

ANNUAL REPORT

2012

NEVITEL, a.s.



1	INTRODUCTION	2
	MAJORITY SHAREHOLDER'S LETTER	2
	GENERAL DIRECTOR'S LETTER	3
2	ABOUT NEVITEL, a.s.	4
	NEVITEL, a.s.	5
	COMPANY SHAREHOLDERS	
	AND MEMBERS OF CORPORATE BODIES	6
	NEVITEL GROUP	6
	PROJECTS	7
	FULFILMENT OF OBLIGATIONS	7
	KEY PERFORMANCE INDICATORS	8
	SELECTED INDICATORS	10
	ORGANISATION STRUCTURE	11
	COMPANY MANAGEMENT	12
3	TELECOMMUNICATIONS MARKET	14
	BUSINESS ENVIRONMENT	15
	COMPANY MARKET POSITION AND RATING	17
4	YEAR 2012	18
	ASSESSMENT OF YEAR 2012	19
5	BUSINESS RELATIONS	22
	A RELIABLE PARTNER FOR OUR COSTUMERS	23
	PARTNERSHIP WITH SUPPLIERS	23
6	EMPLOYEES	24
	HR POLICY	25
7	QUALITY AND SOCIAL RESPONSIBILITY	28
	CODE OF ETHICS	29
	OCCUPATIONAL HEALTH AND SAFETY	29
	ENVIRONMENT	30
	QUALITY	31
8	FINANCE	32
	BALANCE SHEET	34
	FINANCIAL STATEMENT	38
	INDEPENDENT AUDITOR'S REPORT	40
	APPENDIX TO THE AUDITOR'S REPORT	
	CONCERNING THE COMPLIANCE	
	OF THE ANNUAL REPORT WITH THE BOOK CLOSING	41
	NEVITEL'S SUPERVISORY BOARD'S COMMENTS	43
	NOTES	44

1. INTRODUCTION

MAJORITY SHAREHOLDER'S LETTER

Dear Business Partners,
Employees and Friends,



majority
shareholders's
letter

Company owners must often rely on their managers. There are many reasons why they do so. The managers are usually chosen by the owners, and together they try to reach the best possible results for the company in the given business environment. These efforts, however, are not always successful. Since the last recession, NEVITEL, a.s. has been trying to adjust to the new market conditions. Each year, the number of customer orders reduces and potential margins are cut thanks to electronic auctions and intensive competition. The rule, "only the strongest survive" also applies to the telecommunications business. The positive point however, is that unlike in other areas, there is an ever-increasing number of opportunities and challenges in this market. It is up to us to be able to recognise them and use them to our advantage.

To deal with these challenges, new managers have been appointed in NEVITEL, a.s. since 1st January, 2013. By appointing these new managers, the owners have retained a greater influence on company's everyday life. I believe that we will be able to survive through the difficult years that we are currently facing and remain true to who we declare ourselves to be: a key supplier and operator for the telecommunications infrastructure for telecommunications operators and other telecom infrastructure owners in Slovakia and other Central European states.

I wish much success to our employees and good profits to our business partners in 2013.

A handwritten signature in blue ink, consisting of a large, stylized 'N' followed by a series of loops and a final vertical stroke.

Ing. Alexander Néveri
majority shareholder

GENERAL DIRECTOR'S LETTER

Ladies and Gentlemen,

Since the moment when France Telecom, the first foreign investor to become involved in the field of GSM mobile networks in Slovakia for over 20 years, entered the Slovak market NEVITEL, a.s. has been one of the leading and best-established partners for the key players in the Slovak telecommunications market.

NEVITEL is the only incorporated company with almost twenty years of experience in the Slovak telecommunications market that has been actively involved in the operation and maintenance of the telecommunications infrastructure covering both the fixed and mobile networks. The company has concluded long-term framework contracts with all of the operators currently active in Slovakia. Moreover, NEVITEL has become part of a consortium in order to provide framework-contract-based services to a key operator in the Czech Republic. The company has an ambitious and professional team of employees and relies on cooperation with its wide sub-supplier base. Its stable financial background is the result of the company's own sources and the sources provided by a financial institution, which has believed in NEVITEL, a.s. from the very beginning of its existence.

The company remains optimistic despite the ever-changing situation concerning development and project management in the current telecommunications market. The company has valuable, long-term professional experience and language competence. Thanks to its partnership with companies of a similar type in the Visegrad Four countries (the Czech Republic, Slovakia, Hungary and Poland) and Austria, NEVITEL, a.s. is trying to strengthen its position in the Central European region.

I am convinced that material and moral values of our company will go beyond the expectations of our partners, employees and telecommunication service users.



general
director's
letter

A stylized, handwritten signature in blue ink, reading 'Néveri Varagya'.

Mgr. Szilvia Néveri Varagya
general director

2. ABOUT NEVITEL, a.s.



NEVITEL, a.s.

NEVITEL, a.s. is engaged in the development and maintenance of infrastructure for telecommunications operators and in supplying telecommunications and IT companies. The company provides the design and construction of telecommunications base stations, radio nodes, telecommunications lines and data centres, and the installation of technologies. It also provides engineering activities and the maintenance of mobile and fixed line networks and data networks.

Our vision is to be a preferred partner of all major companies operating in the telecommunications and IT market and dealing with the design, construction and maintenance of telecommunications infrastructures; to provide companies with high-quality services aimed at the provision of long-term mutually beneficial cooperation; to be a group of professionals able to monitor the needs of its partners and introduce new and valuable design proposals.

Nevitel

The mission of NEVITEL, a.s. is to give telecommunications operators and their partners – technological companies and system integrators – assistance in the construction and maintenance of functioning and trouble-free network infrastructures that enable them to provide high-quality services to their clients.

Values:

- Customer satisfaction – quality of supplies and services guaranteed by our goodwill
- Material, intellectual and market value of the enterprise
- The environment – high-quality supply and services performed in an environmentally friendly manner
- Employees who are proud to be a part of the NEVITEL, a.s. team

Our strategy is to constantly develop activities and procedures and make positive efforts to meet the needs of our customers; to increase the efficiency and level of our employees' professional skills and motivate our employees to high performance; to strengthen our position in the market by increasing our market share with an emphasis on high-quality and efficient activities.



COMPANY SHAREHOLDERS AND MEMBERS OF CORPORATE BODIES

company shareholders and members of corporate bodies

-  Board of Directors
 Mgr. Szilvia Néveri Varagya – Chairwoman of the Board of Directors and General Director as of 1st Jan., 2013
 Ing. Július Varga – Deputy Chairman of the Board of Directors and Director of Client and Business Department
 Ing. Ildikó Manczalová – Chairwoman of the Board of Directors and General Director till 31st Dec., 2012.
-  Supervisory Board:
 Ing. Juraj Kočíško – Chairman of the Supervisory Board as of 1st January, 2013
 Ing. Vincent Mikolai – Member of the Supervisory Board
 Ing. Judit Bögi – Member of the Supervisory Board
 Ing. Gustáv Pálos – Member of the Supervisory Board from 27th Dec., 2000 till 1st January, 2013
-  Shareholders' interest in the company capital
 Ing. Alexander Néveri 100 %

The company shares are not traded in any market.






In 2012, the company did not acquire any own shares or interim certificates.

NEVITEL GROUP


nevitel group

NEVITEL, a.s. is the parent company of the NEVITEL Group. Its subsidiaries were established in order to streamline workflows and separate activities. Cooperation between the parent company and its subsidiaries is based purely on business principles and in accordance with market conditions.

Nevitel Group's subsidiaries:

	Nevitel UK, Ltd.	100%
	Nevitel Hungary, Kft.	100%
	PlanNev, s.r.o.	85%
	NEVITEL VÝSTAVBA, s.r.o.	68,1%
	NEVITEL SOLUTIONS, s.r.o.	51%

Enterprises with substantial influence:

	MEDIAL Net, s.r.o.	28,57 %
---	--------------------	---------

In 2012, the accounting entity (NEVITEL, a.s.) did not have any foreign sections. The company's section NEVITEL, a.s., registered office: Pod Agáty 169/60, Velká Chuchle, 159 00 Praha 5, was established on 16th Sep., 2013.

PROJECTS

In the above year, the following projects were carried out for the Nevitel's key customers:

- 1 Slovak Telekom, a.s. (mobile network):**
 Acquisitions and engineering and design activities related to 54 facilities/buildings;
 Implementation work concerning 213 telecommunications points;
 Preventive inspections of steel structures concerning 64 telecommunications points.
- 2 Slovak Telekom, a.s. (fixed network):**
 Regular work related to network and customer equipment maintenance in the assigned area;
 Construction of FTTH networks in Šaľa and Dunajská Streda;
 Comprehensive implementation of external and internal network systems of the optical cable infrastructure;
 Connecting customers as part of the MagioSat project.
- 3 Telefónica O₂ Slovakia, s.r.o.**
 Acquisitions and engineering and design activities related to 150 facilities/buildings;
 Implementation work concerning 209 telecommunications points.
- 4 Orange Slovensko, a.s.**
 Acquisitions and engineering and design activities related to 18 facilities/buildings;
 Implementation work concerning 96 telecommunications points;
 Audit of mobile network parameters.

projects

FULFILMENT OF OBLIGATIONS IMPOSED BY THE STATE AND OTHER ORGANISATIONS

NEVITEL, a.s. observes all of its obligations imposed by the state and other organisations in a due and timely manner. The company pays particular attention to the payment of employees' wages and contributions to social, health care and national retirement funds. NEVITEL, a.s. takes a very responsible approach to the payment of all types of taxes that the company is required to pay. No bankruptcy proceedings have been initiated against the company and it is neither bankrupt nor in liquidation. The fulfilment of the company's obligations towards its suppliers is the key prerequisite for its stable and functioning supplier-customer relations. The company has entered into insurance policies with well-known insurance companies in order to cover the risks of damage to property and liability to damages.

fulfilment
of obligations
imposed
by the state
and other
organisations

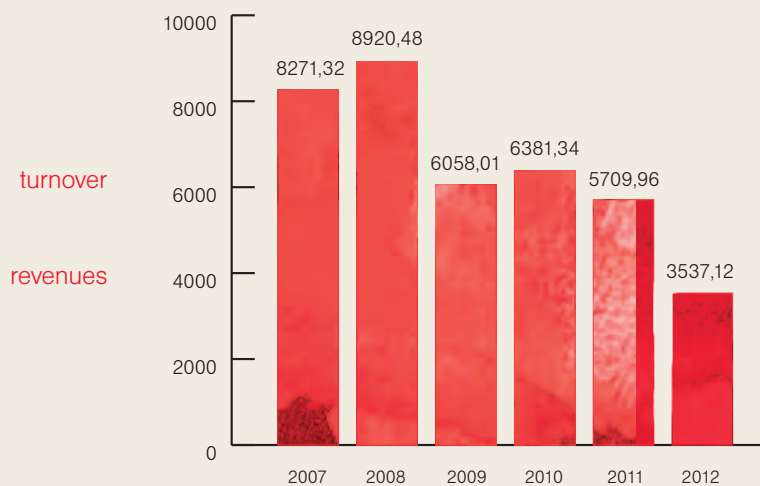
In 2012, NEVITEL, a.s. did not fund any research or development.

KEY PERFORMANCE INDICATORS (EUR thousands)

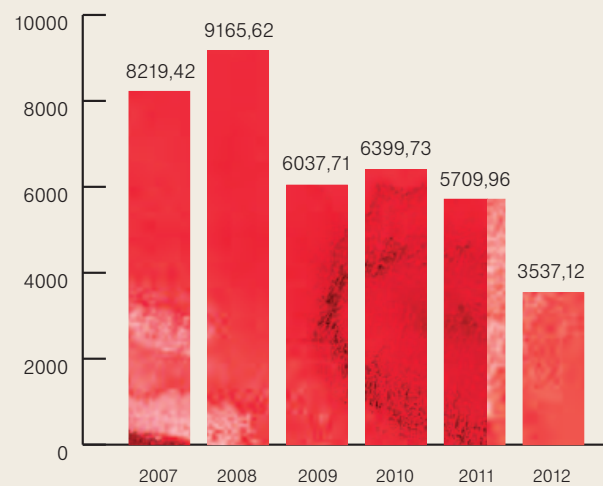
key
performance
indicators

	2008	2009	2010	2011	2012
Turnover	8.920,48	6.058,01	6.381,34	5.709,96	3.537,12
Revenues	9.165,62	6.037,71	6.399,73	5.709,96	3.537,12
Added value	2.439,30	1.004,22	1.276,09	1.168,85	781,80
EBITDA	1.289,04	-55,31	36,61	-3,55	10,28
Revenue from the 3 key operators	8.100,20	5.622,32	5.556,95	3.653,54	3.338,75
Number of mobile network-related projects	547	368	429	326	441
Number of mobile network-related projects	7.888,57	4.367,85	4.227,49	2.544,52	2.448,50
Average revenues per major costumer order	14,42	11,87	9,85	7,81	5,55

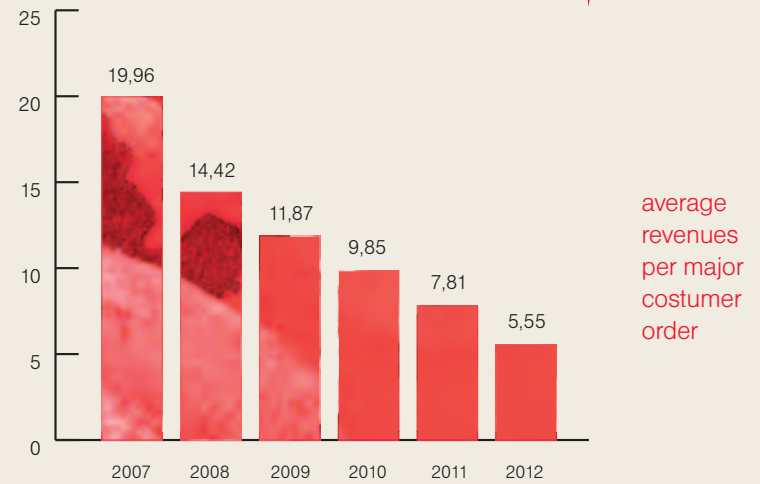
Turnover



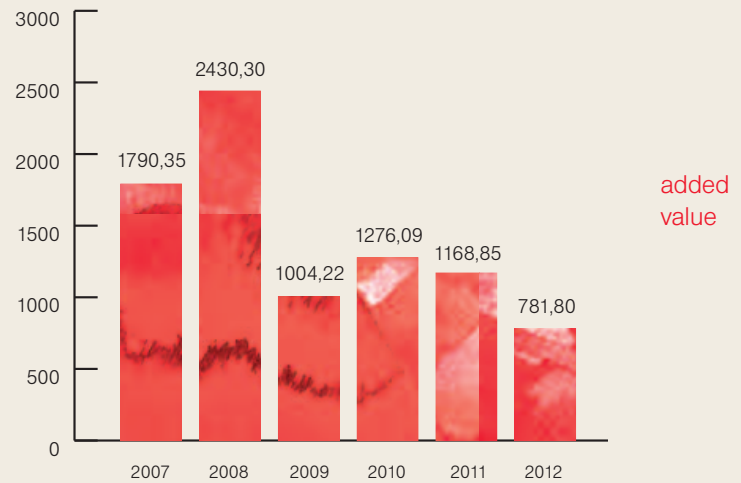
Revenues



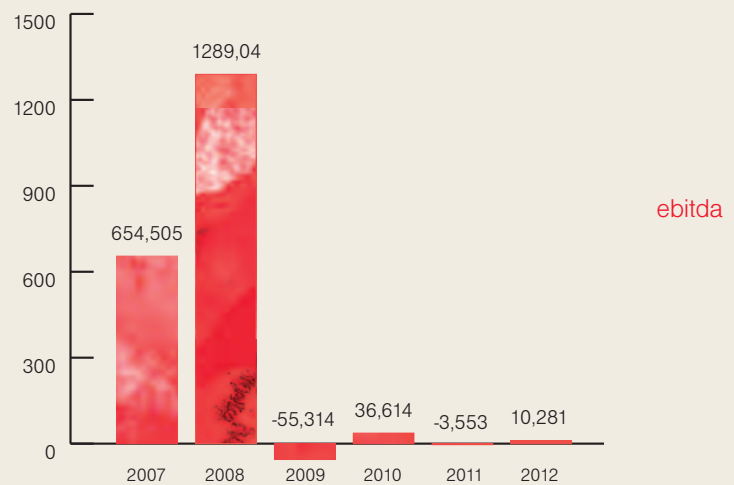
Average revenues per
major costumer order



Added value



EBITDA



SELECTED INDICATORS

selected
indicators

Selected indicators (EUR)	2007	2008	2009	2010	2011	2012
Total income (provision excluded)	8.423.548	11.088.084	7.033.195	6.538.675	5.807.395	3.683.425
Total cost (tax excluded))	8.010.754	10.264.226	7.246.877	6.634.894	5.940.714	3.765.348
Turnover (return on the sales of goods and products)	8.271.324	8.920.478	6.058.009	6.381.337	5.709.962	3.537.120
Added value	1.790.347	2.439.300	1.004.220	1.276.088	1.168.847	781.800
EBITDA (profit before interests, tax and depreciation)	654.505	1.289.042	(55.314)	36.614	(3.553)	10.281
Profit/loss before tax	412.794	1.028.855	(211.196)	(94.289)	(133.319)	(81.923)
Profit/loss after tax	323.887	823.858	(213.682)	(96.219)	(115.546)	(81.933)
Total asset	5.965.843	6.215.570	5.467.126	4.941.475	4.409.962	3.920.546
Total account receivable	4.923.156	4.572.675	4.374.334	4.521.001	4.136.998	3.724.294
Total liabilities	3.826.163	2.613.042	2.650.792	2.937.420	2.597.546	2.255.197
Average number of employees	57	61	55	54	55	35

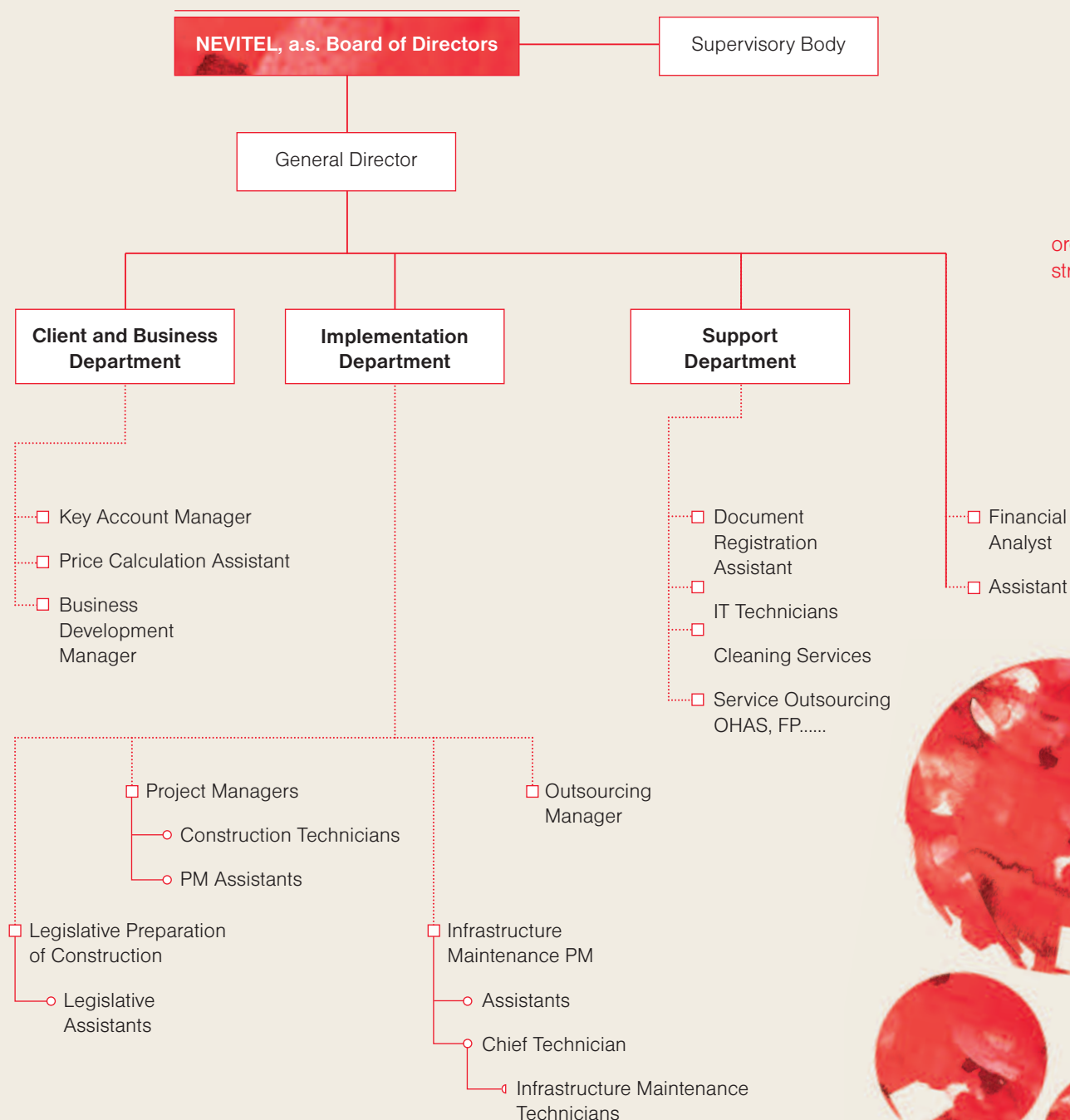
EBITDA margin %	7,8	11,6	(0,8)	0,6	(0,1)	0,3
ROA (Return on Assets) %	5,4	13,3	(3,9)	(2,0)	(2,6)	(2,1)
ROS (Return on Sales) %	3,9	9,0	(3,5)	(1,5)	(2,0)	(2,3)
Total liquidity	1,37	2,05	1,94	1,66	1,62	1,68
Total deb (%)	64,13	42,04	48,00	58,00	58,90	57,52
Solvency ratio (%)	34,42	57,96	51,00	40,56	41,10	42,48
Average collection period for trade receivables (days)*	212	123	164	198	167	225
Average collection period for trade liabilities (days) **	66	67	56	85	83	93

The 2012 financial result, i.e. the loss of EUR 81,933.00, was balanced out by its transfer to the following account upon the decision of NEVITEL's only shareholder made on 15th May, 2013: 429 – Outstanding losses from previous years.

*Average debt collection period = Trade accounts receivables, balance sheet, line No. 047 / Total revenues * 365

** Average liability payment period = Trade accounts payables, balance sheet, line No. 107 / Costs, tax excluded * 365

ORGANISATIONAL STRUCTURE



organisational
structure

COMPANY MANAGEMENT

Ing. Alexander Néveri, Company founder and owner

In 1986, Néveri completed his studies in the Technical Operation of Telecommunications at the Technical College of Transport and Communications in Žilina. For six years, he worked for Slovenské Telekomunikácie, where he held various positions related to the operation and maintenance of district-level telephone exchanges and networks.

In 1991, he founded the company NEVITEL as a self-employed person, and in 1996 he changed its legal form into a limited company. In 2001, the limited company was transformed into NEVITEL, a.s., a joint-stock company, of which he was initially a majority and later the only owner. He took up the positions of Managing Director/Executive, General Director and the Chairman of the Board of Directors in the above companies. As someone who is actively engaged in a range of social affairs, he has founded several non-profit organisations and supported the domestic civil sector. When he was elected the mayor of Veľký Meder, he entrusted the company's new managers with the management of NEVITEL, a.s. However, he has remained the company owner and his participation in the specification of company strategy, objectives and direction is still substantial.

Mgr. Szilvia Néveri Varagya, General Director

Mgr. Varagya studied at the Comenius University in Bratislava. Following the completion of her studies, she worked, among others, for the Ministry of Construction and Regional Development of the Slovak Republic. Thanks to a Robert Bosch Stiftung grant, she worked in Berlin at the Federal Ministry of Transport, Building and Urban Development and the Press Office of the Federal Government of Germany. She has worked for NEVITEL, a.s. since 1st January, 2013 as the chairperson of its board of directors and general director.

Ing. Július Varga,

Director of the Client and Business Department

Varga completed his studies at the Electrical Engineering Faculty, Technical University in Bratislava in 1989. From the completion of his studies to the end of 1998, he held various positions such as IT administrator, telecommunications technician, project manager and technical director.

He started to work for NEVITEL, a.s. in 2007 as its Business Development Manager. From August 2008 to July 2011, he simultaneously held the office of Chief Executive Officer and Business Director. He has been a member of the Board of Directors since December 2008. Since July 2011, he has been the Business Director and is responsible for the development of company business strategy.

Ing. Peter Simon, Director of the Implementation Department

Simon studied at the Faculty of Civil Engineering, Slovak University of Technology in Bratislava in 1999. Following the completion of his studies, he started working as a telecommunications station designer for NEVITEL, a.s. In order to gain international experience, he took a break from his work for the company in 2004. He worked for a short time in Sweden, then went to New Zealand, where he worked as a design engineer.

When he returned to Slovakia, he returned to NEVITEL, a.s. and since September 2011, he has been the Director of the Implementation Department.

Mgr. Szabolcs Horváth, Director of the Support Department

Horváth completed his studies in Mathematics and Information Technology at the Faculty of Natural Sciences of Constantine the Philosopher, Nitra University. In 2000, he started working for NEVITEL as a member of its IT group. Later on, he became the group leader and, in 2002, he was appointed the Head of the Information Technology Department. In 2006, he was appointed the Director of the Support Department.



3. TELECOMMUNICATION MARKET



NEVITEL, a.s. is a stable and strong player in the telecommunications market. The company constantly adjusts its services to the needs of its business partners, the satisfaction of which is its priority. Even though the telecommunications market has been experiencing difficulties due to the above-mentioned recession, Nevitel has remained a preferred partner of the key mobile operators in the Slovak republic, thanks to its high level of performance and long-term professional experience.

BUSINESS ENVIRONMENT

The situation in the Slovak telecommunications market has been worsening since 2008. Last year the operator's annual revenues reduced by more than 4%. Economic developments and regulation, mostly in the form of roaming prices and termination fees, have substantially influenced operators' revenues.

Mobile operators mostly focus on services related to data transfer (for instance, the mobile phone internet). That was the reason why, in 2012, they were mostly working on the modernisation of their infrastructures with the goal of providing effective data transfer. In Slovakia, we only met top-speed mobile broadband in the form of trial operations covering very small areas, even though the implementation of LTEs has become routine everywhere else in the last two years, where it is offered in different bands and versions, e.g. FDD and TDD.

In relation to the above broadband services, Orange Slovensko, for example, announced in spring 2012 its future investments in its mobile and fixed networks to the amount of a minimum of 50 million Euros. Of that amount, Orange Slovensko plans to invest 30% in the innovation of mobile data technologies (LTE network excluded), 20% in voice services and coverage and 30% in efficiency improvements and the transformation of the second-generation networks. The remaining 20% of the above investments were planned to be used for new projects related to business customers and service improvements through the installation of an optical network infrastructure.

In 2012, Slovak Telekom showed another in a series of decreases (this time over 5%) in the number of fixed lines used. At the same time, however, the number of broadband accesses increased by about 3.5% and the number of customers using Slovak Telekom's digital television service grew by 12%.

Slovak and foreign key telecommunications operators talk openly about the outsourcing of services to technological partners. This mainly includes infrastructure development and maintenance.

The most active players in this field are the multinational companies that have been working for some time on the takeover of operator responsibilities related to this area. This trend mainly relates to the development of LTE networks and their subsequent maintenance. For other than key telecommunications companies this would, however, result in the loss of their direct contact with mobile operators. The partnership with large technological companies could lead to the bankruptcy of domestic suppliers due to the price-related pressure they are exposed to.

The goal of NEVITEL, a.s., the biggest strength of which is its reliable, almost twenty-year partnership with key market players, is to make the quality of work as important as prices. A high quality of work and precise solutions go against the extreme price-related pressure applied by large enterprises. NEVITEL, a.s. looks to quality and partner satisfaction as its priorities.



MARKET POSITION AND RATING

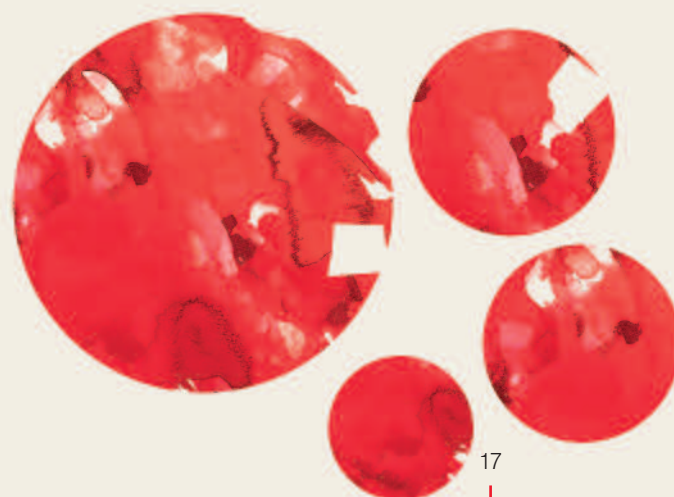
NEVITEL, a.s. is seen as an important partner to all three mobile operators, building their telecommunications facilities and performing technological and non-technological maintenance of the network infrastructure across the whole of Slovakia. The leading telecommunications operators see NEVITEL, a.s. as one of their key partners in the West Slovakia region and an important partner in activities carried out in the remaining Slovak regions. As regards cooperation with Slovak Telekom, a.s. (fixed lines), our company was stated to be one of its 2012 strategic partners in the territory agreed.

At the end of 2012 it was decided that NEVITEL, a.s. would continue its cooperation with Telefónica Slovakia in the Slovak territory based on their framework contract extension. Moreover, NEVITEL, a.s. concluded a long-term contract for the development of Telefónica's network in the Czech Republic, based on the consortium it had established with a partner in this country. Thus, the company has become one of the leading suppliers for the above telecommunications enterprise in Slovakia and the Czech Republic.

We have a well-established long-term partnership with the key mobile operators in Slovakia. This is proven by our 25% share in the Slovak market.

Thanks to our partnership with Telefónica Slovakia we have reached a 50% share in the Slovak market and 15% share in the Czech market in the field of mobile networks. Moreover, our business partnerships with Slovak Telekom, a.s. and Orange Slovakia have brought us a 15% and 7% market share, respectively.

market
position
and rating



4. YEAR 2012



ASSESSMENT OF YEAR 2012

Client and Trade-Related Activities

assessment
of year 2012

For the Client and Trade Division, 2012 was the time to search for new activities. At that time, the attention of our business development managers focused on one of the biggest planned projects related to the development of telecommunications infrastructures designed to cover the places with no network coverage from European sources. The above project was implemented under the umbrella of the National Agency for Networking and Electronic Services (Národná agentúra pre sieťové a elektronické služby – NASES). This intention has been of great importance for those citizens living in areas with limited telecommunications signals. This will enable them to use the services of telecommunications operators and help improve the standard of living in such areas. Being a leading member of a supplier consortium, we have prepared a project for public procurement purposes. The NASES's decision to cancel the given public procurement for Design and Engineering Services based on Public Procurement Office's initiative would, indeed, not stop us from fulfilling our company's ambitions around telecommunications in order to help to improve the standard of living in these areas.

At the end of 2012, we concluded another 3-year cooperation contract of great significance based on a development and extension tender which we won. We were also successful in a similar tender in the Czech Republic. The goal of this tender was to provide comprehensive services that would lead to improved coverage and reconfiguration of the base stations forming part of the wireless network of Telefónica Czech Republic, a.s. and Telefónica Slovakia, s.r.o. for the period 2013–2015. Thanks to this success, we have become its number one supplier.

client
and
trade-related
activities

New business opportunities and our establishment in other, predominantly technological, areas and telecommunications infrastructure maintenance and servicing have remained our main priority in connection with the diversification of revenues for the future. Our department's task and ambition is to provide the revenues required to assure the company's further growth and to become a stable and preferred partner for the key players in the Slovak and Central European telecommunications sector.

Implementation

When looking at implementation activities, 2012 was a year of reorganising our own capacities and searching for new supplier groups in order to increase efficiency.

The above reorganisation has resulted in a 35% internal cost reduction. In order to enhance our market competitiveness and to increase effectiveness, our working practices have been harmonised and optimised. We also managed to reduce the operating costs of the division while maintaining project orientation and placing great emphasis on the management of the quality of the project team's work.

Our division constantly tries to reflect the priorities of our business partners: service quality of and fair implementation costs. In 2012, a new implementation unit was established which was involved in the development of GSM stations and the predominantly specialised (e.g. optical welding) activities carried out for ST Fix. Due to the reduction in receivables, we tried to reduce the number of unit employees at the end of the year, and the unit activities were outsourced.

Another interesting project was the rerouting of the existing telecommunications networks for HB-Reavis Management in Bratislava.

The year 2012 can be considered to have been demanding, yet successful, for the implementation division. It has been proven once again that our professional team is able to compete, even with foreign companies.

implementation

Supporting Activities

Last year, we optimised the processing of documents in our workflow system. This system is also used to electronically authorise invoices, orders and incoming mail. This resulted in our ability to promptly and flexibly react to our partners' requirements. We are able to monitor our capacities online and promptly deploy our capacities in emergency situations based on the needs of our business partners.

In 2012, our GPS system which monitors the movement of vehicles was updated, which helped us to reduce administrative costs and the administrative burden and to make the use of the car fleet more effective.

Environmental protection is another of our priorities. Whenever possible, we use recycled paper. We have also reduced the number of printouts produced. This step has been important from both the economic and the environmental point of view.

supporting
activities



5. BUSINESS RELATIONS



A RELIABLE PARTNER FOR OUR CUSTOMERS

Our company is proud of being an important, reliable and long-term term supplier of the key telecommunications operators in Slovakia. Moreover, NEVITEL, a.s. is a reliable partner of some alternative operators in the Slovak market.

Key customers:

The largest telecommunications operators in the Slovak market:

Orange Slovensko, a.s.

Slovak Telekom, a.s. (fixed and mobile network)

Telefónica O2 Slovakia, s.r.o.

Real-estate agencies:

HB REAVIS MANAGEMENT, s.r.o.

a reliable
partner
for our customers

PARTNERSHIP WITH SUPPLIERS

Since its establishment, the company has been strengthening and improving business relationships with its suppliers.

NEVITEL, a.s. has concluded partnership and framework contracts governing its successful cooperation with the majority of its business partners.

In 2012, the company's subsidiaries were also amongst its major suppliers. NEVITEL, a.s. appreciates its cooperation with its long-term suppliers who are familiar with its requirements related to high quality and timely work performance.

partnership
with suppliers

6. EMPLOYEES



HUMAN RESOURCES POLICY

Throughout its twenty years of existence, NEVITEL, a.s. has always relied on the professionalism, ambition and loyalty of its employees. This fact has also been reflected in the company's human resources policy, which is based on an effort to provide employees with suitable working conditions, a pleasant working atmosphere and further potential training and education.

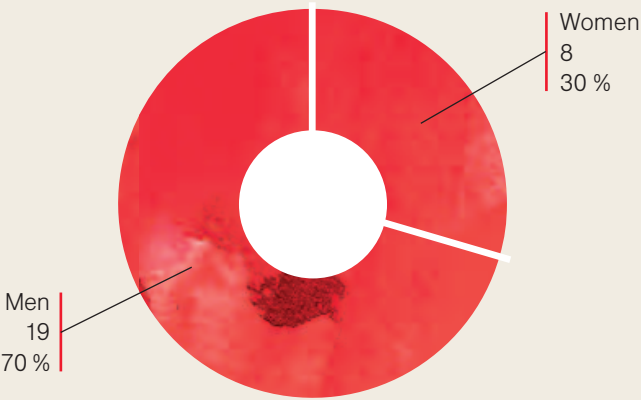
The professional, reliable and high quality work of an individual forming part of a work team represents a great competitive advantage compared to other companies in the current difficult economic conditions. Great attention has been therefore paid to the maintenance and monitoring of the work climate and employee satisfaction while focusing on their performance. It is equally important to monitor the situation in the labour market in order to engage the new and prospective generation.

The company has undertaken long-term cooperation with secondary schools and universities, mainly those with a technical, electronic and economic orientation. Each year, NEVITEL, a.s. gives talented and strong-minded young people, who may later become the company's long-term employees, special work experience.

human
resources
policy

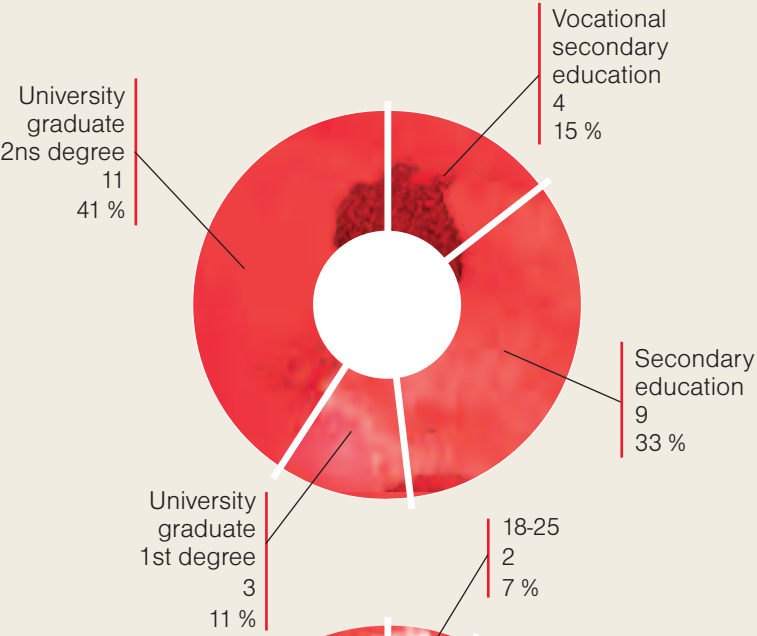
employee structure

Employee structure			
Men	19	70 %	
Women	8	30 %	
All	27	100 %	



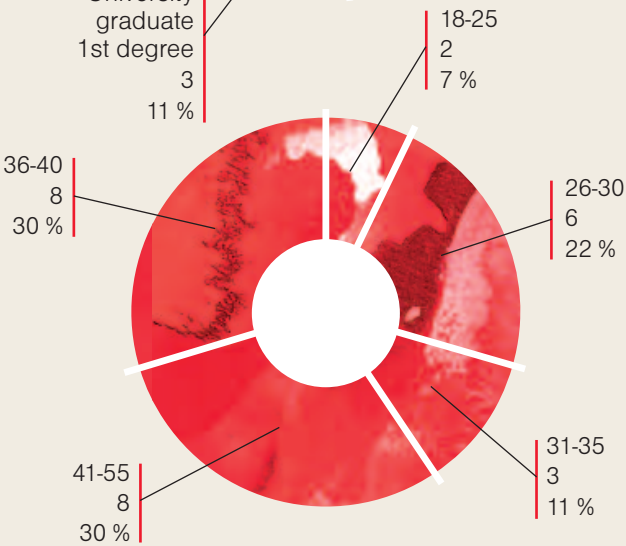
breakdown of employees by the completed level of education

Breakdown of employees by the completed level of education			
Elementary education	0	0 %	
Vocational secondary education	4	15 %	
Secondary education	9	33 %	
University graduate 1st degree	3	11 %	
University graduate 2nd degree	11	41 %	
All	27	100 %	



employee age structure

Employee age structure			
18-25	2	7 %	
26-30	6	22 %	
31-35	3	11 %	
36-40	8	30 %	
41-55	8	30 %	
56 and more	0	0 %	
All	27	100 %	



Almost half of the company employees have completed university studies involving a first or second degree. In addition, the employees have been continuously motivated to take part in special training courses and other training formats that contribute to their personal growth and will help NEVITEL, a.s. to be better prepared to overcome the challenges of the dynamically changing telecommunications sector.



7. QUALITY AND SOCIAL RESPONSIBILITY



CODE OF ETHICS

The 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 complied with the Code. It contains recommendations and information relating to day-to-day work in the company. A 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 its 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 the fair and successful conduct of business. In relation to all stakeholders, we are aware of the corporate social responsibility which is linked to our business, and we assume moral responsibility for the consequences of our decisions and conduct.

code of ethics

The Code of Ethics details the obligation of each employee:

- ➊ to behave in a fair and honest manner,
- ➋ to respect his colleagues and apply the principles of mutual trust and cooperation,
- ➌ to behave like a team, as far as possible,
- ➍ to be aware that, by his personal conduct, he represents his company,
- ➎ to uphold the principles of commercial and business ethics,
- ➏ to remember that service to the customer is the highest value,
- ➐ 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.

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

OCCUPATIONAL HEALTH AND SAFETY

Occupational health and safety is a key aspect of all of the company's activities. A system of occupational health and safety management has been introduced in NEVITEL, a.s. based on voluntary international standards such as the British BS 8800 or the Association of Certification Bodies OHSAS 18000 standard. The implementation of such effective management system in NEVITEL, a.s. was based on the international MOP directive/guideline of 2001 concerning occupational health and safety management systems. The company's effectiveness is continuously evaluated and checked. Moreover, internal audits of the occupational health and safety management system are carried out each year. The performance of corrective and preventive actions also forms part of management activities in any given field. The occupational health and safety management system was mainly introduced in order to continuously improve the quality of OHS, the working environment and working conditions.

OHAS

ENVIRONMENTAL POLICY

When constructing telecommunications points in non-urban areas (e.g. in the countryside or protected areas) it is extremely important to ensure that the extent of the intervention in the environment is as limited as possible.

environmental policy

The environment is always taken into consideration by NEVITEL, a.s. The requirements arising from the ISO 14001:2004 standard have been applied in the company since 2009. Moreover, its compliance with the above requirements was confirmed by a certificate issued in December 2009.

Throughout 2010, both management systems of the integrated management process were introduced.

Also the requirements of the OHSAS 18001 standard have been applied in the company's management system. This also represented the reality of 2012.

The company's observance of the STN EN ISO 14 001 standards is subject to regular internal audits.



QUALITY

The priorities of NEVITEL, a.s.:

- satisfied customers, the prerequisite of which is to listen to them and offer them solutions corresponding with their individual needs,
- responsible business and high-quality solutions and services proved by European quality management certificates ISO 9001:2008 and ISO 14001:2004,
- innovations.

quality

Since 2002, an integrated and effective quality management and control system has been in place at NEVITEL, a.s. In 2003, the company's quality management system was certified by the renowned DET NORSKE VERITAS in accordance with the ISO 9001: 2000 standard. In 2009, the quality management system was successfully re-certified as per the ISO 9001:2008 standard. The areas of certificate application: design and construction of telecommunications base stations and linear radio structures, engineering activities, technology installation, maintenance of mobile and landline telephone networks; delivery, assembly and servicing of telecommunications facilities.



8. FINANCE





asset

ASSETS		num	Gross 2012	Correction 2012	Nett 2012	2011
	TOTAL ASSETS line 002 + line 031 + line 061	001	4 657 753	737 207	3 920 546	4 409 962
A.	A Non-current assets line 003 + line 011 + line 021	002	857 687	729 444	128 243	183 709
A.I.	A.I. Non-current intangible assets – total (line 04 to 010)	003	125 379	118 611	6 768	18 998
A.I.1.	Capitalised development cost	004				
2.	Software	005	54 762	54 762	0	1 098
3.	Valuable rights	006	70 617	63 849	6 768	17 900
4.	Goodwill	007				
5.	Other non-current intangible assets	008				
6.	Acquisition of non-current intangible assets	009				
7.	Advance payments for non-current intangible assets	010				
A.II.	A.II. Non-current tangible assets - total (line 012 to 020)	011	432 521	377 167	55 354	107 142
A.II.1.	Land	012				
2.	Structures	013				
3.	Individual movable assets and sets of movable assets hnutefných vecí	014	432 521	377 167	55 354	107 142
4.	Perennial crops	015				
5.	Livestock	016				
6.	Other non-current tangible assets	017				
7.	Acquisition of non-current tangible assets	018				
8.	Advance payments for non-current tangible assets	019				
9.	Value adjustment to acquired assets	020				
A.III.	A.III. Non-current financial assets – total (line 022 to 029)	021	299 787	233 666	66 121	57 569
A.III.1.	Shares and ownership interests in a subsidiary	022	261 530	215 409	46 121	57 569
2.	Shares and ownership interests with substantial influence over enterprises	023	20 000		20 000	
3.	Other long-term shares and ownership interests	024				
4.	Intercompany loans	025				
5.	Other non-current financial assets	026	18 257	18 257		
6.	Loans with maturity of up to one year	027				
7.	Acquisition of non-current financial assets	028				
8.	Advance payments for non-current financial assets	029				
B.	B. Current assets line 031 + line 038 + line 046 + line 055	030	3 792 273	7 763	3 784 510	4 213 255

B.I.	Inventory – total (line 032 to 037)	031	53 424	809	52 615	71 972
B.I.1.	Material	032	52 424	809	52 615	71 972
2.	Work in progress and semi-finished products	033				
3.	Finished products	034				
4.	Animals	035				
5.	Goods	036				
6.	Advance payments for inventory	037				
B.II.	Non-current receivables – total (line 039 to 045)	038	20 639		20 639	20 639
B.II.1.	Trade receivables	039				
2.	Order net value	040				
3.	Receivables from a subsidiary or a parent	041				
4.	Other intercompany receivables	042				
5.	Receivables from participants, members and association	043				
6.	Other receivables	044				
7.	Deferred tax assets	045	20 639		20 639	20 639
B.III.	Current receivables – total (line 047 to 054))	046	3 710 609	6 954	3 703 655	4 116 359
B.III.1.	Trade receivables	047	2 279 943	6 954	2 272 989	2 658 711
2.	Order net value	048	265 387		265 387	210 692
3.	Receivables from a subsidiary or a parent	049	1 164 635		1 164 635	1 243 270
4.	Other intercompany receivables	050				
5.	Receivables from participants, members and associations	051				
6.	Social security	052				
7.	Tax assets	053				214
8.	Other receivables	054	644		644	3 472
B.IV.	Financial Accounts – total (line 056 to 060)	055	7 601		7 601	4 285
B.IV.1.	Cash in hand	056	5 508		5 508	2 415
2.	Bank accounts	057	2 093		2 093	1 870
3.	Bank accounts with notice period exceeding one year	058				
4.	Current financial assets	059				
5.	Acquisition of current financial assets	060				
C.	Accruals/deferrals – total line 062 and line 065	061	7 793		7 793	12 998
C.1.	Prepaid expenses – long-term	062				
2.	Prepaid expenses – short-term	063	7 793		7 793	12 955
3.	Accrued income – long-term	064				
4.	Accrued income – short-term	065				43

equity
and liabilities

EQUITY AND LIABILITIES		num	2012	2011
	TOTAL EQUITY AND LIABILITIES line 067 + line 088 + line 121	066	3 920 546	4 409 962
A.	Equity line 068 + line 073 + line 080 + line 084 + line 087	067	1665349	1812288
A.I.	Share capital – total (line 069 to 072)	068	1 300 000	1 300 000
A.I.1.	Share capital	069	1 300 000	1 300 000
2.	Own shares and own ownership interests	070		
3.	Change in share capital	071		
4.	Accounts receivables for subscribed share capital	072		
A.II.	Capital funds – total (line 074 to 079)	073	-143 102	-140 526
A.II.1.	Share premium	074		
2.	Other capital funds	075		
3.	Legal reserve fund (Non-distributable fund) from capital contributions	076		
4.	Differences from revaluation of assets and liabilities	077	-143 102	-140 526
5.	Investment revaluation reserve	078		
6.	Differences from revaluation in the event of a merger, amalgamation into a separate accounting entity and demerger	079		
A.III.	Funds from profits – total (line 081 to 083)	080		
A.III.1.	Legal reserve fund	081		
2.	Non-distributable fund	082		
3.	Statutory funds and other funds	083		
A.IV.	Net profit/loss from previous years line 085 + line 086	084	590 384	768 360
A.IV.1.	Retained earnings from previous years	085	792 038	854 469
2.	Accumulated losses from previous years	086	-201 654	-86 109
A.V.	Net profit/loss for current accounting period	087	-81 933	-115 546
B.	Liabilities line 089 + line 094 + line 106 + line 117 + line 118	088	2 255 197	2 597 546
B.I.	Provisions – total (line 090 to 093)	089	25 313	26 286
B.I.1.	Legal provisions – long-term (451A)	090		
2.	Legal provisions – short-term (323A, 451A)	091	25 313	26 286
3.	Other long-term provisions	092		
4.	Other short-term provisions	093		
B.II.	Non-current liabilities – total (line 095 to 105)	094	1 527	17 810
B.II.1.	Non-current trade liabilities	095		
2.	Order net value	096		
3.	Non-invoiced long-term supplies	097		
4.	Non-current liabilities to a subsidiary and a parent	098		

5.	Other non-current intercompany liabilities	099		
6.	Long-term advance payments received	100		
7.	Long-term bills of exchange to be paid	101		
8.	Bonds issued	102		
9.	Social fund liabilities	103	1 527	2 467
10.	Other non-current liabilities	104		15 343
11.	Deferred tax liability	105		
B.III.	Current liabilities – total (line 107 to 116)	106	1 212 358	1 637 232
B.III.1.	Trade liabilities	107	957 114	1 350 696
2.	Order net value	108	97 190	26 037
3.	Non-invoiced supplies	109	16 644	-3 126
4.	Liabilities to a subsidiary or a paren	110		
5.	Other intercompany liabilities	111		
6.	Liabilities to partners and association	112	6 215	35 080
7.	Liabilities to employees	113	29 350	48 324
8.	Social security liabilities	114	18 586	26 826
9.	Tax liabilities and subsidies	115	83 961	123 382
10.	Other liabilities	116	3 298	30 013
B.IV.	Short-term financial assistance	117		
B.V.	Bank loans (line 119 + line 120)	118	1 015 999	916 218
B.V.1.	Long-term bank loans	119		
2.	Current bank loans	120	1 015 999	916 218
C.	Accruals/deferrals – total (line 122 to 125)	121		128
C.1.	Accrued expenses – long-term	122		
2.	Accrued expenses – short-term	123		7
3.	Deferred income – long-term	124		
4.	Deferred income – short-term	125		121

financial
statement

FINANCIAL STATEMENT EUR		num	2012	2011
I.	Revenue from the sale of merchandise (604, 607)	01		
A.	Cost of merchandise sold (504, 505A, 507)	02	-14 916	14 916
+	Trade margin line 01-line 02	03	14 916	-14 916
II.	Production line 05 + line 06 + line 07	04	3 537 120	5 709 962
II.1.	Revenue from the sale of own products and services (601, 602, 606)	05	3 537 120	5 709 962
2.	Changes in internal inventory (+/- account group 61)	06		
3.	Own work capitalised (account group 62)	07		
B.	Production line 09 + line 10	08	2 770 236	4 526 199
1.	Consumption of materials, energy and other non-inventory suppliers (501, 502, 503, 505A)	09	386 101	775 434
2.	Services (account group 51)	10	2 384 135	3 750 765
+	Added value line 03 + line 04 – line 08	11	781 800	1 168 847
C.	Personnel expenses – total (line 13 to 16)	12	760 969	1 038 021
C.1.	Wages and salaries (521, 522)	13	540 246	717 204
2.	Remuneration of board members of a company or a cooperative (523)	14	7 840	9 960
3.	Social security expenses (524, 525, 526)	15	189 095	259 297
4.	Social expenses (527, 528)	16	23 788	51 560
D.	Taxes and fees (account group 53)	17	15 788	47 723
E.	Amortisation and value adjustment to non-current intangible assets and depreciation and value adjustment to non-current tangible assets (551, 553)	18	59 740	90 411
III.	Revenue from the sale of non-current assets and materials (641, 642)	19	105 333	71 729
F.	Net value of non-current assets and materials sold (541, 542)	20	106 501	51 123
G.	Creation and reversal of value adjustments to receivables +/- 547	21	3 377	-5 268
IV.	Other operating income (644, 645, 646, 648, 655, 657)	22	4 438	5 742
H.	Other operating expenses (543, 544, 545, 546, 548, 549, 555, 557)	23	12 081	30 598
V.	V. Transfer of operating income (-) (697)	24		
I.	Transfer of operating expenses (-) (597)	25		
*	Profit/loss from operations line 11 - line 12 - line 17 - line 18 + line 19 - line 20 - line 21 + line 22 - line 23 + (-line 24)-(-line 25)	26	-66 885	-6 290
VI.	Revenue from the sale of securities and shares (661)	27		
J.	Securities and shares sold (561)	28		
VII.	Income from non-current financial assets line 30 + line 31 + line 32	29	16 929	10 388

VII.1.	Income from securities and ownership interests in a subsidiary and from securities and ownership interests with substantial influence over enterprises (665A)	30	16 929	10 388
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 the 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	9 841	56 503
X	Interest income (662)	38	9 074	8 883
N.	Interest expense (562)	39	32 464	39 355
XI.	Exchange rate gains (663)	40	10 531	691
N.	Exchange rate losses (563)	41	1 453	29 897
XII	Other income from financial activities (668)	42		
P.	Other expenses related to financial activities (568, 569)	43	7 814	21 236
XIII	Transfer of financial income (-) (698)	44		
R.	Transfer of financial expenses (-) (598)	45		
*	Profit/loss from financial activities line 27 - line 28 + line 29 + line 33 - line 34 + line 35 - line 36 - line 37 + line 38 - line 39 + line 40 - line 41 + line 42 - line 43 + (-line 44) - (-line 45)	46	-15 038	-127 029
**	Profit/loss from ordinary activities before tax line 26+ line 46	47	-81 923	-133 319
S.	Income tax on ordinary activities line 49+line 50	48	10	-17 773
S.1.	- current (591, 595)	49	10	6
2.	- deferred (+/- 592))	50		-17 779
**	Profit/loss from ordinary activities after tax line 47 - line 48	51	-81 933	-115 546
XIV	Extraordinary income (account group 68)	52		
T.	Extraordinary expenses (account group 58)	53		
*	Profit/loss from extraordinary activities before tax line 52 - line 53	54		
U	Income tax on extraordinary activities I. 56 + I. 57	55		
U.1.	- current (593)	56		
2.	- deferred (+/- 594)	57		
*	Profit/loss from extraordinary activities after tax line 54 - line 55	58		
***	Profit/loss for the accounting period before tax (+/-) (line 47- line 54)	59	-81 923	-133 319
V	Transfer of net profit/loss shares to partners (+/- 596)	60		
***	Profit/loss for the accounting period after tax (+/-) (line 51 + line 58 - line 60)	61	-81 933	-115 546

INDEPENDENT AUDITOR'S REPORT

for the Nevitel's supervisory board and board of directors

independent
auditor's
report

The subject of the above audit was the company book closing prepared on 31st December, 2012, which consisted of a balance sheet, profit and loss statement and comments.

Statutory Body's Accountability Related to Book Closings

The company's statutory body accounts for the preparation and objective presentation of the above book closing as per the Slovak Accounting Act and special regulations. The body's responsibilities are the design, implementation and performance of internal audits relevant to the preparation and objective presentation of book closings, which should not contain any significant insufficiencies, whether due to fraud or errors, and the selection and implementation of suitable accounting rules and preparation of accounting estimates considering the given circumstances.

Auditors' Accountability

Based on the audits performed, our unit is to express its opinion on the above book closings. The last year audit has been carried out in accordance with the International Standards on Auditing (ISA). According to the standards, we are to observe ethical requirements and to plan and carry out our audits so as to be able to give our approval that the relevant book closings do not contain any significant insufficiencies. Our audits usually include the performance of procedures for gaining evidence on amounts and data stated in a company's book closings. The procedures are selected based on the auditors' decision, including the assessment of the risk related to significant insufficiencies potentially discovered in the above book closing, regardless of whether such insufficiencies are the result of frauds or errors. When assessing the risk in question, the auditors must select internal audits that would be relevant for the preparation and objective presentation of book closings so as to be able to propose auditing procedures that are relevant to the given circumstances. These, however, should not represent an opinion on the effectiveness of the work of internal accounting units. Audits further contain an opinion on the suitability of the accounting rules used and the suitability of the significant accounting estimates prepared by the company management, and an assessment of the book closing presentation as a whole. We are satisfied that the evidence gained during the last audit is sufficient and that it forms a suitable basis for our opinion.


Opinion

In our opinion, the attached book closing is an objective formulation of the company's financial situation existing on 31st December 2012, for which all the significant relations have been taken into consideration. We further state that the financial result of its business activities and its cash flow for the year ending on 31st December 2012 is in accordance with the Slovak Accounting Act and other special regulations.

bmbleitner

BMB Leitner Bratislava, s.r.o.
Zámocká 32, 811 01 Bratislava
Licencia SKAU Č. 245
Bratislava, 25. 3. 2013




Marián Novák
Auditor
Licencia SKAU Č. 549

APPENDIX TO THE AUDITOR'S REPORT CONCERNING THE COMPLIANCE OF THE ANNUAL REPORT WITH THE BOOK CLOSING as per Act No. 540/2007 of Coll., Section 23, Paragraph 5

To NEVITEL's shareholder, supervisory board and board of directors

1. We have reviewed NEVITEL's book closing documents of 31st December, 2012, to which we issued an auditor's report on the 25th March, 2013. The wording of the report:

INDEPENDENT AUDITOR'S REPORT

To Nevitel's shareholder, supervisory board and board of directors

We have audited the attached book closing documents of 31st December, 2012 submitted by NEVITEL, a.s., which consists of a balance sheet, profit and loss statement and comments.

Statutory Body's Accountability Related to the Book Closing

The company's statutory body accounts for the preparation and objective presentation of the above book closing as per the Slovak Accounting Act and special regulations. The body's responsibilities are the design, implementation and performance of internal audits relevant to the preparation and objective presentation of book closings, which should not contain any significant insufficiencies, whether due to frauds or errors, and the selection and implementation of suitable accounting rules and preparation of accounting estimates considering the given circumstances.

Auditors' Accountability

Based on the audit performed, we are to express our opinion on the above book closing. The audit has been carried out in accordance with the International Standards on Auditing (ISA). According to the standards, we are to observe ethical requirements and to plan and carry out our audits so as to make sure that the relevant book closings do not contain any significant insufficiencies.

The audit also includes the performance of procedures for gaining evidence on amounts and data stated in the company's book closing. The procedures are selected based on the auditors' decision, including the assessment of the risk related to significant insufficiencies potentially discovered in the above book closing, regardless of whether such insufficiencies are the result of frauds or errors. When assessing the risk in question, the auditors must select internal audits that would be relevant for the preparation and objective presentation of book closings so as to be able to propose auditing procedures that are relevant to the given circumstances. These, however, should not represent an opinion on the effectiveness of the work of internal accounting units. The audit further contains an opinion on the suitability of the accounting rules used and the suitability of the significant accounting estimates prepared by the company management, and an assessment of the book closing presentation as a whole. We are satisfied that the evidence gained is sufficient and that it forms a suitable basis for our opinion.

appendix
to the auditor's
report

Opinion

In our opinion, the attached book closing is an objective formulation of the company's financial situation existing on 31st December 2012, for which all the significant relations have been taken into consideration. We further state that the financial result of Nevitel's business activities and its cash flow for the year ending on the above date is in accordance with the Slovak Accounting Act and other special regulations.

2. We have also reviewed the compliance of the annual report with the above-stated book closing. The authority responsible for the correct preparation of the annual report is the company's statutory body. Our task is to provide our opinion on the compliance of the annual report with the relevant book closing documents upon the review.

The above has been reviewed in accordance with the International Standards on Auditing. According to the standards, auditors are to plan and carry out our audits so as to make sure that the information stated in annual reports occurring in relevant book closing documents are, in all the significant relations, as per such book closing documents. The information stated in the annual report has been reviewed based on the data included in the book closing of 31st December, 2012. The rest of the data, such as accounting information acquired from the book closing documents and book accounts, has not been subject to the above review. We are confident that the evidence gained forms a suitable basis for the auditor's opinion.

In our opinion, the accounting data stated in NEVITEL's annual report is a true and just formulation of the book closing of 31st December, 2012 having considered all the significant relations and that such data is in accordance the Slovak Accounting Act, i.e. Act No. 431/2002 of Coll. as amended.

bmbleitner

BMB Leitner Bratislava, s.r.o.
Zámocká 32, 811 01 Bratislava
Licencia SKAU Č. 245
Bratislava, 13. 9. 2013



Marián Novák
Auditor
Licencia SKAU Č. 549

NEVITEL'S SUPERVISORY BOARD'S COMMENTS

The supervisory board has reviewed Nevitel's annual book closing of 2012 and states that the book closing in question has been prepared in accordance with the Accounting Act. The accounting statements and other documents related to the regular book closing are complete, and the stated data of 31st December 2012 reflect the actual results of the company's business activities.

nevitel's
supervisory
board's
comments

The supervisory board further states that the regular book closing has been audited by BMB Leitner Bratislava, s.r.o., SKAU licence No. 245. Having familiarised itself with the auditor's report, the supervisory board validates the correctness of the company's financial results.

In accordance with the above stated, the supervisory board of NEVITEL, a.s. recommends the company's general assembly to approve the book closing of 2012 and to accept the proposal of further steps related to the company's 2012 financial result submitted by the board of directors.

15th May 2013, Dunajská Streda

Ing. Juraj Kočiško
Chairman of the Supervisory Board



www.nevitel.sk.



NEVITEL, a.s.
Kračanská cesta 40
929 01 Dunajská Streda

tel.: 00421 31 5902111
fax: 00421 31 5516411

