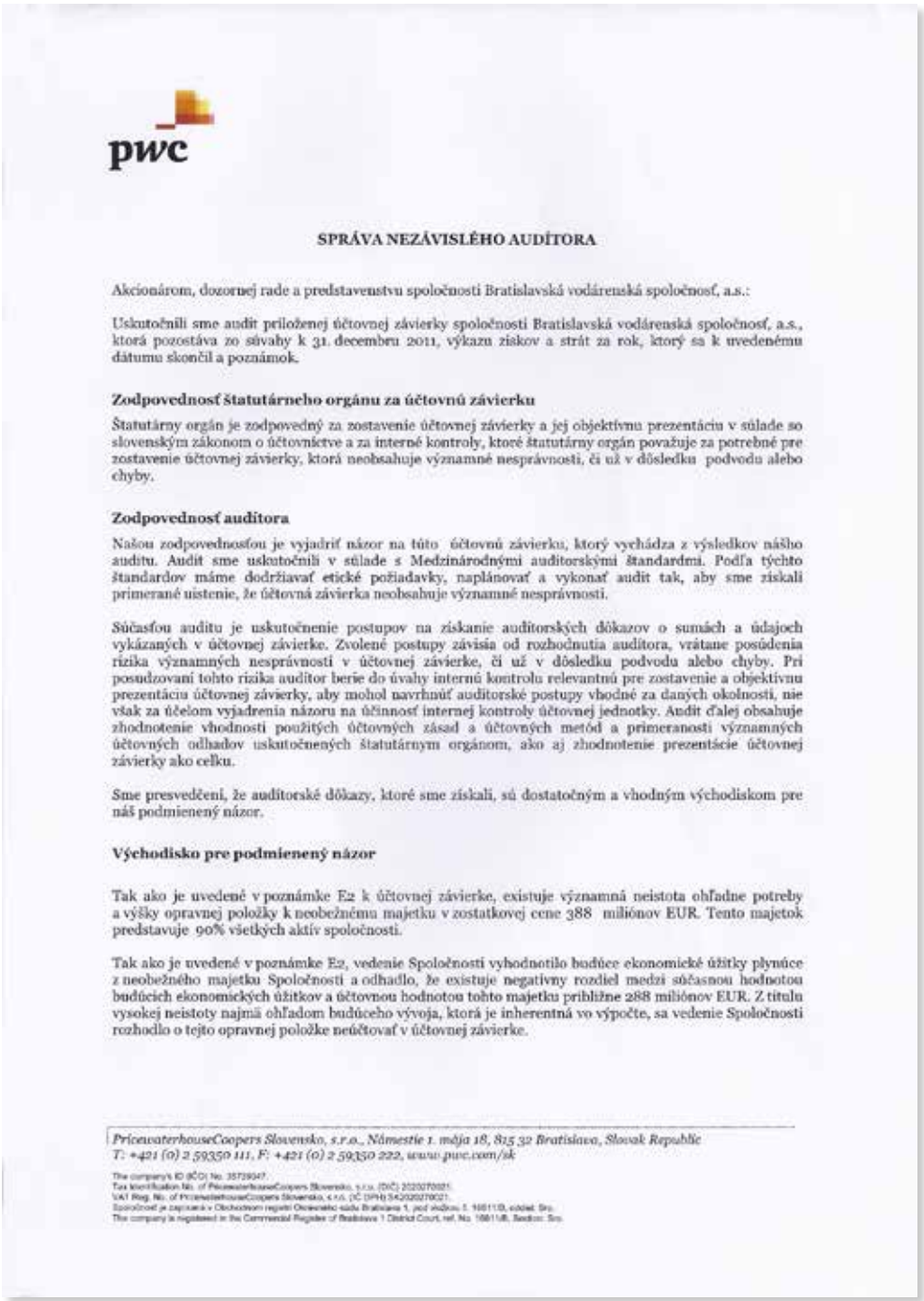
Item	2011	2010	2009	2008	2007
TOTAL ASSETS	430,847	430,526	428,590	393,151	395,525
Non-current assets	396,635	396,617	400,911	364,313	353,955
Long-term intangible assets	1,715	741	876	1,146	1,203
Long-term tangible assets	338,773	339,729	341,598	352,736	344,611
Long-term financial assets	56,147	56,147	58,437	10,431	8,141
Shares and interests in subsidiary accounting entity and in a company with substantial influence	56,147	56,147	56,147	8,141	8,141
Other long-term securities and interests, borrowings of the accounting entity within the consolidated unit and other long-term financial assets	0	0	2,290	2,290	0
Current assets	30,809	29,241	22,158	22,086	32,838
Inventories	20	24	7	7	8
Long-term receivables	6	12	16	15	47
Short-term receivables	14,446	14,262	15,365	14,153	14,564
Financial accounts	16,337	14,943	6,770	7,911	18,219
Accruals and deferrals	3,403	4,668	5,521	6,752	8,732
TOTAL EQUITY AND LIABILITIES	430,847	430,526	428,590	393,151	395,525
Equity	384,389	383,117	379,944	349,393	348,273
Share capital	279,439	279,439	279,439	279,558	279,988
Capital funds	61,980	61,996	67,016	36,097	34,992
Funds from profit	38,624	38,509	38,509	36,010	31,010
Profit or loss for previous years	3,023	3,023	-4,898	-4,889	-2,914
Profit or loss for current period	1,323	150	-122	2,617	5,197
Liabilities	31,321	30,165	33,398	29,455	33,854
Statutory reserves	1,753	1,034	824	905	0
Other long-term and short-term provisions	2,132	1,002	4,933	5,270	7,007
Long-term liabilities	5,673	5,396	5,583	5,002	5,545
Short-term liabilities	18,465	19,435	22,058	18,278	21,302
Bank loans and aids	3,298	3,298	0	0	0
Bank loans long-term	1,012	3,298	0	0	0
Current bank loans and short-term financial assistance	2,286	0	0	0	0
Accruals and deferrals	15,137	17,244	15,248	14,303	13,398

STATEMENT OF PROFIT AND LOSS AS AT 31 DECEMBER

[in € K]

Item	2011	2010	2009	2008	2007
Proceeds from goods sold	0	0	0	0	0
Expenses on acquisition of goods sold	0	0	0	0	0
Gross margin	0	0	0	0	0
Production	80,281	79,555	75,186	73,481	70,772
Proceeds from own products and services sold	80040	79,311	74,869	73,179	70,474
Changes in inventories	0	0	0	0	0
Own work capitalized	241	244	317	302	298
Consumption from operation	41073	41,007	38,692	35,905	29,884
Added value	39,208	38,548	36,494	37,576	40,888
Personnel expenses	12267	10,417	10,705	10,597	14,011
Taxes and charges	806	1,632	1,560	1,177	1,451
Revenues from long-term assets and material sold and other operating revenues	2705	1,734	1,388	2,158	5,508
Net book value of long-term assets and material sold and other operating costs	1386	687	227	1,282	1,854
Amortization/depreciation of and adjustments to long-term intangible assets and long--term tangible assets	25643	26,845	25,220	23,155	21,597
Transfer of operating revenues (-)	0	0	0	0	0
Transfer of operating costs (-)	0	0	0	0	0
Profit or loss from operations	1,811	701	170	3,523	7,483
Revenues from financial operations	149	70	121	517	982
Costs of financial operations	42	387	284	266	608
Transfer of financial revenues (-)	0	0	0	0	0
Transfer of financial costs (-)	0	0	0	0	0
Profit or loss from financial operations	107	-317	-163	251	374
Income tax due from ordinary operations	481	104	-11	873	1,202
Income tax deferred from ordinary operations	113	126	140	284	1,458
Profit or loss from ordinary operations	1,324	154	-122	2,617	5,197
Extraordinary revenues	0	0	0	0	0
Extraordinary costs	1	4	0	0	0
Income tax due from extraordinary revenues	0	0	0	0	0
Income tax deferred from extraordinary operations	0	0	0	0	0
Profit or loss from extraordinary operations	-1	-4	0	0	0
Profit or loss for accounting period	1,323	150	-122	2,617	5,197

INDEPENDENT AUDITOR'S REPORT



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SPRÁVA NEZÁVISLÉHO AUDITORA

Akcionárom, dozornej rade a predstavenstvu spoločnosti Bratislavská vodárenská spoločnosť, a.s.:

Uskutočnili sme audit priloženej účtovnej závierky spoločnosti Bratislavská vodárenská spoločnosť, a.s., ktorá pozostáva zo súvahy k 31. decembru 2011, výkazu ziskov a strát za rok, ktorý sa k uvedenému dátumu skončil a poznámok.

Zodpovednosť štatutárneho orgánu za účtovnú závierku

Štatutárny orgán je zodpovedný za zostavenie účtovnej závierky a jej objektívnu prezentáciu v súlade so slovenským zákonom o účtovníctve a za interné kontroly, ktoré štatutárny orgán považuje za potrebné pre zostavenie účtovnej závierky, ktorá neobsahuje významné nesprávnosti, či už v dôsledku podvodu alebo chyby.

Zodpovednosť audítora

Našou zodpovednosťou je vyjadriť názor na túto účtovnú závierku, ktorý vychádza z výsledkov nášho auditu. Audit sme uskutočnili v súlade s Medzinárodnými auditorskými štandardmi. Podľa týchto štandardov máme dodržiavať etické požiadavky, naplánovať a vykonať audit tak, aby sme získali primerané uistenie, že účtovná závierka neobsahuje významné nesprávnosti.

Súčasťou auditu je uskutočnenie postupov na získanie auditorských dôkazov o sumách a údajoch vykázaných v účtovnej závierke. Zvolené postupy závisia od rozhodnutia audítora, vrátane posúdenia rizika významných nesprávností v účtovnej závierke, či už v dôsledku podvodu alebo chyby. Pri posudzovaní tohto rizika audítor berie do úvahy internú kontrolu relevantnú pre zostavenie a objektívnu prezentáciu účtovnej závierky, aby mohol navrhnúť auditorské postupy vhodné za daných okolností, nie však za účelom vyjadrenia názoru na účinnosť internej kontroly účtovnej jednotky. Audit ďalej obsahuje zhodnotenie vhodnosti použitých účtovných zásad a účtovných metód a primeranosti významných účtovných odhadov uskutočnených štatutárnym orgánom, ako aj zhodnotenie prezentácie účtovnej závierky ako celku.

Sme presvedčení, že auditorské dôkazy, ktoré sme získali, sú dostatočným a vhodným východiskom pre náš podmienený názor.

Východisko pre podmienený názor

Tak ako je uvedené v poznámke E2 k účtovnej závierke, existuje významná neistota ohľadne potreby a výšky opravnej položky k neobežnému majetku v zostatkovej cene 388 miliónov EUR. Tento majetok predstavuje 90% všetkých aktív spoločnosti.

Tak ako je uvedené v poznámke E2, vedenie Spoločnosti vyhodnotilo budúce ekonomické úžitky plynúce z neobežného majetku Spoločnosti a odhadlo, že existuje negatívny rozdiel medzi súčasnou hodnotou budúcich ekonomických úžitkov a účtovnou hodnotou tohto majetku približne 288 miliónov EUR. Z titulu vysokej neistoty najmä ohľadom budúceho vývoja, ktorá je inherentná vo výpočte, sa vedenie Spoločnosti rozhodlo o tejto opravnej položke neúčtovať v účtovnej závierke.

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Tak ako je ďalej uvedené v poznámke Db k účtovnej závierke, Spoločnosť stanovila odpisový plán dlhodobého hmotného majetku na základe regulačného rámca Úradu pre reguláciu sieťových odvetví. Podľa nášho názoru by sa dlhodobý hmotný majetok mal odpisovať s ohľadom na opotrebovanie zodpovedajúce bežným podmienkam jeho používania, a nie podľa doby stanovenej pre účely cenovej regulácie. Podľa nášho názoru by sa dlhodobý hmotný majetok mal odpisovať s ohľadom na opotrebovanie zodpovedajúce bežným podmienkam jeho používania, a nie podľa doby stanovenej pre účely cenovej regulácie. Nepodarilo sa nám získať dostatočné a vhodné auditorské dôkazy o zostatkovej technickej dobe životnosti dlhodobého hmotného majetku.

Vzhľadom na uvedené skutočnosti sme nemohli s dostatočnou presnosťou vyčísliť prípadnú úpravu výšky odpisov a opravných položiek k uvedenému neobežnému majetku.

Podmienený názor

Podľa nášho názoru, okrem vplyvu skutočností uvedených v predchádzajúcich odsekoch, vyjadruje účtovná závierka objektívne vo všetkých významných súvislostiach finančnú situáciu spoločnosti Bratislavská vodárenská spoločnosť k 31. decembru 2011 a výsledok jej hospodárenia za rok, ktorý sa k uvedenému dátumu skončil, v súlade so slovenským zákonom o účtovníctve.

PricewaterhouseCoopers Slovensko, s.r.o.
Licencia SKAU č. 161

Slovenská komora auditorov SKAU Č.licencie 161 PricewaterhouseCoopers Slovensko, s.r.o.

Ing. Monika Smižanská
Licencia SKAU č. 1015

v Bratislave, 6. júna 2012

Contact:
Bratislavská vodárenská spoločnosť, a. s.
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