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## > Introduction

Address by the Owner





„Quality is the highest priority of our company, however it can only be objectively assessed by our clients.”

# Address by the Owner

INTRODUCTION » ADDRESS BY THE OWNER



Dear Business Partners, Ladies and Gentlemen,

**F**ollowing a less successful year of 2009 we faced an even more difficult year of 2010. Due to the ongoing financial crisis, our clients' budgets continued to be reduced and the number of performed contracts substantially decreased. These negative changes compelled us to search for new possibilities of participating in the telecommunications market. The already implemented organizational changes and the strengthening of project management brought about a positive economic result of the NEVITEL, a.s. parent company. Unfortunately, the economic result of the NEVITEL group as a whole has been negative, despite all efforts.

We therefore committed ourselves to increasing the efficiency of the subsidiaries whose losses had a negative effect on the economic results of the NEVITEL group. We gradually phased out loss-incurring activities of the NEVITEL VÝSTAVBA, s.r.o. subsidiary and we also introduced closer cooperation between project managers and technical groups of the subsidiary, in order to achieve higher productivity.

Quality is the highest priority of our company, however it can only be objectively assessed by our

clients. In 2010 we again managed to gain recognition in this respect. The most important telecommunication operators in Slovakia ranked us among their top three suppliers in western Slovakia. Further testimony to our commitment to quality is the renewal of the ISO 9001:2008 certificate and the ISO 14001:2004 certificate of environmental management system.

With regards to the NEVITEL, a.s. parent company, we placed emphasis on the identification of new business opportunities, which was a trend continued in 2011. Our success in this area was greatly assisted by Ing. Soňa Szabadosová, who was appointed the General Director and Chairman of the Board of Directors on 20 January 2011 and held this office until 30 June 2011. Under her leadership we managed to establish ourselves in foreign markets in Hungary, Switzerland and Austria.

Our success in foreign markets has been boosted by our new activity – the replacement of technology on mobile base stations. In Hungary we became a partner of ZTE Hungary Kft. and we are working on the replacement of mobile infrastructure elements on the network of the important telecommunication

company Telenor Magyarország Zrt. This new activity requires a new approach to work and higher demands on the organization, management, logistics and personnel.

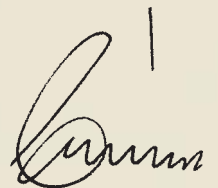
The success of each company depends on the success and professionalism of its employees. Our priority is to motivate our employees and thereby win their loyalty. We support our employees by means of various benefits – flexible working time, sick days, substantial subsidies on meals and organization of social events in the field of culture, sports, health and education.

Despite a less successful year of 2010 we have a clear vision of where we should be and where we should be heading in the near, as well as in the remote future. After a number of implemented changes we drive forward to success in the highly competitive telecommunications market that is still recovering from the crisis.

The main strategy for 2011 is the attainment of a positive economic result of the NEVITEL Group as a consolidated entity, for which we need the maximum

synergy of all group companies. In order to achieve this goal, as of 1 July 2011 Ing. Ildikó Manczalová was appointed the Director General and Chairman of the Board of Directors. As the former Financial Director (CFO) of the company, she will continue to keep a watchful eye on the management and costs of the company, in order to increase the efficiency of the company and she will lead employees to maximum efficacy.

I would like to take this opportunity to thank our business partners for cooperation. I also thank all colleagues for the high-quality and reliable work in 2010. I wish all of you sound health and a lot of success in business in 2011.



Ing. Alexander Néveri  
*Owner*





## > Who we are

Nevitel, a.s.

Company profile

Key performance indicators

The Nevitel Group

Organization structure

Management of the company



„The mission of NEVITEL, a.s. is the support of telecommunication operators and their partners...”





## > Vision

To be the preferred partner of all significant companies active in the telecommunications and IT market in the field of design, construction and maintenance of telecommunication infrastructures, to provide to such partners high-quality services aimed at ensuring long-term mutually beneficial cooperation. To be a group of professionals that monitors the needs of its partners and is able to introduce new and value-added ideas.

## > Mission

The mission of NEVITEL, a.s. is the support of telecommunication operators and their partners – technological companies and system integrators – in the construction and maintenance of functional and defect-free network infrastructure, which will enable them to provide high-quality services to their clients.

## > Values

Customer satisfaction – quality of deliveries and services, which are guaranteed by the name of our company; Material, intellectual and market value of our business; Environment – providing for high-quality deliveries while respecting the environment; Employees that are proud to be a part of the Nevitel team.

## > Goals and strategies

Constant development of activities, procedures and efforts to satisfy the needs of the customer; stabilisation and widening of the customer network. Increasing the effectiveness and professional standard of our employees and their motivation to perform well. The strengthening of our position in the market by increasing the market share of our company with a focus on high quality and efficiency of all activities. To contribute to the development of the entire society by sponsorship in the fields of education, culture and health care.

# Company profile



WHO WE ARE > COMPANY PROFILE

## > Identification data

*Business name:* NEVITEL, a.s.

*Registered seat:* Kračanská cesta 40  
929 01 Dunajská Streda  
Slovakia

*Legal form:* joint-stock company

*Registered with:* Commercial Register of the Trnava  
District Court, section Sa.,  
file no. 10178/T

*Branch offices:* Dunajská Streda, Banská Bystrica,  
Košice

## > Subsidiaries

NEVITEL VÝSTAVBA, s.r.o.  
*ownership share of NEVITEL, a.s.: 68,10%*

NEVITEL SOLUTIONS, s.r.o.  
*ownership share of NEVITEL, a.s.: 51,00%*

NEVITEL ČR, s.r.o.  
*ownership share of NEVITEL, a.s.: 100,00%*

NEVITEL UK, Ltd.  
*ownership share of NEVITEL, a.s.: 100,00%*

PlanNev, s.r.o.  
*ownership share of NEVITEL, a.s.: 85,00%*

## » Scope of business

NEVITEL, a.s. constructs telecommunication infrastructure for telecommunication operators and sub-suppliers for companies active in the field of telecommunications and IT. It provides the design and construction of telecommunication fixed base stations, radio nodes, linear data structures, data centres, engineering, installation of technology and maintenance of mobile and fixed telephone and data networks.

## » Membership in organizations

Slovak Chamber of Commerce and Industry

## » Shareholders and members of corporate bodies

Board of Directors:

### **Ing. Alexander Néveri**

*Chairman of the Board of Directors  
(Till 20 January, 2011)*

### **Ing. Soňa Szabadosová**

*Chair of the Board of Directors  
(From 20 January, 2011)*

### **Ing. Július Varga**

*Vice-Chairman of the Board of Directors*

Supervisory Board:

### **Ing. Vincent Mikolai**

*Chairman of the Supervisory Board*

### **Ing. Judit Bögi**

*Member of the Supervisory Board*

### **Ing. Gustáv Pálos**

*Member of the Supervisory Board*

## » Ownership interest of shareholder in the registered capital:

Ing. Alexander Néveri	100%
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*The company shares are not traded in any market.*

## » Projects

We implemented the following projects in 2010 for our largest customers:

### **T-Mobile Slovensko, a.s.**

18 new telecommunication structures,  
changes on 112 telecommunication structures.

### **Telefónica O2 Slovakia, s.r.o.**

18 new telecommunication structures,  
changes on 147 telecommunication structures.

### **Orange Slovensko, a.s.**

8 new telecommunication structures,  
changes on 23 telecommunication structures.

### **Slovak Telekom, a.s.**

besides works related to network maintenance and customer service, we have addressed the extension of the FTTH BA Ružinov project and projects related to the renewal of the existing metallic network IRBB Topoľníky and Dunajská Lužná. We have connected the municipalities of Vrakúň and Kostolné Kračany in the Dunajská Streda district to the optical fibre network of Slovak Telecom, a.s. In 2010 we set up endpoints for a significant number of MagioSat customers.

## > Compliance with obligations in relation to the state and other organizations

NEVITEL, a.s. complies with all of its obligations in relation to the state and other organizations in a due and timely manner. The company pays particular attention to the payment of employees' wages and contributions relating to social, health and old-age pension insurance. It takes a very responsible approach to the payment of all types of tax relevant for the company. No bankruptcy proceedings have been initiated against the company; the company is neither bankrupt nor in liquidation.

The fulfilment of obligations vis-à-vis the suppliers is the main pre-condition for stable relationships between suppliers and customers. The company has entered into insurance policies with renowned insurance groups in order to cover the risks of damage to the property and liability for damage.

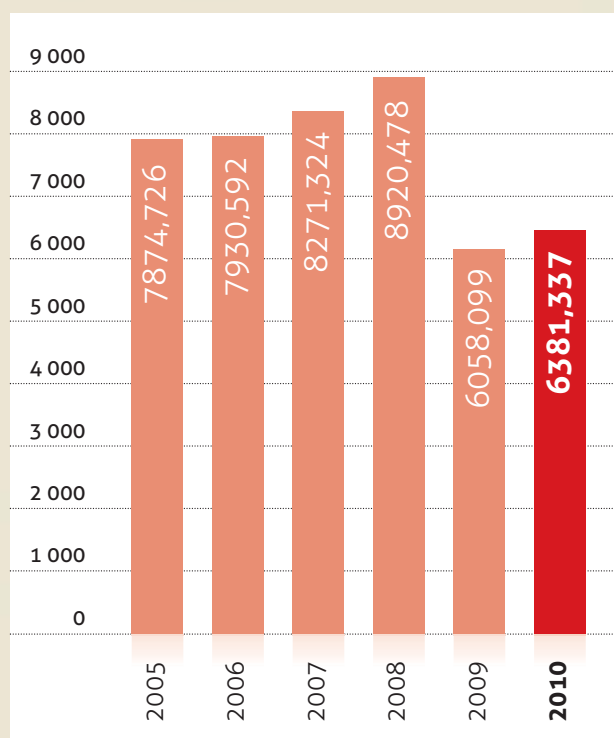
# Key performance indicators for 2010



WHO WE ARE > KEY PERFORMANCE INDICATORS FOR 2010

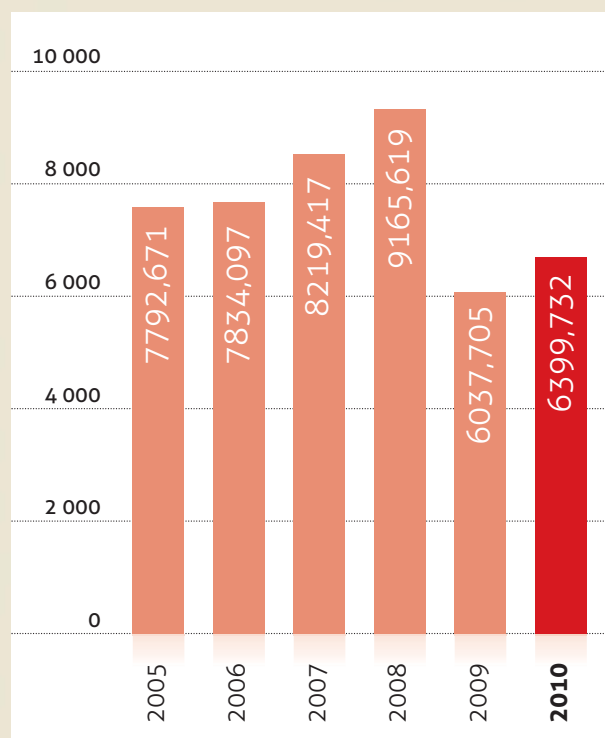
## Turnover >

in EUR thousands



## Revenues >

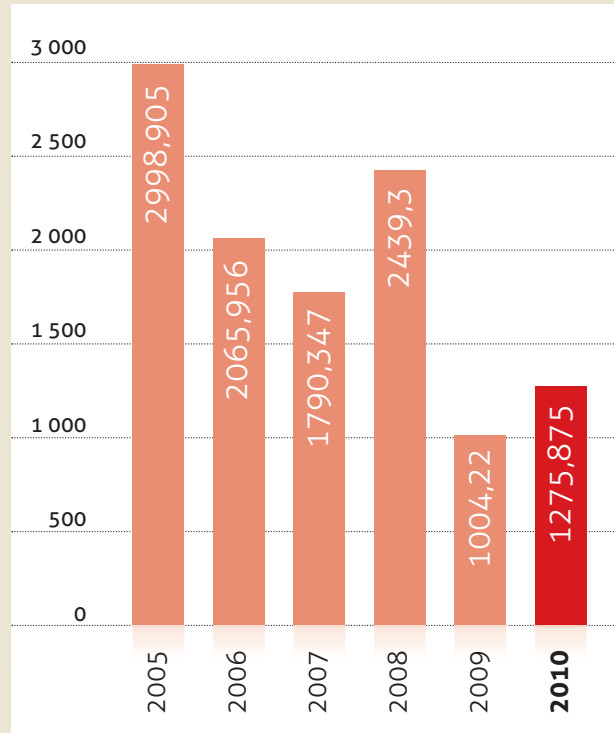
in EUR thousands



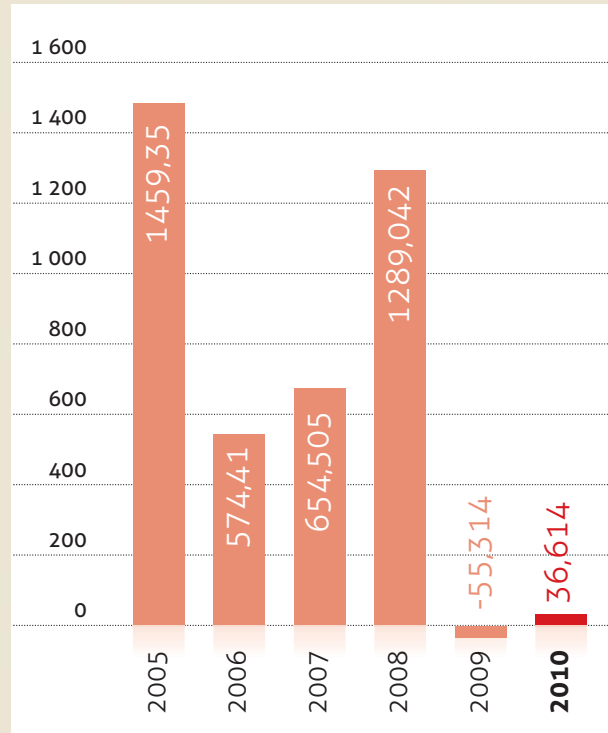


**Added value >**

in EUR thousands

**EBITDA >**

in EUR thousands



# The Nevitel Group



WHO WE ARE > THE NEVITEL GROUP

## > NEVITEL VÝSTAVBA, s.r.o.

It is the NEVITEL VÝSTAVBA, s.r.o. subsidiary with whom the parent company cooperates most intensively. Its main activities include construction and installation activities, manufacture of steel constructions, installation of customers' technology, construction of electric supply mains, providing material and technological support for construction activities (logistics), manufacture of small atypical steel constructions.

In the second half of the year there was a gradual decline in installation and construction installation works, which were gradually spun off to the subcontractors of the parent company. Towards the end of the year, the inefficient activities were finished and a regime of closer cooperation with the parent company was established – the heads of projects of NEVITEL, a.s. were assigned the task of coordination of the subsidiary's work teams. The elimination of one level of management resulted in higher efficiency in project work.

## > NEVITEL SOLUTIONS, s.r.o.

The company was founded in 2006, when it was spun off from the organizational structure of the parent company. NEVITEL SOLUTIONS, s.r.o. deals with the sale, installation and servicing of branch exchanges and the installation of structured cabling. It provides complex solutions of fire communication systems, fire signalling, electric security systems and surveillance camera systems. The goal of the company is to meet the needs of the customers in a fast, timely and high-quality manner. To offer comprehensive services in the field of low-voltage electronics, installation of selected facilities, training, inspection, warranty and post-warranty services.

Thanks to the complex portfolio in the field of low-voltage technology, the company is a suitable partner for general suppliers at construction sites. In terms of number of staff NEVITEL SOLUTIONS, s.r.o. is a small company, whereby its close cooperation with other members of the NEVITEL "family" gives it a competitive advantage that catapults its cooperation with clients into different dimensions.

### › NEVITEL UK, Ltd.

This is the foreign subsidiary with its registered seat in Great Britain. Its activities are not related to the main activities of the parent company.

### › NEVITEL ČR, s.r.o.

Another foreign subsidiary is NEVITEL ČR, s.r.o. that has its registered office in Brno, which has been performing the main activities of the parent company in the Czech Republic. In 2010 its activities underwent a gradual decline.

### › PlanNev, s.r.o.

The company was established in December 2008. It was created as the spin-off of the project department from the parent company. Its main activities are the preparation of projects of telecommunication, residential and civil structures.

With regards to project preparation, the activities of the company are focused on all project stages of construction documentation, including the preparation of the investment plan, draft concept and study, project documentation for zoning and building permits, implementation and successful completion relating to the occupancy procedure for the structure. The project service of the company also includes active author supervision at the ongoing construction sites, with the exception of telecommunication structures where the author and technical supervision is performed by the parent company – NEVITEL, a.s.

In its first year of the operation, PlanNev, s.r.o. was most closely cooperating with its parent company NEVITEL, a.s., which accounted for 88% of the overall volume of performed work. In the second year of its existence, the subsidiary grew more independent and its project design of telecommunication construction for NEVITEL, a.s. and the project design of civil engineering structures for other customers reached the same level.



# Organization structure

WHO WE ARE > ORGANIZATION STRUCTURE



# Management of the company



WHO WE ARE > MANAGEMENT OF THE COMPANY



> **Ing. Alexander Néveri**

*Owner*

In 1986, he completed the study at the Technical College of Transport and Communications in Žilina, in the field "Technical operation of telecommunications". For six years, he worked at various positions in the operation and maintenance of telephone switchboards and networks at the district level. In 1991, he founded NEVITEL, a.s. and became the majority shareholder therein. He has significantly participated in the setting of the company's strategy, vision and objectives. During his work in the company, he held a number of positions, ranging from the executive to the position of Director General and Chairman of the Board of Directors.



> **Ing. Soňa Szabadosová**

*General Director*

In 1989, having completed her studies at the Banská Bystrica-based Faculty of Economics of Services and Tourism of the Economic University in Bratislava she started working in her field of study at various positions in tourism; later she held manager positions at several notable banks, such as Tatra banka, a.s. and OTP Banka Slovensko, a.s.. From 2004 to 2009 she worked as the Senior Manager for Central and Eastern Europe in CREDIT SUISSE in Switzerland and in Austria. In 2009 she returned to Slovakia and gained new experience at the position of a Senior Relationship Manager in the J&T Banka in Bratislava. She later worked for Amrop Slovakia, Jenewein & Partners European Consulting, s.r.o. as a Senior Advisor. In October 2010 she started working for NEVITEL, a.s. as the advisor to the General Director and since January 2011 she held the office of the General Director and Chair of the Board of Directors of the company till the 30.06.2011.





> **Ing. Július Varga**

*Chief Executive Officer*

He studied at the Electrical Engineering Faculty of the Technical University in Bratislava, where he completed his studies in 1989. From the completion of university studies to 1998 he worked in various positions, such as IT administrator, telecommunication technician, project manager and technical director. In 1999, he became the technical director of international telecommunication company Nextra, s.r.o., which belongs to the Telenor Group (Norway). From 1999 to the end of October 2006, he worked as the Technical Director in GTS Nextra, a.s. In 2007, he started working in NEVITEL, a.s. as the Business Development Manager and since August 2008 he has been working in the position of the Chief Executive Officer.



> **Mgr. Szabolcs Horváth**

*Director of the Support Division*

He completed his university studies at the Faculty of Natural Sciences of the Constantine the Philosopher University in Nitra, in the fields Mathematics and Information Technology. During his study he taught Information Technology at the Elementary School in Horný Bar. After the completion of his study he worked as the IT network administrator in an international company, where he acquired considerable experience with the Linux and Novell operating systems. In 2000 he started working in the IT group of NEVITEL, a.s. Later he became the group leader and, in 2002, he was appointed the Head of Department of Information Technology. Since November 2006, he has been holding the position of the Director of the Support Division.



> **Ing. Ildikó Manczalová**

*Chief Financial Officer*

Following the completion of her studies at the Economic University in Bratislava, she started her career in T-Mobile Slovensko, a.s. as a Junior Consultant. In 2003, she became a financial analyst in UPC Broadband, s.r.o., acable operator (TV, Internet, VoIP), where she was responsible for financial planning and end-of-month balance. Together with the departments of Corporate Finance and IT, she was involved in the implementation of HFM. Later she was appointed to the position of the Financial Planning and Reporting Manager, she lead a team of analysts, managed the preparation of monthly financial reports and the preparation of the financial plan, including its updates in the course of the year. She participated in a number of projects, including the implementation of the Sarbanes-Oxley requirements. In March 2010, she started working for NEVITEL, a.s. where she is the Chief Financial Officer and since 1.7.2011 at the same time she has been the General Director and Chair of the Board of Directors of the company



> **Ing. Jozef Libárdi**

*Director of the EKS Division*

He received his Master of Science degree at the Faculty of Electrical Engineering and Information Technology of the Slovak Technical University in Bratislava. After the completion of his study, he briefly worked in a technical position at Západoslovenské energetické závody. He has been working for NEVITEL, a.s. since 2000. He acquired a wealth of experience at various technical and managerial positions in the company. Since November 2009, he has been the Director of the Electronic Communication Systems Division. His main task is the coordination and management of work by individual sections of this division and coordination of cooperation with external suppliers.



## > Telecommunication market

Business environment





„Renewed growth will be preconditioned by firms investing into new technologies.“

# Business environment



TELECOMMUNICATION MARKET > BUSINESS ENVIRONMENT

**T**he recession in 2009 damaged the telecommunication sector in Central and Eastern Europe. According to expert estimates, telecommunication companies will not experience growth until 2011 or 2012. The year 2010 saw essentially a zero growth of revenue in the telecommunication sector. The greatest impact was felt by the traditional segments – landlines and mobile services. Particularly digital television, mobile data transfer and Internet connection via landline were the main engines of growth. Nevertheless, given their share in the overall revenue, these services could not balance the losses in voice communication. Renewed growth will be preconditioned by firms investing into new technologies. Due to an ongoing crisis in 2010, the Slovak telecommunication market was characterised by stagnation and its recovery from the crisis was rather slow, especially from the point of view of mobile operators. Compared to revenue from voice services, the data and landline Internet services were more successful. This was mainly caused by the increasing market saturation, price competition and regulatory framework. The competition in Slovakia has been much fiercer than in the neighbouring countries, particularly due to the small market, however with the same number of operators as in Hungary and the Czech Republic, for instance. The smallest Slovak mobile operator was the only one that markedly increased its revenue compared with the previous year; however, this can be explained by its later start

in the Slovak market and the still upward spiral of new customer acquisition.

In 2010, Slovak Telekom, a.s. dealt primarily with the merger of the landline and mobile parts of its enterprise. In the landline segment (T-COM) Slovak Telekom, a.s. grew, however, in the mobile services segment (T-Mobile) it weakened its position due to regulatory reasons. Besides the integration of voice and landline parts of its enterprise, Slovak Telekom, a.s. also managed to acquire PosAm spol. s r.o. and thus establish itself in the ICT business market. Last but not least, Slovak Telekom, a.s. intensely marketed to its customers MagioSat, which is certainly an interesting product, particularly due to the turning off of analogue broadcasting and a change to digital broadcasting. Consequently, in 2010 Slovak Telekom, a.s. doubled the number of its customers in this segment.

The largest alternative operators concentrated in 2010 on increasing their efficiency and saving operational costs.

Slovanet, a.s. invested primarily into its own infrastructure and by means of its optimisation this alternative operator managed to save the cost of lease of lines from other entities.

The alternative operator GTS Slovakia, a.s. decided to be the first one to provide services according to the ULL reference offer (demonopolisation of local cable



networks) from Slovak Telekom, a.s. Already at the end of 2009, GTS Slovakia, a.s. announced that it is rolling out broadband connection to the vacant local lines of Slovak Telekom, a.s., however, this only became real almost a year after the signing of the agreement with Slovak Telekom, a.s. GTS Slovakia, a.s. started using it to provide symmetrical transfer attractive for corporate customers with a speed of up to 5.7 Mbit/s.

The company SWAN, a.s. focused on including further towns in its coverage of optical network and the provision of Triple Play on this infrastructure.

Further consolidation took place in the field of alternative operators. In 2010 GTS Slovakia, a.s. bought Dial Telecom, a.s. Dial Telecom, a.s. was a significant provider of server housing, as well as data and voice services, especially for the corporate segment. At the end of 2008, Dial Telecom, a.s. bought the eTel operator, with whom it merged in 2009. Thus, this acquisition considerably boosted the position of GTS Slovakia, a.s. in the Slovak market. Not only this acquisition, but also the corporate strategy were the driving force behind the decision of GTS Slovakia, a.s. to build its own data centre, which they decided to complete until the end of the first half of 2011.

In 2010, mobile operators again frequently referred to the new technology LTE (Long Term Evolution), which should enable significantly faster transfer of data. Even though the actual implementation of this technology in Slovakia is only expected in 2014/2015, some of them decided to test LTE in 2010. Already in summer 2010, Telefónica O2 Slovakia, spol. s r.o. decided to test the LTE technology in Banská Bystrica. Orange Slovensko, a.s. obtained permission from the Telecommunication Office of the Slovak Republic to test LTE in the 2.6 GHz band in the first half-year of 2011. The result of the test will be very interesting for France Telecom, as the tests will be performed for the entire group. Since the commercial rollout of LTE in Slovakia is not likely to happen in the near future, but mobile operators need to provide for their customers data services with acceptable data flow speed, in 2011 they will surely focus on extending the 3G networks.

Telefónica O2 Slovakia, spol. s r.o. decided to include in its 3G technology coverage 24 towns in Slovakia (one third of population) until the end of summer. Slovak Telekom, a.s. (T-Mobile) plans a considerable extension of the 3G network by using the HSPA+ technology, which enables reaching significantly higher speed of Internet connection via a mobile telephone.

In the field of landline Internet connection, ADSL naturally remained the main product of Slovak Telekom, a.s., although the company also continued the expansion of the optical network. The fixed-line broadband segment brought Slovak Telekom, a.s. approximately 50000 new connections and towards the end of the year optical network was available to customers in 22 towns in Slovakia.

### > Market position and rating of the company

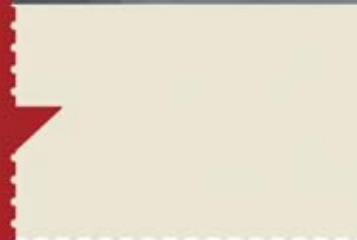
NEVITEL, a.s. as a supplier of telecommunication construction designs in the entire territory of Slovakia has a position in the telecommunication market as an important partner of all mobile operators. Based on the obtained information we can state that the most important telecommunication operators rank us among their top three suppliers in Western Slovakia and we have been their significant partner for their activities also in other regions of Slovakia. In terms of cooperation with Slovak Telekom, a.s. (landline networks) we have become one of their 11 strategic partners. On the basis of evaluation of our cooperation, which took place at the end of 2010, we received the evaluation grade "A" (preferred partner) for the region "West". The region "South" evaluated our company as a "B" category partner (recommended partner) in 2010.

Thanks to the positive references in the Slovak market in 2010 we succeeded in commencing cooperation with a new technological partner – ZTE – in the project of replacement of technology for a mobile operator in Hungary. For our company this means establishing ourselves in foreign markets, which is a great challenge for the future.



> **Year 2010**

Evaluation of the year 2010





„In 2010 we kept searching for ways how to meet the financial plan of the company.”

# Evaluation of the year 2010



YEAR 2010 > EVALUATION OF THE YEAR 2010



Compared with the previous years, 2010 has been characterised as the year of optimisation and saving of overhead costs. The main reason for this was the fact that the telecommunication market in Slovakia was stagnant this year and is recovering from the crisis very slowly. The investment plans of our largest partners – mobile operators – were still affected by this fact.

In 2010, the aggregate turnover of the NEVITEL group was EUR 6.863 million. The most significant intra-group cooperation occurred between NEVITEL, a.s. and NEVITEL VÝSTAVBA s.r.o. in relation to the construction of mobile networks. The specialisation of the PlanNev, s.r.o. subsidiary continued to be used in the design and projection of telecommunication structures, although to a lesser extent than in the previous years. In comparison with the previous year, the intra-group cooperation with Nevitel Solutions, s.r.o. subsidiary deepened; the flagship activity of this company in 2010 was the installation of the MagioSat service for Slovak Telekom, a.s. The contract for the installation of MagioSat was won by the parent company, which outsourced the coordination and installation of this project to its subsidiary.

Besides the construction and maintenance of mobile networks in 2010, NEVITEL, a.s. continued in the fulfilment of the partnership agreement in the field of landline network for the largest telecommunication operator Slovak Telekom, a.s. Further to these

activities, we succeeded in initiating cooperation with certain important system integrators, as well as with foreign technological partners for the extension of the 2G and 3G mobile networks.

## > Financial Division

In 2010 we kept searching for ways how to meet the financial plan of the company. Because the conditions in the market did not allow an increase of the expected revenue, the only realistic solution for the attainment of a positive economic result from operation was the reduction of direct and indirect costs of the company.

The Financial Division has intensely worked on creating clear and simple processes and analyses from a long-term, as well as operational point of view. New reports have been introduced (on a weekly and monthly basis) that should help the management with important decisions. The management of receivables and a quarterly re-evaluation of the financial plan based on actual trend both gained importance. As a part of the effective controlling process, the approval process of outgoing orders was automated following a successful solution for the circulation of the incoming invoices from the previous year.

Having evaluated the results and experience, it is quite simple to set a new task for 2011, namely to

perfect the commenced changes in financial management by improving and eliminating the identified shortcomings of the individual processes.

## ▸ Business and Marketing

For the Marketing and Business Division 2010 was a year of testing the changes introduced in 2009 related to the strengthening and restructuring of the Business Department and creating the Key Account Manager and Business Development Manager positions for a closer cooperation with clients, in order to maintain our positions and acquire new business opportunities. Based on our results, we can state that this year definitely proved that the strengthening of the Business Department was justified. Our company managed to stabilise its position in the market and achieve results expected by the company owner. We have framework agreements with all main operators and first projects at markets that we have not targeted before.

With regards to cooperation with mobile operators, we managed to attain the planned turnover with the two largest mobile operators (T-Mobile, Orange). The year 2010 brought about new conditions in cooperation with Telefónica O2 Slovakia, spol. s r.o. We became their only partner for the construction of the GSM network. This fact is a great challenge for our company and it also means realising the responsibility of our position. We did not achieve the planned turnover in relation to the youngest mobile operator in Slovakia, even though we were their sole partner on the basis of a two-year framework agreement signed at the end of 2009. This was caused by the reduction of this operator's budget for network construction, which was decided on in the first quarter of 2010.

In terms of acquisition of new customers we managed to complete first business transactions with certain system integrators. In cooperation with Datalan, a.s. we constructed the first optical network for the University of J. Selye in Komárno and we carried out installation works for TEMPEST, a.s. in relation to the replacement of radio technology of their partner. Based on negotiations with our foreign technological

partner (ZTE Corporation), this year we managed to agree on the basic tenets of future cooperation in the replacement of mobile infrastructure elements for the Telenor operator in Hungary. The project is scheduled to start in the first quarter of 2011. This future cooperation opportunity was confirmed by signing a framework agreement with ZTE Hungary Kft.

Another interesting project concerns cooperation with Nokia Siemens Networks Slovakia, s.r.o. in the delivery and re-introduction of Cisco technology for their partner.

As to design activities, in cooperation with our subsidiary PlanNev, s.r.o. in 2010 we managed to win the project of preparation of GTS Slovakia data centre design, including the implementation project, which earned us another reference in the field of designing and implementation of data centres.

The acquisition of new businesses and establishment in other high-tech areas are essential tasks of our company, especially with a view to diversifying revenue in future years. Vibrant business development is another pre-requisite, which should be marked by creativity, ideas and close relationship with future clients. It is a great ambition of the Marketing and Business Division to build for our company a permanent competitive advantage and to ensure the necessary revenue for the growth of the company and the development of its employees.

## ▸ Electronic Communication Systems Division – the EKS Division

After the uneasy year of 2009, the main task of the Electronic Communication Systems in 2010 was the optimisation of work procedures and reduction of operational costs of the division while maintaining the focus on projects, with a great emphasis placed on the quality management of the project teams at the respective projects.

Infrastructure construction, extension and maintenance projects for mobile and landline



operators continued to represent the bulk of the division's work.

The flagship projects of the Change of Infrastructure Department (EKS ZI) were: extension of coverage of UMTS and GSM networks of Slovak Telekom, a.s. (T-Mobile), Telefónica O2 Slovakia, s.r.o. and Orange Slovensko, a.s. The close cooperation between the EKS Division and the Marketing and Business Division resulted in successful projects such as: cooperation with Nokia Siemens Networks Slovakia, s.r.o. for T-Mobile Slovensko, a.s., partnership with TEMPEST, a.s. in the replacement of the radio data network of SPP, a.s., extension of optical infrastructure of SANET in Komárno in cooperation with DATALAN, a.s.

The largest projects carried out by the Infrastructure Care Department (EKS SI) completed in 2010 included works on metallic networks in the municipality of Bojná, the local optical circuit in Galanta and the steel inspection of the existing masts.

In order to increase quality and satisfy the requirements of our customers, EKS SI staff was enlarged to include new staff members assigned to specialized works, especially in relation to metallic networks. We have created internal units to deal with breakdowns, establishment and project work.

The irregular division of tasks over the year (one third in the first half-year and two thirds in the second half-year) placed high demands on the organization of human resources and supplier capacities. Regular planning enabled us to successfully manage projects also in the end-of-year flood of work. Overall, 2010 can be considered a tough but successful year from the point of view of the Electronic Communication Systems Division.

## > Support Division

The purpose of the Support Division is to provide support to the functioning of the whole company. For our division, the year 2010 was marked by optimisation and improvement of the existing processes and projects. This concerned mainly processes related to a continuous flow of information

in the company and creation of better conditions for the support of core business.

We introduced the system of CRM (Customer Relationship Management) for the Business Department. The main goal of this solution is to provide to the management of the company key information on the business activities of the company, i.e. overview of potential, ongoing, completed as well as unsuccessful business transactions in both tabular and graphic form.

We submitted proposals for company-wide cost-cutting measures (optimisation of costs related to the regular operational activity, outsourced services, use of office premises, car fleet, etc.).

Following a successful rollout of electronic approval of incoming invoices and received mail (Workflow), we cooperated with the Financial Division in expanding our workflow system to also include the approval of outgoing orders.

Environmental protection, compliance with legislative requirements in the sphere of environment and decrease of energy consumption are the basic pillars of our company policy. Besides ensuring compliance with the requirements of environmental legislation, our company adheres to an internal Environmental Programme, which defines the best practices that are available for environmental protection. We check their correct application on a regular basis by means of environmental audits. In 2010 we disposed of our dangerous waste in accordance with ISO 14001 for the first time.

In 2009 we introduced a registry (archiving) plan and registry procedure. In 2010 our registry office was full and part of the archived documents already fell under the category of registry records that may be disposed of. In close cooperation with the State Archives, we submitted a proposal for the disposal of registry records from the years 1992 to 1999 pursuant to section 19 of Act No. 395/2002 Coll. on Archives and Registries, which was approved. We also introduced into our registry procedure the archiving of SMQ (System of Management of Quality) and SEM (System

of Environmental Management) documents. After a successful audit relating to the Workplace Healthcare Service, we prepared all documents recommended by auditors and put them into practice.

In our company we have also introduced a system of management of Occupational Health and Safety based on voluntary international standards, such as the British Standard BS 8800 and the Standard of the Association of Certification Institutions OHSAS 18000 (OHSAS 180001, OHSAS 18002:2000). Once a year, the internal audit of the system of management of Occupational Health and Safety is performed. The effectiveness of the system of management of Occupational Health and Safety in the conditions of the organization is tested and evaluated on a continuous basis. The performance of corrective and preventive measures is a part of the management activities in the field of Occupational Health and Safety. The purpose of introducing a system of the management of Occupational Health and Safety is to attain a continuous improvement of the level of Occupational Health and Safety, working environment and working conditions.



> **Business relations**

Business partners





„Our company is proud to rank among the most significant, reliable and long-term suppliers of the largest telecommunication operators in Slovakia.”

# Business partners

BUSINESS RELATIONS > BUSINESS PARTNERS



Since its establishment, NEVITEL, a.s. has been strengthening and deepening the business relations with its customers and suppliers in the telecommunication market. The company has entered into partnership and framework agreements, which govern the successful cooperation with the majority of business partners, with whom we cooperate in the implementation of the projects of our customers.

The largest suppliers of the NEVITEL, a.s. parent company are its subsidiaries NEVITEL VÝSTAVBA, s.r.o. and PlanNev, s.r.o. They carry out more than 31% of the overall works for the parent company. We should not neglect other significant suppliers, with whom our company has entered into framework agreements on cooperation that regulate our cooperation.

Our company is proud to rank among the most significant, reliable and long-term suppliers of the largest telecommunication operators in Slovakia. Among others, we also rank among reliable partners of some of the alternative operators that pursue business in the Slovak market.

**The most significant suppliers include the following ones:**

ALPIN TEL, s.r.o.  
 DoMo-GLASS s.r.o.  
 H.C. Rival, spol. s r.o.  
 MERYLAND, s.r.o.  
 MSD Company, s.r.o.  
 Networking s.r.o.  
 NEVITEL SOLUTIONS, s.r.o.  
 NEVITEL VÝSTAVBA, s.r.o.  
 PlanNev, s.r.o.  
 RAVTECH s.r.o.  
 SKY-mont, s.r.o.  
 SYME spol. s r.o.  
 TRADSAT s.r.o.  
 UNITEL s.r.o.

**The most important customers include:**■ *The largest telecommunication operators in the Slovak market:*

Orange Slovensko, a.s.  
 Slovak Telekom, a.s.  
 (both landline and mobile network)  
 Telefónica O2 Slovakia, s.r.o.  
 Nokia Siemens Networks Slovakia, s.r.o.

## ■ Alternative operators:

GTS Slovakia, a.s.

## ■ System integrator:

Datalan, a.s.  
 TEMPEST, a.s.





## > **Quality and Code of Ethics**

Quality policy

Code of Ethics and Environment



„Corporate culture is based on mutual trust and respect towards all employees of the company.“

# Quality policy

CODE OF ETHICS AND ENVIRONMENT > QUALITY POLICY

## > Quality policy

*The priorities of NEVITEL, a.s. are:*

satisfied customers, the precondition of which is to consider their interests and offer them solutions corresponding with their individual needs;

responsible business and quality of the provided solutions and services, as confirmed by European certificates of quality management ISO 9001:2008 and ISO 14001:2004.

Since 2002, an integrated and effective system of quality management and control has been in place in NEVITEL, a.s. In 2003, the system of quality management was certified by the renowned company DET NORSKE VERITAS, in accordance with the ISO 9001:2000 standard. In 2009, the quality management system was successfully re-certified under the ISO 9001:2008 standard.

The certificate is valid for the following fields: design and construction of telecommunication base stations and radio linear structures, engineering activities, assembly of technology, maintenance of mobile and landline telephone and data networks. Delivery, assembly and servicing of telecommunication facilities.



# Code of Ethics and Environment

CODE OF ETHICS AND ENVIRONMENT > CODE OF ETHICS AND ENVIRONMENT

## > Code of Ethics

Code of Ethics obliges each employee of the company to uphold the principles of business ethics and accept moral liability for his actions, and, adhere to the rules of fair competition. Ever since its inception, NEVITEL, a.s. has been complying with the Code. It contains recommendations and information relating to day-to-day work in the company. The high level of morals and professional conduct is essential for the company to achieve its strategic tasks and goals. The company relies on the common sense of the employees and assumes that they will always act in accordance with the law and honestly, so as to protect the good reputation of the company. Corporate culture is based on mutual trust and respect towards all employees of the company. These factors can ensure the prosperity of the company and fulfilment of the common aim, which is fair and successful conduct of business.

In relation to all stakeholders, we are aware of our corporate social responsibility, which is linked to our business and we assume the moral responsibility for the consequences of our decisions and conduct.

## The Code of Ethics details the obligation of each employee:

to behave in a fair and honest manner; to respect his colleagues and apply the principles of mutual trust and cooperation; to behave like a team, as far as possible; to be aware that, by his personal conduct, he represents his company; to uphold the principles of commercial and business ethics; to remember that service to the customer is the highest value; to behave in a way that will protect the interests of the company, his colleagues, business partners and, at the same time, protect the environment; not to abuse position in the company for an employee's personal interests or interests of third parties; not to abuse confidential information obtained at work for his own business activity; not to use equipment and facilities for private use; the above mentioned activities or use of equipment can only be carried out subject to the written approval of the employer; not to keep presents or accept any advantages from third parties, business partners that wish to become partner of the company; to make sure that business dinners and meetings do not exceed the extent corresponding to the position of the employee in question within the company and the importance of the discussed matter, and they must be approved by a superior; in the case of danger of damage to the company to try, to the extent that he is able and it is possible, to avert the damage; if this is not possible, he must notify his



superior staff members of this danger or other persons that are able to prevent or at least mitigate such damage.

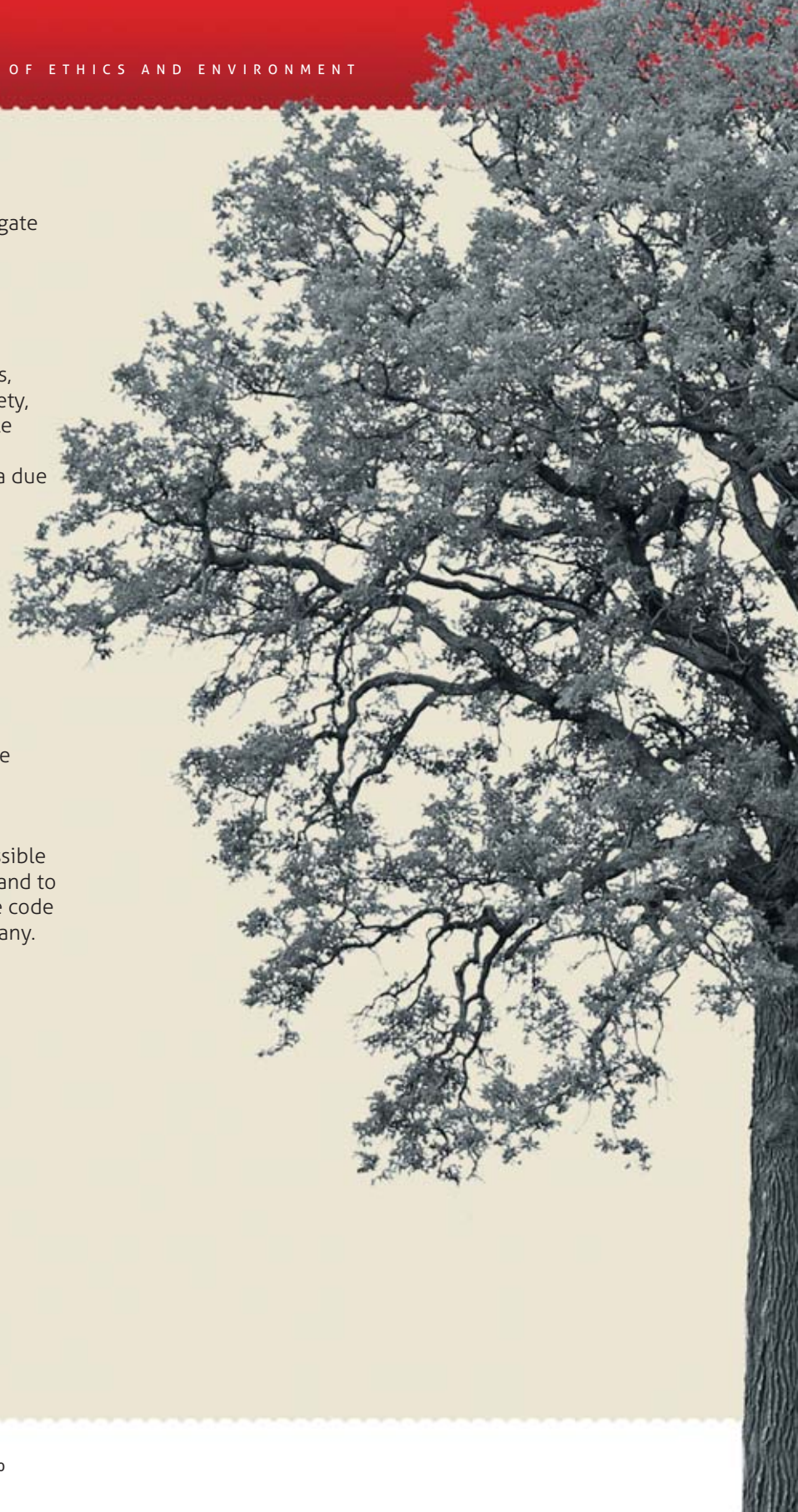
**Obligations of the company:**

faithfulness to the customers and its employees, caring about employees, providing for their safety, integrity, provision of exact information, suitable environment, quality, services, respecting and protecting their data; to fulfil its obligations in a due and timely fashion; to provide equal work opportunities for each applicant and employee regardless of age, gender and race; to achieve the best possible economic results for its shareholders.

**Managers:**

serve as a model for others; take care of their subordinates; ensure that everybody follows the rules; deal with each breach of the rules.

The company commits to adhere to highest possible level of integral and moral business behaviour and to comply with the said principles. A breach of the code could have serious consequences for the company.





## > Environment

NEVITEL, a.s. ranks among companies that deal with environmental protection and prevention of contamination and therefore in 2009 we decided to apply the requirements resulting from the ISO 14001:2004 standard in our company.

The certification audit in October 2009 involved a comprehensive evaluation of the areas that, by virtue of their activity, have a direct or indirect impact on the environment. During the audit, the compliance of the individual articles of the STN EN ISO 14001:2005 standard was compared with the manner of their application in our company. On the basis of a certification audit performed by the renowned company DET NORSKE VERITAS on 29 December 2009, we were awarded the certificate confirming our compliance with the requirements of the STN EN ISO 14001:2005 standard.

In the course of 2010 we started and completed the process of integration of both management systems into one integrated management system.

Towards the end of 2010, the company started to gradually apply into its management system the requirements of the OHSAS 18001 standard, which we intend to continue in 2011.



> **Employees**

Personnel policy



„The employees are the company’s most valuable asset and therefore it is one of our priorities to secure for all employees good working conditions...”

# Personnel policy



EMPLOYEES > PERSONNEL POLICY

**S**uccess of each company is based on its employees. The employees are the company's most valuable asset and therefore it is one of our priorities to secure for all employees good working conditions that will enable their professional development and the development of their technical know-how, which includes the salary, but also personal development and social benefits. The objective of the personnel policy of our company is to ensure that highly professional employees are available for all working positions, that their position is stable and that they further develop. Our staff is both theoretically and practically prepared to deal with any demands of our clients. In order to recruit highly skilled and well-qualified experts, our company cooperates with a number of universities and secondary schools. Following the last year's changes, the organizational structure of the company remained stable with no significant changes in 2010. Our company continued in fine-tuning the wage and remuneration system with a stronger emphasis on the performance of employees and, equally importantly, trying to ensure that the employer motivates the employees.

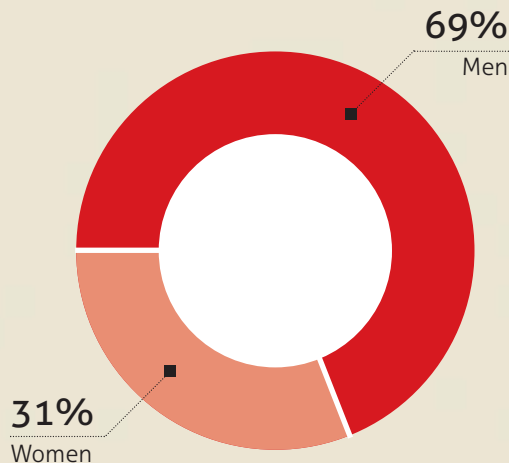
Further education and development of staff has always ranked among the priorities of the company; in 2010 EUR 3,717.97 was spent on various courses and training sessions. Last year saw the beginning of intensive technical training for service groups, which continued also in 2010. In the course of the year a number of courses and training sessions took place in

the field of electrical engineering, as well as preparatory training for inspection technicians, "working at height" training, slingers' training, language courses and specialized training for service groups.

Our company abides by the principle of gender equality; men and women have equal opportunities for career advancement, they are provided with equal job opportunities and their salaries are identical for identical or comparable work. In 2010, NEVITEL, a.s. did not employ any persons with a disability, because it lacks the possibilities to provide for suitable working conditions for this disadvantaged group. In 2010, NEVITEL, a.s. employed on average 54 employees, of which 17 were women and 37 men. The share of men is higher, due to the character of the activity of our company; in service groups the workers often need certain physical abilities. Our staff work at three branches – in Dunajská Streda, Banská Bystrica and Košice. The breakdown of our staff by the level of completed education has slightly changed, compared to the year before, the number of employees having finished their external university studies has mainly increased. Our company initiates and supports the professional development of our employees by giving them access to higher qualification through part-time studies or various courses. University graduates made up 51% of all staff. Another 30% of staff completed their secondary education and 19% had a vocational secondary school (without school-leaving examinations) or a basic school completed. The



### Employee Structure

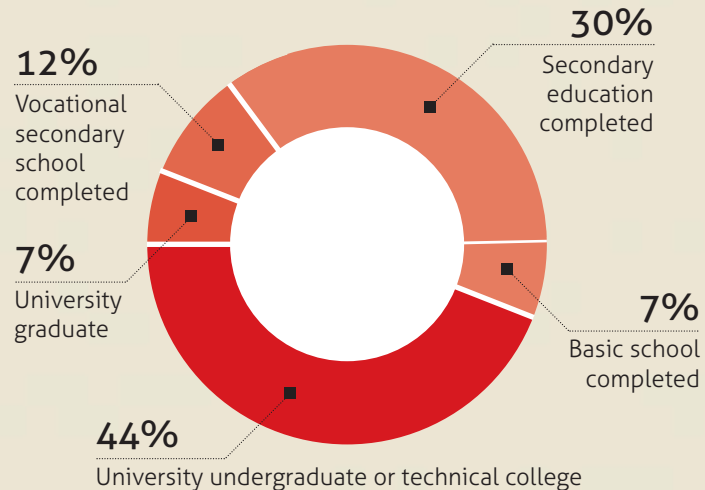


average age of employees in 2010 was 36.89 years old. As can be seen in the chart outlining the age structure of the employees, more than one half of the staff belong to the highly productive age category. NEVITEL, a.s. has an established system of benefits and employee perks, which are intended to motivate the employees and lead them to develop a better and higher quality work performance. The company strives to adapt the system of incentives to the current needs of its employees and the financial possibilities of the company.

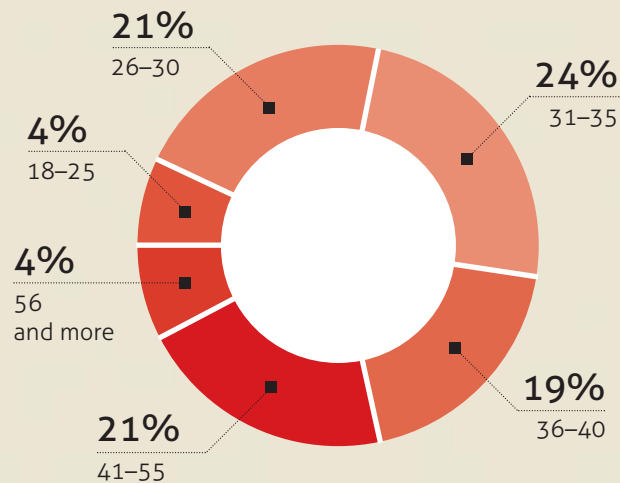
The incentive system of the company is made up by the combination of the following benefits and employee perks:

- an incentive system of remuneration,
- education by means of specialized training sessions, courses and seminars,
- use of company car, mobile telephone and notebook for private purposes,
- contributions to the supplementary old-age pension insurance,
- social fund used for sports, culture, relax, healthcare and education,
- the „Sick Days“ benefit.

### Breakdown of employees by the completed level of education



### Age structure of employees



We consider the human capital particularly important, and, the aim of the personnel policy is to recruit and maintain high-quality workforce and ensure that it is satisfied with the working conditions.





## > Corporate social responsibility

Policy of quality, environment and Occupational Health and Safety  
Charity





„The policy of our company is to provide services that will continuously satisfy the requirements and needs of our customers...”

# Policy of quality, environment and Occupational Health and Safety

CORPORATE SOCIAL RESPONSIBILITY » POLICY OF QUALITY

**I**t is the policy of our company to provide services that will continuously satisfy the requirements and needs of our customers. In order to fulfil this intention, we commit ourselves to adhering to the following principles:

- Continuously improve all processes with the aim of further development of the company, maintenance of its strong position and good reputation with an emphasis on satisfaction of our customers while ensuring that all processes are run efficiently and the negative impact on environment and safety and health of employees is minimized and that they are in accordance with the laws in place, requirements of state bodies and of involved stakeholders.
- Comprehensive approach, professional advice, promptness and stable background – these are the values that each customer will find in our company.
- Increase qualification and safety awareness of employees. Employee care is equally important for us as customer care. We realize that a process of permanent education is a source of our progress and ensures the awareness of our employees in environmental care and Occupational Health and Safety.
- Establish mutually beneficial relationships with suppliers based on mutual trust, integrity, high quality of provided services, environmental care and Occupational Health and Safety.
- Ensure environmental protection and compliance with legal and other requirements. In the sphere of combating negative impact on environment we prefer the principle of prevention, which is reflected in our environmental objectives. By adhering to the legal and other requirements in place we prevent damage to environment, health and lives of employees and take into account the requirements of involved parties.
- Improve the integrated management system, continuously enhance its effectiveness and integrity, in accordance with the requirements of the ISO 9001 and 14001 standards, as well as the relevant legal and other requirements.

# Charity



CORPORATE SOCIAL RESPONSIBILITY » CHARITY



There are certain segments in the society that are not able to finance their activities independently in the market environment and therefore need help. Our company clearly understands the necessity of supporting such segments. Every year, our company supports financially and by means of gifts various civic associations, societies and non-profit organizations that endeavour to enhance cultural life.

## Sponsorship activities in 2010

NEVITEL, a.s. dedicated EUR 6,647.61 to philanthropic projects. Among others, the company supported the following:

- Diákhálózat – Študentská sieť – Students' Network – support for the summer camp in Gombasek
- Veľký Meder, Centrum Mládeže n.o. (Youth Centre) – support for covering operational needs,
- Association of Parents at the Basic Arts School of J. Janiga in Veľký Meder – financial support to increase the quality of education.



## > Financial part

Balance sheet

Profit-and-loss statement

Strategic and financial indicators

Auditor's Report and Statement of the Supervisory Board





„...the financial statements present fairly, in all material respects,  
the financial position of the Company...”

# Balance sheet



FINANCIAL PART > BALANCE SHEET

## > Balance sheet in EUR

			2008	2009	2010
	<b>Total assets line 002 + line 031 + line 061</b>	<b>001</b>	<b>6 215 570</b>	<b>5 467 126</b>	<b>4 941 475</b>
<b>A</b>	<b>Non-current assets line 003 + line 012 + line 022</b>	<b>002</b>	<b>820 147</b>	<b>532 696</b>	<b>285 915</b>
<b>A.I.</b>	<b>Non-current intangible assets - total (lines 004 to 011)</b>	<b>003</b>	<b>58 090</b>	<b>66 672</b>	<b>39 600</b>
A.I.1.	Incorporation expenses	004			
2.	Capitalized development costs	005			
3.	Software	006	9 890	5 730	2 925
4.	Valuable rights	007	29 295	48 396	36 675
5.	Goodwill	008			
6.	Other non-current intangible assets	009			
7.	Acquisition of non-current intangible assets	010	18 905	12 546	0
8.	Advance payments made for non-current intangible assets	011			
<b>A.II.</b>	<b>Property, plant and equipment - total (lines 013 to 021)</b>	<b>012</b>	<b>194 619</b>	<b>233 221</b>	<b>157 827</b>
A.II.1.	Land	013			
2.	Structures	014			
3.	Individual movable assets and sets of movable assets	015	194 619	233 221	157 827
4.	Perennial crops	016			
5.	Livestock	017			
6.	Other property, plant and equipment	018			
7.	Acquisition of property, plant and equipment	019			
8.	Advance payments made for property, plant and equipment	020			
9.	Value adjustment to acquired assets	021			

			2008	2009	2010
<b>A.III.</b>	<b>Non-current financial assets - total (lines 023 to 030)</b>	<b>022</b>	<b>567 438</b>	<b>232 803</b>	<b>88 488</b>
A.III.1.	Shares and ownership interests in a subsidiary	023	559 140	224 505	80 190
2.	Shares and ownership interests with significant influence over enterprises	024			
3.	Other long-term shares and ownership interests	025			
4.	Intercompany loans	026			
5.	Other non-current financial assets	027	8 298	8 298	8 298
6.	Loans with maturity up to one year	028			
7.	Acquisition of non-current financial assets	029			
8.	Advance payments made for non-current financial assets	030			
<b>B.</b>	<b>Current assets line 032 + line 040 + line 047 + line 055</b>	<b>031</b>	<b>5 346 522</b>	<b>4 896 792</b>	<b>4 602 452</b>
<b>B.I.</b>	<b>Inventory - total (lines 033 to 039)</b>	<b>032</b>	<b>141 418</b>	<b>80 878</b>	<b>69 480</b>
B.I.1.	Raw material	033	106 697	25 853	32 850
2.	Work in progress and semi-finished products	034	34 721	55 025	36 630
3.	Construction contracts where the exp. time of comp. exceeds one year	035			
4.	Finished goods	036			
5.	Animals	037			
6.	Merchandise	038			
7.	Advance payments made for inventory	039			
<b>B.II.</b>	<b>Non-current receivables - total (lines 041 to 046)</b>	<b>040</b>	<b>7 276</b>	<b>4 790</b>	<b>2 860</b>
B.II.1.	Trade receivables	041			
2.	Receivables from a subsidiary and a parent	042			
3.	Other intercompany receivables	043			
4.	Receivables from participants, members, and association	044			
5.	Other receivables	045			
6.	Deferred tax asset	046	7 276	4 790	2 860
<b>B.III.</b>	<b>Current receivables - total (lines 048 to 054)</b>	<b>047</b>	<b>4 565 399</b>	<b>4 369 544</b>	<b>4 518 141</b>
B.III.1.	Trade receivables	048	3 741 558	3 155 880	3 549 550
2.	Receivables from a subsidiary and a parent	049	818 334	1 051 115	934 388
3.	Other intercompany receivables	050			
4.	Receivables from participants, members, and association	051			
5.	Social security	052			
6.	Tax assets and subsidies	053	657	123,280	32 977
7.	Other receivables	054	4 850	39 269	1 226

			2008	2009	2010
B.IV.	<b>Financial accounts - total (lines 056 to 060)</b>	<b>055</b>	<b>632 429</b>	<b>441 580</b>	<b>11 971</b>
B.IV.1.	Cash on hand	056	5 403	10 652	8 613
2.	Bank accounts	057	627 026	430 928	3 358
3.	Bank accounts with notice period exceeding one year	058			
4.	Current financial assets	059			
5.	Acquisition of current financial assets	060			
C.	<b>Accruals/deferrals - total (lines 062 to 065)</b>	<b>061</b>	<b>48 901</b>	<b>37 638</b>	<b>53 108</b>
C.1.	Prepaid expenses - long-term	062			
2	Prepaid expenses - short-term	063	39 181	14 503	16 532
3	Accrued income - long-term	064			
4	Accrued income - short-term	065	9 720	23 135	36 576

			2008	2009	2010
	<b>Total equity and liabilities line 067 + line 088 + line 119</b>	<b>066</b>	<b>6 215 570</b>	<b>5 467 126</b>	<b>4 941 475</b>
<b>A.</b>	<b>Equity line 068 + line 073 + line 080 + line 084 + line 087</b>	<b>067</b>	<b>3 602 319</b>	<b>2 792 208</b>	<b>2 004 038</b>
<b>A.I.</b>	<b>Share capital - total (lines 069 to 072)</b>	<b>068</b>	<b>1 300 000</b>	<b>1 300 000</b>	<b>1 300 000</b>
A.I.1.	Share capital	069	707 030	1 300 000	1 300 000
2.	Own shares and own ownership interests	070			
3.	Change in share capital	071	592 970	0	0
4.	Receivables related to unpaid share capital	072			
<b>A.II.</b>	<b>Capital funds - total (lines 074 to 079)</b>	<b>073</b>	<b>216 776</b>	<b>-113 524</b>	<b>-155 475</b>
A.II.1.	Share premium	074			
2.	Other capital funds	075			
3.	Legal reserve fund (Non-distributable fund) from capital contributions	076	8 848	8 848	8 848
4.	Differences from revaluation of assets and liabilities	077	207 928	-122 372	-164 323
5.	Investment revaluation reserves	078			
6.	Differences from revaluation in the event of a merger, amalgamation into a separate accounting entity or demerger	079			
<b>A.III.</b>	<b>Funds created from profit - total (lines 081 to 083)</b>	<b>080</b>	<b>132 558</b>	<b>214 945</b>	<b>1 263</b>
A.III.1.	Legal reserve fund	081	132 558	214 945	1 263
2.	Non-distributable fund	082			
3.	Statutory funds and other funds	083			
<b>A.IV.</b>	<b>Net profit/loss of previous years line 085 and line 086</b>	<b>084</b>	<b>1 129 127</b>	<b>1 604 469</b>	<b>954 469</b>
A.IV.1.	Retained earnings from previous years	085	1 129 127	1 604 469	954 469
2.	Accumulated losses from previous years	086			
<b>A.V.</b>	<b>Net profit/loss for the accounting period after tax +/- line 001 - (line 068 + line 073 + line 080 + line 084 + line 088 + line 119)</b>	<b>087</b>	<b>823 858</b>	<b>-213 682</b>	<b>-96 219</b>
<b>B.</b>	<b>Liabilities line 89 + line 94 + line 105 + line 115 + line 116</b>	<b>088</b>	<b>2 613 042</b>	<b>2 650 792</b>	<b>2 846 149</b>
<b>B.I.</b>	<b>Provisions - total (lines 090 to 093)</b>	<b>089</b>	<b>41 634</b>	<b>37 947</b>	<b>35 138</b>
B.I.1	Legal provisions - long-term	090			
2	Legal provisions - short-term	091	41 634	37 947	35 138
3	Other long-term provisions	092			
4	Other short-term provisions	093			
<b>B.II.</b>	<b>Non-current liabilities - total (lines 095 to 104)</b>	<b>094</b>	<b>53 259</b>	<b>91 313</b>	<b>42 786</b>
B.II.1.	Non-current trade liabilities	095	0	0	0
2.	Unbilled long-term supplies	096			
3.	Non-current liabilities to a subsidiary and a parent	097			
4.	Other non-current intercompany liabilities	098			

			2008	2009	2010
5.	Long-term advance payments received	099			
6.	Long-term bills of exchange to be paid	100			
7.	Bonds issued	101			
8.	Liabilities related to social fund	102	11 648	8 902	1 240
9.	Other non-current liabilities	103	41 611	82 411	41 546
10.	Deferred tax liability	104			
<b>B.III.</b>	<b>Current liabilities - total (lines 106 to 114)</b>	<b>105</b>	<b>2 518 149</b>	<b>1 354 707</b>	<b>1 877 575</b>
B.III.1.	Trade liabilities	106	2 035 024	1 084 188	1 539 147
2.	Unbilled supplies	107	10 328	4 145	5 675
3.	Liabilities to a subsidiary and a parent	108			
4.	Other intercompany liabilities	109			
5.	Liabilities to partners and association	110	1 291	645	39 053
6.	Liabilities to employees	111	142 789	67 928	88 424
7.	Liabilities related to social security	112	54 132	33 047	37 289
8.	Tax liabilities and subsidies	113	228 626	118 867	125 730
9.	Other liabilities	114	45 959	45 887	42 257
<b>B.IV.</b>	<b>Short-term financial assistance (241, 249, 24X, 473A,/-/255A)</b>	<b>115</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>B.V.</b>	<b>Bank loans line 117 and line 118</b>	<b>116</b>	<b>0</b>	<b>1 166 825</b>	<b>890 650</b>
B. V.1.	Long-term bank loans	117			
2.	Current bank loans	118	0	1 166 825	890 650
<b>C.</b>	<b>Accruals/deferrals - total (lines 120 to 123)</b>	<b>119</b>	<b>209</b>	<b>24 126</b>	<b>91 288</b>
C. 1.	Accrued expenses - long-term	120			
2.	Accrued expenses - short-term	121	209		17
3.	Deferred income - long-term	122			
4.	Deferred income - short-term	123		24 126	91 271



# Profit-and-loss statement

FINANCIAL PART > PROFIT-AND-LOSS STATEMENT



## > Profit-and-loss statement in EUR

			2008	2009	2010
I.	Revenue from the sale of merchandise (604)	1			
A.	Cost of merchandise sold (504, 505A)	2			
+	<b>Trade margin line 01- line 02</b>	3	0	0	0
II.	<b>Production line 05 + line 06 + line 07</b>	4	8 920 478	6 058 009	6 381 337
II.1.	Revenue from the sale of own products and services (601, 602)	5	9 165 619	6 037 705	6 399 732
2.	Changes in internal inventory (+/- account group 61)	6	-245 141	20 304	-18 395
3.	Own work capitalized (account group 62)	7			
B.	<b>Production line 09 + line 10</b>	8	6 481 178	5 053 789	5 105 249
B.1.	Consumed raw materials, energy consumption, and consumption of other non-inventory supplies (501, 502, 503, 505A)	9	2 992 221	1 490 133	1 176 517
B.2.	Services (account group 51)	10	3 488 957	3 563 656	3 928 732
+	<b>Added value line 03 + line 04 -line 08</b>	11	2 439 300	1 004 220	1 276 088
C.	Personnel expenses total (lines 13 to 16)	12	1 236 681	1 095 848	1 038 686
C.1.	Wages and salaries (521, 522)	13	923 128	810 388	761 560
2.	Remuneration of board members of company or cooperative (523)	14	10 456	9 960	9 960
3.	Social security expenses (524, 525, 526)	15	281 878	248 327	243 689
4.	Social expenses (527, 528)	16	21 219	27 173	23 477
D.	Taxes and fees (account group 53)	17	34 107	51 258	26 291
E.	Amortization and value adjustments to non-current intangible assets and depreciation and value adjust. to property, plant and equipment (551,553)	18	168 161	100 723	110 013
III.	Revenue from the sale of non-current assets and raw materials (641, 642)	19	220 667	51 017	137 311

			2008	2009	2010
F.	Carrying value of non-current assets sold and raw materials sold (541, 542)	20	73 875	60 638	108 595
G.	Creation and reversal of value adjustments to receivables (+/- 547)	21	0	-5 403	9 659
IV.	Other operating income (644, 645, 646, 648, 655, 657)	22	1 837 216	757 814	8 340
H.	Other operating expenses (543, 544, 545, 546, 548, 549, 555, 557)	23	1 820 911	765 153	23 183
V.	Transfer of operating income (-) (697)	24	0	0	0
I.	Transfer of operating expenses (-) (597)	25			
*	<b>Profit/loss from operations</b>	26	<b>1 163 448</b>	<b>-255 166</b>	<b>105 312</b>
VI.	Revenue from the sale of securities and shares (661)	27	106 918	0	0
J.	Securities and shares sold (561)	28	106 918	0	0
VII.	Income from non-current financial assets	29	0	133 460	0
VII.1.	Income from securities and ownership interests in a subsidiary and in a company where significant influence is held (665A)	30	0	133 460	0
2.	Income from other long-term securities and shares (665A)	31			
3.	Income from other non-current financial assets (665A)	32			
VIII.	Income from current financial assets (666)	33			
K.	Expenses related to current financial assets (566)	34			
IX.	Gains on revaluation of securities and income from derivative transactions (664, 667)	35			
L	Loss on revaluation of securities and expenses related to derivative transactions (564, 567)	36			
M	Creation and reversal of value adjustments to financial assets +/- 565	37			157 364
X	Interest income (662)	38	271	175	1 242
N.	Interest expense (562)	39	92 026	55 159	20 890
XI.	Exchange rate gains (663)	40	2 304	1 723	10 425
N.	Exchange rate losses (563)	41	6 517	1 694	11 151
XII	Other income from financial activities (668)	42	230	30 997	20
P.	Other expenses related to financial activities (568, 569)	43	38 855	65 532	21 883
XIII	Transfer of financial income (-) (698)	44			
R.	Transfer of financial expenses (-) (598)	45			
*	<b>Profit/loss from financial activities</b>	46	<b>-134 593</b>	<b>43 970</b>	<b>-199 601</b>
**	<b>Profit/loss from ordinary activities before tax</b>	47	<b>1 028 855</b>	<b>-211 196</b>	<b>94 289</b>
S.	Income tax on ordinary activities line 49+ line 50	48	204 997	2 486	1 930
S.1.	- current (591,595)	49	203 697		
2.	- deferred (+/-592)	50	1 300	2 486	1 930
**	<b>Profit/loss from ordinary activities after tax</b>	51	<b>823 858</b>	<b>-213 682</b>	<b>96 219</b>
XIV	Extraordinary income (account group 68)	52			

			2008	2009	2010
T.	Extraordinary expenses (account group 58)	53			
*	<b>Profit/loss from extraordinary activities before tax line 52 - line 53</b>	54	0	0	0
U	Income tax on extraordinary activities line 56 + line 57	55			
U.1.	- current (593)	56			
2.	- deferred (+/- 594)	57			
*	<b>Profit/loss from extraordinary activities after tax line 54 - line 55</b>	58	0	0	0
***	<b>Profit/loss for the accounting period before tax (+/-) (line 47 + line 54)</b>	59	1 028 855	-211 196	94 289
V	Transfer of net profit/net loss shares to partners (+/-596)	60			
***	<b>Profit/loss for the accounting period after tax (+/-) [line 51 + line 58 - line 60]</b>	61	823 858	-213 682	96 219

# Strategic and financial indicators

FINANCIAL PART » STRATEGIC AND FINANCIAL INDICATORS

## » Strategic indicators

		2006	2007	2008	2009	2010
EBITDA	in EUR	574 410	654 505	1 289 042	-55 314	36 614
Profitability:						
ROA (return on assets)	%	37.00	54.00	13.25	-3.91	-1.95
ROE (return on equity capital)	%	12.60	15.80	22.87	-7.65	-4.81
Return on sales	%	3.00	3.90	8.68	-3.51	-1.48
Return on costs	%	3.00	4.00	8.19	-2.95	-1.45
Current liquidity		1.36	1.43	2.12	1.94	1.66
Total debt	%	69.00	64.00	42.00	48.00	58.00
Interest coverage ratio		8.09	8.66	12.18	-2.80	-3.50
Solvency ratio	%	29.60	34.40	58.00	51.00	0.00
Average collection of receivables	v dňoch	254	216	176	262	252
Turnover of inventory	v dňoch	15	12	5	5	4

## › Financial indicators

		2006	2007	2008	2009	2010
Total revenues (except for reserves)	in EUR	8 010 257	8 423 548	11 088 084	7 033 195	6 538 675
Total expenses (except for tax)	in EUR	7 892 717	8 010 754	10 264 226	7 246 877	6 634 894
Turnover	in EUR	7 930 592	8 271 324	8 920 478	6 058 009	6 381 337
Revenues from sales in total	in EUR	7 834 097	8 219 417	9 165 619	6 037 705	6 399 732
thereof:						
revenues from sales of goods		136 361	2 096	0	0	0
revenues from sales of own prod. and serv.		7 697 736	8 217 321	9 165 619	6 037 705	6 399 732
Changes in internal inventory (+/- account group 61)		96 495	51 907	-245 141	20 304	-18 395
Production	in EUR	7 794 231	8 269 228	8 920 478	6 058 009	6 381 337
revenues from the services						
Added value	in EUR	2 065 956	1 790 347	2 439 300	1 004 220	1 276 088
Pre-tax profit	in EUR	306 781	412 794	1 028 855	-211 196	-94 289
After-tax profit	in EUR	239 578	323 887	823 858	-213 682	-96 219
Assests in total	in EUR	6 443 670	5 965 843	6 215 570	5 467 126	4 941 475
thereof:						
long-term assets		468 532	612 926	820 147	532 696	285 915
short-term assets		5 809 434	5 225 354	5 346 522	4 896 792	4 602 452
Receivables (current+non-current)		5 472 349	4 923 156	4 572 675	4 374 334	4 521 001
Financial accounts		21 808	22 340	632 429	441 580	11 971
Share capital and liabilities in total		6 443 670	5 965 843	6 215 570	5 467 126	4 941 475
thereof:						
share capital	in EUR	1 906 194	2 053 210	3 602 319	2 792 208	2 004 038
liabilities	in EUR	4 460 566	3 826 163	2 613 042	2 650 792	2 846 149
Average number of employee		96	57	61	55	54



# Auditor's Report and Statement of the Supervisory Board

FINANCIAL PART > AUDITOR'S REPORT



## > Statement of the Supervisory Board

The Supervisory Board has reviewed the annual closing of books of NEVITEL, a. s. for the year of 2010 and states that it was carried out according to the law of accounting in force. Account reports and other legal grounds within the regular closing of books are complete, and indicated data for the year ended December 31, 2010 veraciously reflect the results of the management.

The Supervisory Board states that the regular closing of books has been examined by KPMG Slovensko spol. s r.o., license SKAU n. 96. After obtaining the audit report, the Supervisory Board affirms the management results.

In accordance with the above mentioned facts, the Supervisory Board of NEVITEL, a. s. submits the annual closing for the year 2010 to the General Meeting for confirmation as well as the proposal of the company's economic results settlement for the year 2010 submitted by the Board of Directors.

Ing. Vincent Mikolai  
*Chairman of the Supervisory Board*

In Dunajská Streda, 20. 04. 2011

## > Independent Auditor's Report

To the Shareholders  
and Management of NEVITEL, a. s.:

We have audited the accompanying financial statements of NEVITEL, a. s. ("the Company"), which comprise the balance sheet as at 31 December 2010, the income statement for the year then ended, and the notes to the financial statements.

### *Management's Responsibility for the Financial Statements*

Management as represented by the statutory body is responsible for the preparation of financial statements that give a true and fair view in accordance with the Slovak Act on Accounting and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

### *Auditor's Responsibility*

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on our judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk

assessments, we consider internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

### *Opinion*

In our opinion, the financial statements present fairly, in all material respects, the financial position of the Company as at 31 December 2010 and its financial performance for the year then ended in accordance with the Slovak Act on Accounting.

28 March 2011  
Bratislava, Slovenská republika

Auditing company:  
KPMG Slovensko spol. s r.o.  
License SKAU No. 96

Responsible auditor:  
Ing. Ľuboš Vančo  
License SKAU No. 745





# Contacts

## » Head Office

Kračanská cesta 40  
929 01 Dunajská Streda  
Tel.: 00421 31 590 21 11  
Fax: 00421 31 551 64 11  
Email: [nevitel@nevitel.sk](mailto:nevitel@nevitel.sk)  
[www.nevitel.sk](http://www.nevitel.sk)

## » Branch Offices

**Branch Office  
Dunajská Streda**  
Kračanská cesta 40  
929 01 Dunajská Streda  
Tel.: 00421 31 590 21 11  
Fax: 00421 31 551 64 11

**Branch Office  
Košice**  
Hutnícka 1  
040 01 Košice  
Tel.: 00421 55 799 6401  
Fax: 00421 55 799 6402

**Branch Office  
Banská Bystrica**  
Rudlovská 53  
974 01 Banská Bystrica  
Tel.: 00421 48 417 2220  
Fax: 00421 48 417 2230