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NEVITEL 2006

AR.2006

Annual Report > Nevitel 2006





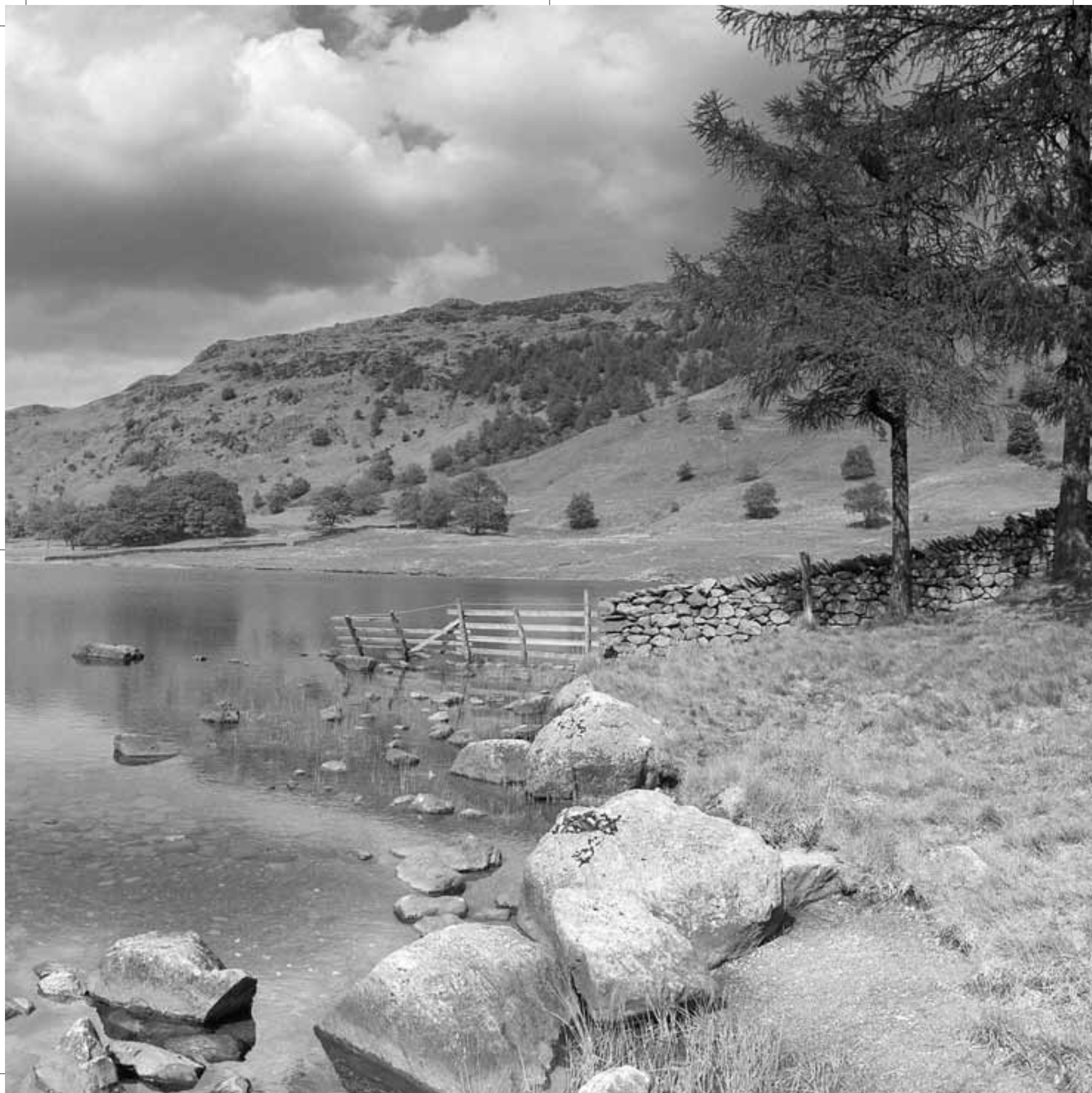


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A Foreword by the Chairman of the Board of Directors

FOREWORD ► CHAIRMAN OF THE BOARD OF DIRECTORS



Dear business partners, shareholders, ladies and gentlemen,

The year 2006 was for NEVITEL, a. s. the most difficult year in its entire history. I'm pleased to state that we managed to fulfil the majority of our tasks and that the company as such achieved good results. I'm also

pleased with a variety of valuable systemic changes that we introduced in the foregoing year, which will increase the quality and competitiveness of NEVITEL, a. s. On the other hand, I'm not so pleased with the financial results of our company that did not meet our expectations. We take it, however, as a challenge to set higher goals and to become better.

Before I begin to evaluate the results achieved by NEVITEL, a.s. in more detail, it would I think be suitable to summarize the development trends of the external environment in which our company operates. Compared with previous years, the mobile communication market was developing slower due to a change of technologies and the investment plans of individual mobile operators. Whereas we expected

such changes, we adopted a new strategy. During 2006, the company has been gradually transformed into a project-oriented company. We decided to decentralize the management of projects and in line with this we have changed the organisational structure of the company. During 2006, we also prepared the process concerning the separation of the two main activities performed by NEVITEL, a.s., i.e. the construction of telecommunication stations and the maintenance of telecommunication exchanges. We have established two independent subjects with independent business activities: the subsidiaries NEVITEL VÝSTAVBA, s. r. o., and NEVITEL SOLUTIONS, s. r. o.

In order to ensure the future development of the company, we must be further able to react flexibly to the needs of our clients. The activity of NEVITEL, a. s., must be particularly oriented towards the fulfilment of challenging objectives, which include successful adaptation to significant changes in the mobile communication market, the ability to manage a higher volume of works at a high qualitative level, the implementation of new, mainly service-oriented products and an increase in the added value of our activity. The above-mentioned facts clearly show that the mission ahead of us in 2007 is very challenging. I strongly believe that the NEVI-



TEL team will not fail in this mission, since we have the ability, will and resolution to continuously increase the quality of services for the benefit of our clients. We are aware that our success is based on the joint work of all company employees. The statement that human potential is the highest value that we dispose of cannot change in society to an empty phrase. We are ready to confirm such statement by the continuous improvement of the working conditions of the entire staff.

On behalf of the company's Board of Directors, I would like to thank all of our business partners for the trust shown in our company as well as for their cooperation. I would equally like to thank the shareholders for their year-round support and help with the significant decisions of the company. Last but not least, my thanks belong to all of the employees of NEVITEL for their quality and professional work. Thank you all for your contribution to the fulfilment of the company's intents and plans in 2006. I believe that the next year will be more successful and that we will jointly continue in the further development of the company.

Ing. Alexander Néveri
Chairman of the Board of Directors

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FOREWORD
➤ CHAIRMAN OF THE BOARD OF DIRECTORS

B Foreword by the Managing Director



The year 2006 has written itself in the history of the operation of NEVITEL, a. s., as a year of changes. It is very interesting to watch the history of our company in terms of changes. NEVITEL was founded in 1991. In 1996, it was legally transformed to a limited company and in 2001 to a joint-stock company.

Changing conditions and the business environment, as well as the dynamic development of mobile communication, has resulted in further changes. In 2006, the organisational structure was changed considerably, while new divisions and units were created. In addition, the project-oriented management was considerably strengthened.

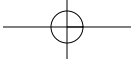
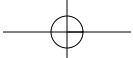
NEVITEL, a. s., has established new subsidiaries - NEVITEL VÝSTAVBA, s. r. o., and NEVITEL SOLUTIONS, s. r. o. We expect that the efficiency and flexibility of smaller organisational units will be considerably better.

2006 was also a year of extreme differences. During the year, the turnover in some months was very low, while in other months, it reached our historical maximum. We expect that the efficiency and flexibility of smaller organisational units will be considerably better.

According to the financial results, 2006 does not belong amongst our best years, but we believe that the changes carried out will contribute to our future dynamic development.

Ing. Alexander Kürthy
Managing Director











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COMPANY PROFILE ▶ ABOUT THE COMPANY

A About the company

Our company has already operated in the telecommunication network construction market for ten years, during which it gained ample experience regarding the preparation and implementation of the construction of mobile communication stations as well as line constructions.

During the last few years, we have managed to gain a leading position in the Slovak market concerning the building of GSM and telecommunication constructions. Our activity focuses on the performance of professional work and the provision of integrated turn-key projects.

In the near future, we would like to focus to a greater extent on the implementation and service of new technologies.

In 2006, we decided on internal restructuring of the company, which resulted in new organisational structure and in the establishment of two subsidiaries. The main activity of the subsidiary NEVITEL VÝSTAVBA, s. r. o. includes the construction of GSM and UMTS base stations and the implementation of telecommunication constructions. The second subsidiary, NEVITEL SOLUTIONS, s. r. o., is oriented towards the sale, installation and servicing of telecommunication equipment.

Participation of shareholders in the registered capital

Shareholder's name	Share in %
Ing. Alexander Néveri	81,031 %
Ing. Alexander Kürthy	7,310 %
Ing. Imre Tóth	5,197 %
Ing. Roman Riedl	1,272 %
Ing. Tibor Füzik	1,038 %
Ing. Gustáv Pálos	1,038 %
Judit Bögi	1,038 %
Ing. Štefan Andrassy	1,038 %
Alexander Johancsik	1,038 %

Shares are not traded on any markets.



B Identification data

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COMPANY PROFILE IDENTIFICATION DATA

Business name: **NEVITEL, a. s.**
Registered seat: **Ul. biskupa Kondého 18
929 01 Dunajská Streda**

Legal form: **Joint-stock company**
Registration: **Business Register of the Trnava
District Court, section: Sa, file
No. 10178/T**

Board of Directors: **Ing. Alexander Néveri**
Chairman of the Board of Directors
Ing. Alexander Kürthy
Member of the Board of Directors
Ing. Imre Tóth
Member of the Board of Directors

Supervisory Board: **Ing. Vincent Mikolai**
Chairman of the Supervisory Board
Judit Bögi
Member of the Supervisory Board
Ing. Gustáv Pálos
Member of the Supervisory Board

Subsidiaries:

Business name: **NEVITEL VÝSTAVBA, s. r. o.**
Registered seat: **Kračanská cesta 40
929 01 Dunajská Streda**

Legal form: **Limited company**
Registration: **Business Reg. of the Trnava Distr.
Court, section: Sa, file No. 19166/T**

Partners: **NEVITEL, a. s.**
Executive: **Ing. Alexander Kürthy**

Business name: **NEVITEL SOLUTIONS, s. r. o.**
Registered seat: **Kračanská cesta 40
929 01 Dunajská Streda**

Legal form: **Limited company**
Registration: **Business Reg. of the Trnava Distr.
Court, section: Sa, file No. 19057/T**

Partners: **NEVITEL, a. s.**
Executive: **Ľudovít Fehér**

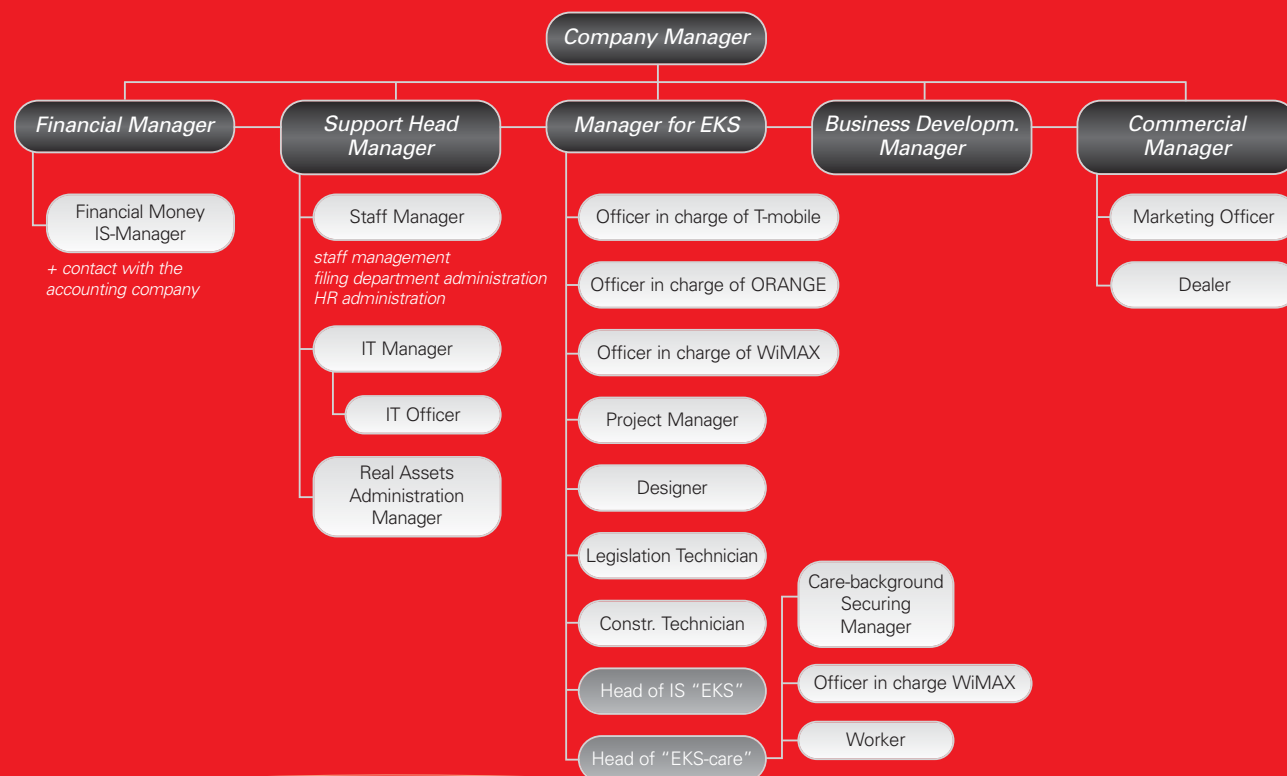
Business name: **NEVITEL ČR, s. r. o.**
Registered seat: **Vlárská 953/22
927 00 Brno**

Legal form: **Limited company**
Registration: **Business Register of the
Regional Court in Brno,
section: C, file No. 35465**

Partners: **NEVITEL, a. s.**
Executive: **Ing. Alojz Papp**

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C Organisational structure

COMPANY PROFILE  ORGANISATIONAL STRUCTURE









A Characteristics of the telecommunication constructions market

The telecommunication segment in Slovakia as well as worldwide may be characterized as one of the most dynamically developing industries of this time. The building, supply and installation of telecommunication constructions are continuously changing and developing on the basis of the growing requirements of consumers on one side, and on the basis of fast development and changes of technological solutions on the other side. These two acceleration factors invoke the globalization of the telecommunication market in terms of significant investment activities, also outreaching the borders of countries in terms of the development of new groups of alternative services and Internet content providers. Satisfaction of the consumers' needs with digital technology is currently becoming a reality in the area of information transfer, from voice transmission to the option of content creation according to the client's desire. Mobile communication has come to form a standard need, while requiring geological as well as time coverage.

In such an environment, NEVITEL, a. s., is developing its activity as an integrated supplier of constructions, solutions and service provision. The company's goal is to offer a com-

prehensive solution for building new infrastructure and changes to it, as well as the subsequent maintenance of its functionality. The position of our company in the market has already outreached the category of a building company creating new constructions without affecting their life cycle and long-term functionality. For the last three years until the present day, we have participated in the massive renewal and extension of the base station technologies of the mobile operators. In the same period, we have also achieved documentary results in the area of maintenance and fault repair service. This activity ranks us in the category of providers of services related to the operation and failure-free function of networks.

Since 1996, NEVITEL, a. s., has carried out deliveries and installations for Orange Slovensko, a. s., and, since 1998, for T-mobile Slovensko, a. s. Our current clients include: WiMAX Telecom Slovakia, s. r. o., ALISON Slovakia, s. r. o., TBDS, a. s., EADS Secure Networks SAS France, Telefónica O2 Slovakia, s. r. o., the Ministry of Interior of the SR, as well as other operators of telecommunication and data networks.



B Company rating

In the Slovak telecommunication constructions market, the company is definitely perceived as a leader with a wide range of activities. The positive appreciation of our company is also confirmed by the fact that, during the period of our activity, our company was selected by the suppliers of both active mobile operators. With more than 500 implemented constructions, the company ranks in the prominent place as the only company operating around the whole of Slovakia.

Whereas no rating is processed in the telecommunication construction area on a yearly basis, when evaluating we may only base our successfulness on the reactions and opinions of our clients. According to such statements and opinions, we may characterize NEVITEL, a. s., as a company which does not offer the lowest prices, but in terms of reliability and a responsible approach it is evaluated highly above the average. Upon solving shortcomings, clients appreciate our corporate philosophy that the removal of problems is covered at our own expense. Such an approach has proved itself over the years by the fact that NEVITEL, a. s., has not participating in any long-term law-suits or execution proceedings related to its business activity.

In general, we may state that the evaluation and perception of our company in the Slovak market is positive and that we are considered to be a stable supplier without any significant fluctuations as regards our performance or the quality of work.









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YEAR 2006 ➤ WHAT WE WORKED ON IN 2006

A What we worked on in 2006

NEVITEL, a. s., has been a key supplier of telecommunication constructions for both of the significant mobile network operators in Slovakia for many years. We develop new activities together with our traditional partners as well as with new, prospective partners.

In 2006, we began cooperation with the civil association SANET and successfully completed a project in Hurbanovo. We completed the construction and laid down an optical cable necessary for connecting the Geomagnetic Observatory of the Geophysical Institute of the Slovak Academy of Science to the Orange optical artery. Along with that, we also established a city optical network for the needs of the public administration, school, health care and cultural facilities in Hurbanovo. We began cooperation with EADS Telecom Slovakia, s.r.o. and successfully completed the construction of a telecommunication mast in very difficult natural conditions. There is the possibility of future long-term cooperation between our companies. Orange Slovensko, a. s., has address us with the possibility of cooperating in the FTTH (Fibre To The Home) project, which is a pilot program of our traditional partner designed for the transmission of the fastest home Internet together with digital TV and telephone lines.

The work team of the Construction Department participated in the implementation of the MSC7 telephone exchange in Bratislava for Orange Slovensko, a. s. The actual construction consists of reconstruction works on an existing 540 m² building, the construction of a 1600 kVA transformer station, low-voltage connection, electrical installation, deliveries and assemblies of air-conditioning equipment, SHZ inergen fire protection technology and security technologies (EFS, Enviro). A 1100 kVA diesel-generator was supplied to the construction and will later be extended by another generator with a capacity of 1100 kVA in 2007.

The Construction Preparation Department has noted a significant change in the type and amount of works that were mainly oriented towards the complement of new technologies to existing constructions or towards the re-configuration of existing constructions by means of new structures. The changes were characteristic with the fact that the department participated in smaller size constructions, but in a higher number of constructions. During the last quarter, we commenced engineering activities for the new mobile network operator in Slovakia – Telefónica O2 Slovakia, s. r. o.



In 2006, the Department of Material and Technical Supply and Production provided for the production of zinc-plated steel constructions with a weight of 316,650 kg by outsourcing and with a weight of 31,170 kg from its own capacity. We further manufactured 293 units of electric distributors and are continuing with the renewal of our car fleet by the purchase of six new vehicles. In the near future, we plan to provide for a monitoring system for the car fleet, to look for new storage premises and to select new software for the administration of supplier property. We have resolved to only admit new employees to our department that have as a minimum completed secondary education with a school-leaving exam.

In 2006, the Computer Technology Department provided for the renewal and development of telecommunication, office and other technology in the value of SKK 1 505 860. Apart from that, the department organized internal training oriented towards the use of computer technology and towards the use of the in-plant information system InOffice, which was extended by a module for the monitoring of constructions.

During 2006, the Service Department implemented several larger orders together with many smaller orders. The department further provided contracted and ordered service activities for existing as well as for new clients.

The Maintenance and Special Assembly Group has carried out non-technological maintenance for Orange Slovensko, a. s. and construction maintenance for T-Mobile Slovensko, a. s. The group has also actively participated in network development and secured 24-hour service for base stations for Wimax Telecom Slovakia, s. r. o. The Service Department also managed to enter into a contract with Orange Slovensko, a. s., for the provision of non-technological and technological maintenance throughout the whole of Slovakia.

Upon a decision made by the management by the end of 2006, the service and maintenance activity was divided to Nevitel Solutions, s. r. o., and part of maintenance was incorporated into the Infrastructure Care Department in Nevitel, a. s.





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YEAR 2006 ➤ WHAT HAPPENED IN 2006

B What happened in 2006

During 2006, significant modernization changes occurred within the organisational structure and management of the company. The original, hierarchically arranged organisational structure was changed to a partnership-based organisational structure, while tasks were clearly defined for every independent unit together with relations between the individual units. We have strengthened the project-oriented management and strictly defined the competences and responsibilities of the project managers. To support their activity, we have also created new working positions.

The establishment of two subsidiaries in 2006 represents a milestone in the history of our company. NEVITEL VÝSTAVBA, s. r. o. will deal with implementation and logistics activity and with actual production. NEVITEL SOLUTIONS, s. r. o. will carry out the sale, installation and service of telecommunication technology and offer solutions to companies that are based on their requirements in the area of information technologies.

All of the above-mentioned changes have resulted from the dynamical development of the telecommunication market. We believe that they will allow us to further develop and strengthen our market position.





C Our new strategies

Nevitel, a. s., plans to join the alternative operators market and begin to cooperate with the system integrators by using the work groups already established and also by implementing new activities in the area of the provision of services and base station service. We wish to strengthen cooperation with technological companies by preparing the implementation of technologies for the clients of our technological partners and by providing for the service of such technologies implemented (establishment of a hot-line, on-site service and fast replacement of damaged parts after reporting).

We can also see our future in the construction of FTTx networks for operators and in the provision of service for such networks.

Our long-term goal is to join the service provision market and to mainly concentrate on the provision of service for all operators (including alternative operators) and for the group of system operators. We plan to create a professional call centre, to launch information systems supporting the quality management of service activity and to train quality technical personnel who will be available for the whole of Slovakia.

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YEAR 2006 ➤ OUR NEW STRATEGIES









A Work safety

Considering the protection of health and safety at work and fire protection, 2006 may be evaluated positively. During the year, we noted 3 industrial accidents without any serious injuries that were caused by inattention of the actual employees or by a breach of regulations by the injured person.

32 inspections were carried out in the respective field, which focused on the observance of regulations related to the protection of health and safety at work and to fire protection, as well as on the observance of technological procedures, work discipline, use of personal protective equipment and the use of alcohol at work, etc. Even though violations and breaches of the above-mentioned regulations were discovered (in 69 cases), corrective and educative measures were taken and the work organisation was improved in order to ensure the appropriate correction of the breaches and violations discovered. Increased attention must therefore be further paid to controlling activity, especially at remote stations and at height, and to the control of the protection of employees and storage management. During the year, the company employees participated in compulsory training in which they became familiar with the regulations related to the protection of health and safety at work and to fire protection (works at height, manipulation of loads, binding of loads, electric equip-

ment, driving, first aid, fire patrols, etc.) The employees also underwent compulsory medical examinations.

During the year, the company management promoted a single policy in the respective field, which gradually contributes to a better understanding of the protection of health and safety at work and of fire protection, to a higher quality of work and the increased protection of employees. The documentation related to the protection of health and safety at work and to fire protection began to be revised and updated during the year, while this process is planned to be completed during 2007. In addition, dangers and risks were evaluated in accordance with the requirements of Act No. 124/2006 Coll.

In order to increase the working comfort of our employees, we began to deal with the improvement of personal protective equipment (protective helmets, all-body harnesses, protective gloves), which should lead to an increase in safety and the comfort of employees at work.

Issues related to the protection of health and safety at work are being dealt with at the highest level of management and it is permanently cared about by all managing employees.

B Quality

The most important event of the year in the area of the quality management system was the third certification of the implemented quality management system. The company was again recognized by the certification authority Det Norske Veritas as a company that has actively implemented, maintains and continuously improves its quality management system. This system is understood in our company to be an instrument of the management and documentation of procedures, as well as an instrument of management of the final quality of the products supplied. Our clients as well as potential clients already require an established system according to ISO 9001:2000 as standard, as it is considered to comprise a certain security of efficient company management.

2006 has, however, meant a significant challenge for the quality management system as the radical organisational changes that were made and their subsequent consequences will reflect into the documentation and in the quality management system. The implementation of the new organisational structure in 2007 will mean that each quality manager and each organisational unit of the company will need to define and become used to its position in the management and executive structure of the company. By separating the subsidiaries, the role of the project managers has been strengthened regarding the management of suppliers.

C Environment

We are aware of our social liability for the environment in which we live and do business. We therefore strive to aesthetically accommodate the design of our constructions to the surroundings and to existing constructions. Within the project engineering and implementation of constructions, we closely cooperate with the local environment authorities and with the organisations of Protected Landscape Areas. We ask them for their opinion on planned constructions, while their comments and standpoints are incorporated into the project documentation. Subsequently, we implement the constructions in accordance with their comments and standpoints – cable line for an electrical connection in a forest or protected area – we accommodate the steel structures and construction site fencing to the surrounding area.

Our company disposes of an approved waste management programme and of an approved method for the disposal of waste that originates during the implementation of constructions.







A Employment

We are aware that we can achieve increasingly better results and also develop our activities in other ways only by means of a well-established and consistent team of employees. It is therefore important for us that we create appropriate working conditions and a fair as well as motivating system of remuneration.

As of 31 December 2006, the company included 96 people in the full-time employment.

Proportion of men and women:

Men 79

Women 17

Education level of employees:

University 34

Secondary school 62

B Training

Additional training and education of our employees has always been a priority for our company. Every year we support those employees who decide on their own to increase their qualifications or language skills. In 2006, we financially supported nine employees, who visited English and German language courses in the value of SKK 28 030. In addition, we supported four employees in their efforts to achieve complete secondary education with a school leaving exam, for whom we paid the full cost of study in the value of SKK 66 640. Three employees are currently complementing their university education, two of them we support financially in the value of 50 % of the school fees (SKK 28 000) and one of them is allowed to have free time for study.





C Social policy

Our company follows an active social policy by which we support employees with contributions for insurance, culture, study and other purposes, on an annual basis. In 2006, we used financial resources for such purposes, as follows:

Financial resources granted from the social fund	
	SKK
Life insurance	746 108,-
Sport, culture, relax	329 845,-
Catering	27 489,-
Training	81 390,-
Labour force recovery	15 000,-
Health care	8 492,-
Total	1 208 324,-

Financial resources granted from the company	
	SKK
Complementary pension insurance	622 279,-
Language study and other specialized education	961 673,-
Spolu	1 583 952,-







A Sponsorship and charity in 2006

As in previous years, in 2006 we also tried to give as much help as we could to those who asked us for it.

By sponsoring an exhibition, we helped the "Galeria" Foundation of current Hungarian artists with the sum of SKK 20 000.

We contributed to the civil association "New Heart" with a contribution of SKK 10 000.

We also supported a rehabilitation-recreation stay in Vysehrad, which was organized by the Association for Help to Mentally Impaired People, with the sum of SKK 10 000.

We sponsored the children's' psychiatric sanatorium in Hráň with the sum of SKK 2 000.

For the development of the sport activities of the younger generation in Sládkovičovo, we contributed the sum of SKK 20 000 through the civil association "FK SLAVOJ Sládkovičovo".

The total sum of our sponsorship and charity in 2006 reached the sum of SKK 62 000.









A Financial results

In 2006, NEVITEL, a. s. achieved total revenues in the value of 241 317 000 SKK, which represents an inter-yearly growth of 0.9 %.

On the other hand, we need to state that as regards added value, we have not achieved positive development, on the contrary, added value reduced by 31.11 %, which represents 62 239 000 SKK.

The reason may be the increase in the costs of our operating activity, whereas these costs have inter-yearly increased by 14.13 %. The level of costs (apart from tax) reached SKK 237 776 000.

In this period, the company operated with a net profit in the value of SKK 7 218 000 SKK, which we still consider to be a good result. Even though we took an overdraft loan before the end of 2006 in the amount of SKK 45 221 000, the financial situation of the company remains stable.

Company’s liability towards the state and other organizations

NEVITEL, a. s. has regularly and without delay fulfilled all of its tax liabilities towards the state and paid the contributions

towards the contracted insurance companies. The fulfilment of all liabilities towards suppliers is the main condition of steady functioning supplier-customer relations.

During the entire period of its existence, the company did not enter into any lawsuit. In 2005, a lawsuit was commenced with respect to the recovery of an outstanding debt in the value of SKK 186 000 which was fully settled in 2006 by the payment of the debt in the full value claimed.

By means of insurance policies with reputable insurance companies, the company has covered its risks related to the damage to property and liability for damage.

In accordance with the Accounting Act, the company is not obliged to compile consolidated financial statements.

Perspectives and tendency of the company’s development

We believe that the internal organizational changes, i.e. the gradual transformation of the company into a project-oriented company, as well as the separation of the two basic activities of the company into two independent business entities, will contribute to the increase of efficiency of the overall activity of the NEVITEL Group.

Subsidiaries			
Company name	Type of company	Registered capital	% share in the registered capital
NEVITEL ČR, s.r.o	subsidiary	1 000 000,- CZK	100%
NEVITEL VÝSTAVBA, s.r.o.	subsidiary	200 000,- SKK	100%
NEVITEL SOLUTIONS, s.r.o.	subsidiary	200 000,- SKK	100%

B Selected strategic indicators

Strategic indicators									
		2001	2002	2003	2004	2005	Change 2005-4 / %	2006	Change 2006-5 / %
EBITDA (profit before interests, tax and depreciation)	In tsd. SKK	11 225	26 611	40 786	31 921	43 964	37.73	17 305	-60.64
Profitability:	e.g.:								
ROA (return on assets)	in %	13.85	18.83	28.90	21.10	25.00		37.00	
ROE (return on equity capital)	in %	23.03	46.13	44.75	30.45	38.10		12.60	
Return on sales	in %	4.40	8.40	9.80	10.00	13.00		3.00	
Return on costs	in %	4.50	8.40	11.50	10.80	14.20		3.00	
Current liquidity		2.22	1.68	3.19	3.75	3.64		1.36	
Total debt	in %	34.43	52.91	35.34	30.68	30.20		0.69	
Interest coverage ratio		48.13	66.63	340.90	290.65	150.82		8.09	
Solvency ratio	in %	60.12	40.83	64.57	69.32	65.70			
Average collection of receivables	in days	62	60	55	77	143		254	
Turnover of inventory	in days	16	40	11	18	11		15	

C Key financial indicators

Financial indicators									
		2001	2002	2003	2004	2005	Change 2005-4 / %	2006	Change 2006-5 / %
Total revenues (except for reserves)	In tsd. SKK	129 973	230 324	268 492	218 434	239 155	9.49	241 317	0.90
Total expenses (except for tax)	In tsd. SKK	121 205	205 910	230 762	198 562	208 346	4.93	237 776	14.13
Turnover (revenues from sales of goods + production)	In tsd. SKK	125 779	229 455	266 411	215 798	237 234	9.93	238 917	0.71
Revenues from sales in total - thereof: revenues from sales of goods revenues from sales of own products and services	In tsd. SKK	123 755	211 462	281 947	218 971	234 762	7.21	236 010	0.53
		5 179	4 411	5 079	5 801	6 282	8.29	4 108	-34.61
		118 576	207 051	276 868	213 170	228 480	7.18	231 902	1.50
Production	In tsd. SKK	120 600	225 044	261 332	209 997	230 952	9.98	234 809	1.67
Added value	In tsd. SKK	41 159	70 633	87 594	78 630	90 345	14.90	62 239	-31.11
Pre-tax profit	In tsd. SKK	8 787	24 415	37 729	27 516	38 355	39.39	9 243	-75.90
After-tax profit	In tsd. SKK	5 528	17 869	27 668	22 010	30 755	39.73	7 218	-76.53
Assets in total thereof: long-term assets short-term assets	In tsd. SKK	39 924	94 869	95 746	104 289	122 897	17.84	194 122	57.96
		5 176	4 577	6 925	11 838	13 735	16.02	14 115	2.77
		30 465	84 223	82 606	87 534	106 101	21.21	175 015	64.95
Share capital and liabilities in total thereof: share capital liabilities		39 924	94 869	95 746	104 289	122 897	17.84	194 122	57.96
	In tsd. SKK	24 003	38 732	61 823	72 289	80 765	11.73	57 426	-28.90
	In tsd. SKK	15 575	55 668	33 832	32 000	37 121	16.00	134 379	262.00
Average number of employees		78	88	94	83	92	10.84	96	4.35
Productivity of value added per employee	In tsd. SKK	528	803	932	947	982	3.66	648	-33.98
Pre-tax profit per employee	In tsd. SKK	113	277	401	332	417	3.63	96	-76.91

D Balance sheet

Balance sheet in thousand SKK			2001	2002	2003	2004	2005	2006
A.	ASSETS IN TOTAL (line 002+003+032+062)	001	39 924	94 869	95 746	104 289	122 897	194 122
	Receivables for equity subscribed	002	0	0	257	0	0	0
B.	Non-current assets (line 004 + 013 + 023)	003	5 176	4 577	6 925	11 838	13 735	14 115
B.I.	Long-term intangible assets in total (I. 005 to 012)	004	250	106	47	941	656	806
B.I.1.	Start-up (incorporation) expenses	005						
2.	Activated development expenses	006						
3.	Software	007	250	106	47	563	278	428
4.	Valuable rights	008						
5.	Goodwill	009						
6.	Other long-term intangible assets	010						
7.	Acquired long-term intangible assets	011	0	0	0	378	378	378
8.	Advanced payments for long- term intangible assets	012						
B.II.	Long-term tangible fixed assets in total (I. 014 to 022)	013	2 817	2 359	5 363	9 076	11 521	11 403
B.II.1.	Lands	014				1 186	1 186	1 186
2.	Constructions	015				769	729	688
3.	Individual current assets and collection of current assets	016	1 767	1 112	1 359	934	9 438	9 529
4.	Cultivated units of permanent vegetation	017						
5.	Livestock and draught animals	018						
6.	Other tangible fixed assets	019	1 050	1 247	4 004	6 187	0	0
7.	Actual long-term tangible fixed assets	020						
8.	Advance payments for long-term tangible fixed assets	021	0	0	0	0	168	0
9.	Adjustment to property acquired	022						
B.III.	Long-term financial assets total (I. 024 to 031)	023	2 109	2 112	1 515	1 821	1 558	1 906
B.III.1.	Securities and shares in a controlled entity	024	1 859	1 862	1 265	1 271	1 308	1 656
2.	Securities and shares in enterprises with significant interest	025						
3.	Other long-term securities and shares	026						
4.	Loans to the accounting unit in the consolidated group	027						
5.	Other long-term financial assets	028	250	250	250	550	250	250
6.	Loans with a due date of maximum 1 year	029						
7.	Long-term financial assets acquired	030						
8.	Advance payments for long-term financial assets	031						

Balance sheet in thousand SKK								
			2001	2002	2003	2004	2005	2006
C.	Current assets (line 033+041+048+056)	032	30 465	84 223	82 606	87 534	106 101	175 015
C.I.	Inventories in total (line 034 to 040)	033	5 474	23 508	7 931	10 816	7 071	9 498
C.I.1.	Material	034	2 434	1 875	1 947	8 179	2 223	2 206
2.	Unfinished production and semi finished products	035	2 191	20 184	4 661	1 488	3 960	6 867
3.	Job-order production with presumed completion longer than 1 year	036						
4.	Products	037						
5.	Livestock	038						
6.	Goods	039	849	1 449	1 323	1 149	888	425
7.	Advance payments for inventories	040						
C.II.	Long-term receivables in total (line 042 to 047)	041	0	0	19	0	164	153
C.II.1.	Receivables from business relations	042						
2.	Receivables towards a controlled and controlling entity	043						
3.	Other receivables in the consolidated group	044						
4.	Receivables towards partners, members and associations	045						
5.	Other receivables	046						
6.	Deferred tax receivables	047	0	0	19	0	164	153
C.III.	Short-term receivables in total (line 049 to 055)	048	21 716	35 593	40 456	47 325	91 988	164 707
C.III.1.	Receivables from business relations	049	21 133	34 935	39 899	44 898	91 642	159 162
2.	Receiv. towards a controlled and controlling entity	050						
3.	Other receivables in the consolidated group	051						
4.	Receivables towards partners, members and associations	052	540	540	0			
5.	Social security	053						
6.	Tax receivables	054	0	2	0	2252	0	5 508
7.	Other receivables	055	61	116	557	175	346	37
C.IV.	Financial accounts in total (line 057 to 061)	056	3 257	25 122	34 200	29 393	6 878	657
C.IV.1.	Cash	057	2 111	2 728	639	1296	759	634
2.	Bank accounts	058	1 146	22 394	33 561	28 097	6 119	23
3.	Bank accounts fixed for longer than 1 year	059						
4.	Short-term financial assets	060						
5.	Short-term financial assets acquired	061						
D.	Accruals and deferrals (line 063 and 064)	062	4 301	6 069	5 958	4 917	3 061	4 992
D.1.	Deferred expenses	063	2 317	2 327	2 320	1 557	1 466	839
2.	Accrued revenues	064	1 966	3 742	3 638	3 360	1 595	4 153
	Control number total (r.001 to 064)	888	155 413	373 407	376 512	412 239	488 527	771 496

Balance sheet in thousand SKK								
			2001	2002	2003	2004	2005	2006
	TOTAL LIABILITIES AND EQUITY (line 066+086+116)	065	39 924	94 869	95 746	104 289	122 897	194 122
A.	Share Equity (line 067+071+078+082+085)	066	24 003	38 732	61 823	72 289	80 765	57 426
A.I.	Capital stock in total (line 068 to 070)	067	11 200	11 200	21 300	21 300	21 300	21 300
A.I.1.	Basic stock	068	11 200	11 200	21 300	21 300	21 300	21 300
2.	Treasury stock and capital shares	069						
3.	Additions to basic stock	070						
A.II.	Capital funds in total (line 072 to 077)	071	0	0	340	346	267	267
A.II.1.	Share premium	072						
2.	Other capital funds	073						
3.	Statutory reserve account (indivisible fund) from capital deposits	074	0	0	267	267	267	267
4.	Gains or losses from the revaluation of assets and liabilities	075	0	0	73	79	0	0
5.	Gains or losses from investments	076						
6.	Gains or losses from revaluation upon merger or division	077						
A.III.	Funds from profit in total (line 079 to 081)	078	1 384	1 937	3 174	3 993	3 993	3 993
A.III.1.	Legal reserve fund	079	1 384	1 937	3 174	3 993	3 993	3 993
2.	Non-distributable fund	080						
3.	Statutory and other funds	081						
A.IV.	Economic results from previous years (line 083+084 082)	082	5 891	7 727	9 341	24 640	24 450	24 648
A.IV.1.	Retained earnings from previous years	083	5 891	7 727	9 341	24 640	24 450	24 648
2.	Accumulated losses from previous years	084						
A.V.	Income from oper. for the accounting period + -	085	5 528	17 868	27 668	22 010	30 755	7 218
B.	Liabilities (line 87+91+102+112)	086	15 575	55 668	33 832	32 000	37 121	134 379
B.I.	Total reserves (line 088 to 090)	087	1 830	5 513	7 645	7 546	5 702	2 430
B.I.1.	Legal reserves	088						
2.	Other long-term reserves	089						
3.	Short-term reserves	090	1 830	5 513	7 645	7 546	5 702	2 430

Balance sheet in thousand SKK

			2001	2002	2003	2004	2005	2006
B.II.	Long -term liabilities in total (line 092 to 101)	091	0	129	287	1 143	2 286	3 167
B.II.1.	Long-term liabilities from business relations	092						
2.	Long-term non-invoiced supplies	093						
3.	Long-term liabilities towards the controlled and controlling entity	094						
4.	Other long-term liabilities within consolidated group	095						
5.	Long-term advanced payments received	096						
6.	Long-term bills to be reimbursed	097						
7.	Issued bonds	098						
8.	Social fund liabilities	099	0	129	286	222	336	357
9.	Other long-term liabilities	100				921	1 950	2 810
10.	Deferred tax liability	101			1			
B.III.	Short-term liabilities in total (line103 to 111)	102	13 745	50 026	25 900	23 311	29 133	83 561
B.III.1.	Liabilities from business relations	103	6 818	38 505	10 854	13 866	15 011	70 693
2.	Non-invoiced supplies	104			126	173	879	185
3.	Liabilities towards the controlled and controlling entity	105						
4.	Other liabilities within consolidated group	106						
5.	Liabilities towards partners and association	107	31	16	16	16	97	96
6.	Liabilities towards employees	108	2 361	3 016	2 877	3 516	1 518	2 594
7.	Social security liabilities	109	1 160	1 386	1 514	1 573	1 411	1 990
8.	Tax liabilities and donations	110	3 341	6 779	10 133	4 040	8 632	4 993
9.	Other liabilities	111	34	324	380	127	1 585	3 010
B.IV.	Bank loans and accommodations in total (line113 to 115)	112					0	45 221
B.IV.1.	Long-term bank loans	113						
2.	Current bank loans	114						45 221
3.	Short-term accommodations (short-term)	115						
C.	Accruals and deferrals total (line117 and 118)	116	346	469	91		5 011	2 317
C.1.	Accrued expenses	117	55	185	91			
2.	Deferred revenues in the future	118	291	284	0		5 011	2 317
Control number total (line 065 to 118)			153 822	361 139	355 225	395 146	455 822	766 953

E Profit-and-loss statement

Profit-and-loss statement in thousand SKK								
			2001	2002	2003	2004	2005	2006
I.	Revenues from the sale of goods (604)	01	5 179	4 411	5 079	5 801	6 282	4 108
A.	Cost invested for the acquisition of goods sold (504)	02	4 482	3 454	4 135	4 417	4 645	3 219
+	Gross margin line 01-02	03	697	957	944	1 384	1 637	889
II.	Production line 05+06+07	04	120 600	225 044	261 332	209 997	230 952	234 809
II.1.	Revenues from the sale of own products and services (601, 602)	05	118 576	207 051	276 868	213 170	228 480	231 902
2.	Changes in inter-company inventory (+/- account group 61)	06	2 024	17 993	-15 536	-3 173	2 472	2 907
3.	Capitalization (account group 62)	07						
B.	Production consumption line 09+10	08	80 138	155 368	174 682	132 751	142 244	173 459
B.1.	Consumption of material, energy and other non-storable supplies (501, 502, 503)	09	32 775	68 135	82 522	69 786	71 753	67 871
B.2.	Services (account group 51)	10	47 363	87 233	92 160	62 965	70 491	105 588
+	Added value line 03 + 04 + 08	11	41 159	70 633	87 594	78 630	90 345	62 239
C.	Total labour expenses (line13 to 16)	12	31 178	42 353	37 738	45 703	45 604	46 883
C.1.	Wages (521, 522)	13	23 333	33 395	27 992	35 587	34 375	33 671
2.	Royalties (523)	14	220	355	240	390	1 190	1 440
3.	Social security expenses (524, 525, 526)	15	7 167	8 087	8 875	8 873	9 286	10 950
4.	Social expenses (527, 528)	16	458	516	631	853	753	822
D.	Taxes and fees (account group 53)	17	710	852	970	999	910	867
E.	Depreciation of long-term intangible and tangible assets (551)	18	2 272	1 825	2 946	4 309	5 353	6 759
III.	Revenues from sale of long-term assets and materials (641, 642)	19	1 514	170	714	884	1 049	1 245
F.	Net book value of long-term assets and material sold (541, 542)	20	664	24	0	46	210	0
IV.	Use and cancellation of reserves to revenues from economic operations and accounting for deferred expenses (652654, 656)	21	0	0	0	7 645	7 546	5 702
G.	Additions to reserves for economic activities and accounting for deferred expenses (552, 554, 555)	22	0	0	7 644	7 546	5 702	2 430
V.	Accounting for and cancellation of adjustments to revenues from economic operations	23						138

Profit-and-loss statement in thousand SKK

			2001	2002	2003	2004	2005	2006
H.	Additions to adjustments to expenses for economic operations	24	0	0	0	0	990	0
VI.	Other revenues from economic operations (644, 645, 646, 648)	25	450	247	61	980	606	930
I.	Other expenses for economic operations	26	947	1 142	1 534	2 553	2 237	2 572
VII.	Transfer of operating revenues	27						
J. *	Transfer of operating expenses Operating profit	28 29	7 352	24 854	37 537	26 983	38 540	10 743
VIII.	Revenues from the sale of securities and shares	30						
K.	Securities and shares sold	31						
IX.	Revenues from on long-term financial assets (line 33 + 34 + 35)	32	624	0	0	0	0	0
IX.1.	Revenues from securities and shares in the controlled entity in the company with substantial influence	33	624	0	0	0	0	0
2.	Revenues from other long-term securities and shares	34						
3.	Revenues from other long-term financial assets	35						
X.	Revenues from short-term financial assets	36						
L.	Expenses for short-term financial assets	37						
XI.	Revenues from revaluated securities and derivative operations	38						
M.	Expenses for revaluated securities and derivative operations	39						
XII.	Interest revenues	40	13	17	227	724	145	64
N.	Interest expenses	41	186	372	111	95	256	1 303
XIII.	Foreign exchange gains	42	156	28	92	15	121	23
O.	Foreign exchange losses	43	627	463	149	38	48	79
XIV.	Other financial revenues	44	0	0	214	0	0	0
P.	Other financial expenses	45	0	0	853	105	147	205
XV.	Use and cancellation of reserves to revenues from financial operations	46	26	1	40	0	0	0
Q.	Additions to reserves for financial operations	47	1	42	0	0	0	0

Profit-and-loss statement in thousand SKK			2001	2002	2003	2004	2005	2006
XVI.	Accounting for and cancellation of adjustments to revenues from financial operations (679)	48						
R.	Additions to adjustments to financial expenses (579)	49						
XVII.	Transfer of financial revenues (-) (698)	50						
S. *	Transfer of financial expenses Profit/loss from financial operations	51 52	5	-831	-540	501	-185	-1 500
T.	Income tax on ordinary income line 54+55	53	2 837	6 447	9 879	5 501	7 600	2 025
T.1.	- due (591, 595)	54	2 837	6 447	9 865	5 483	7 764	2 014
2.	- deferred (+/- 592)	55	0	0	14	18	-164	11
**	Economic result from ordinary operation line 29+52-53	56	4 520	17 576	27 118	21 983	30 755	7 218
XVIII.	Extraordinary revenues	57	1 410	406	732	33	0	0
U.	Extraordinary expenses	58	0	15	0	0	0	0
V.	Income tax on extraordinary income (line 60+61)	59	402	98	182	6	0	0
V.1.	- due (593)	60	402	98	182	6	0	0
2.	- deferred (+/- 594)	61						
*	Economic result from extraordinary operation line 57-58-59	62	1 008	293	550	27	0	0
Z. ***	transfer of operating profit sharing to partners Economic result for the accounting period Control number total (line 01 to 64)	63 64	5 528 550 464	17 869 1 003 440	27 668 1 173 998	22 010 975 624	30 755 1 080 894	7 218 1 030 803

F Standpoint of the Supervisory Board

The Supervisory Board has reviewed the annual financial statements of NEVITEL, a.s. for 2006 and states that they were compiled in accordance with the Accounting Act. The financial reports and other documents within the regular closing of books are complete, and the data shown for the year ending on 31 December 2006 truly reflects the economic results.

The Supervisory Board states that the regular closing of books was examined by the auditing company KPMG Slovensko spol. s. r. o., licence SKAU No. 96. After obtaining the audit report, the Supervisory Board certified the correctness of the economic results.

In accordance with the above-mentioned facts, the Supervisory Board of NEVITEL, a.s. recommends that the General Meeting approve the annual financial statements of the company for 2006, as well as the proposal for the settlement of the company's profit for 2006, submitted by the Board of Directors.



Ing. Vincent Mikolai

Chairman of the Supervisory Board

In Dunajská Streda, on 10 April 2007