Západoslovenská energetika, a.s.

Annual Report 2011

Consolidated Part

A company of e·on

Západoslovenská energetika

Contents

1. Company Bodies

The structure of statutory and supervisory bodies of Západoslovenská energetika, a.s. (ZSE) in 2011 was as follows:

1.1 Statutory Body

Board of Directors	
As of December 31, 2011	
Chairman	Konrad Kreuzer (appointed on September 4, 2010)
Vice Chairman	Peter Laco MBA (appointed on March 1, 2011)
	Ján Rusnák (appointed on January 25, 2007, resigned on March 1, 2011)
Members	Andrej Devečka (appointed on October 31, 2009)
	Peter Procházka (appointed on March 1, 2011)
	Stefan Seipl (appointed on September 4, 2010)
	Vladimír Haršányi (appointed on January 25, 2007, resigned on March 1, 2011)

1.2 Supervisory Body

Supervisory Board	
As of December 31, 2011	
Chairman	Rudolf Slezák (appointed on March 1, 2011)
	Milan Chorvátik (appointed on March 24, 2010, resigned on March 1, 2011)
Vice Chairman	Robert Adolf Hienz (appointed on September 19, 2011)
	Dr. Dierk Paskert (appointed on May 29, 2008, resigned on September 19, 2011)
Members	Richard Schwarz (appointed on March 1, 2011)
	Andrea Groszová (appointed on March 1, 2011)
	Marian Dúbrava (appointed on March 1, 2011)
	Karol Nagy (appointed on March 1, 2011)
	Silvia Šmátralová (appointed on April 20, 2011)
	Emil Baxa (appointed on April 20, 2011)
	Silvia Šmátralová (appointed on January 31, 2008, resigned on April 19, 2011)
	Miroslav Franko (appointed on January 31, 2008, resigned on April 19, 2011)
	Kamil Doman (appointed on January 31, 2008, resigned on April 19, 2011)
	Ladislav Jančo (appointed on March 24, 2010, resigned on March 1, 2011)
	Ľuboš Majdán (appointed on March 24, 2010, resigned on March 1, 2011)
	Iveta Pauhofová (appointed on March 24, 2010, resigned on March 1, 2011)
	Andrej Danko (appointed on March 24, 2010, resigned on March 1, 2011)

1.3 Shareholders Structure

The shareholders structure of Západoslovenská energetika, a.s. (hereinafter as ZSE) as of December 31, 2011 was as follows:

Shareholders Structure			
As of December 31, 2011	€ Thousands	Share in Registered Capital	Voting Rights
National Property Fund of the Slovak Republic	100,454	51%	51%
E.ON Slovensko, a.s.	78,788	40%	40%
EBRD, London	17,727	9%	9%

2. A Look into History

September 30, 1901
The municipal power plant in Bratislava started operation. On the Main Square and Promenade, the first electric street lamps were switched on.
December 20, 1921
The day on which ZSE's first General Meeting was held.
June 1, 1922
ZSE registered as a legal entity.
February 11, 1942
ZSE put into operation the first 100kV line between Trnava and Bratislava, together with 100/22kV terminals.
December 7, 1952
The first 110kV international connection between Nové Zámky and Kisigmand (Hungary) was put into operation.
June 11, 1970
ZSE's VHV network was connected to the 400kV national transmission system thus making electricity supply more reliable.
September 3, 1990
Západoslovenské energetické závody was declared an independent state company.
November 1, 2001
After 55 years, ZSE became a joint-stock company again.
June 13, 2002
Representatives of the Slovak government and the German E.ON Energie Group based in Munich signed an agreement on transferring a 49% share in ZSE to E.ON Energie at a price of EUR 330 million.
September 5, 2002
The 49% share in ZSE was transferred to E.ON Energie AG.
November 19, 2003
The European Bank for Reconstruction and Development (EBRD) and E.ON Energie signed an agreement on selling a 9% share in ZSE.
December 16, 2003
The 9% share of E.ON Energie AG in ZSE was transferred to the EBRD.
April 1, 2004
ZSE harmonised its graphics with the graphic design of E.ON Energie and added the text "člen skupiny E.ON" (Member of the E.ON Group) to its logo.
July 1, 2007
Date of the ZSE's legal unbundling. Transfer of distribution system operations to the daughter company ZSE Distribúcia, a.s. and business activities to the daughter company ZSE Energia, a.s. Západoslovenská energetika, a.s. is the 100% owner of newly established daughter companies. This is the date of ZSE Group establishing.
May 27, 2008
E.ON Energie AG (Munich) transfers the 40% share in ZSE to its fully owned daughter company E.ON Slovensko, a.s.

3. Scope of Business

3.1 Company Profile and Scope of Business

Západoslovenská energetika, a.s. (ZSE), Business ID 35 823 551, registered office at Čulenova 6, 816 47 Bratislava, was established on October 15, 2001 and registered with the Companies Register on November 1, 2001. The company is registered with the Companies Register of the District Court Bratislava I, Section: Sa, entry No.: 2852/B.

The Company was incorporated by the Letter of Incorporation on October 15, 2001 in accordance with the Government resolution No. 4278/2001-1000-010 of June 20, 2001 on the privatisation of Západoslovenské energetické závody, š.p. which was dissolved without liquidation by the resolution No. 96/2001 of the Minister of Economy of the Slovak Republic No. 4278/2001-1000-010. All assets, rights, duties and obligation (including those unknown) except for rights under the § 16 of Act No. 92/1991 Coll. were transferred to the National Property Fund who on November 1, 2001 put the assets of the state company to the following joint-stock companies: Západoslovenská energetika, a.s. Bratislava, Bratislavská teplárenská, a.s. Bratislava and Trnavská teplárenská, a.s. Trnava.

On September 5, 2002 National Property Fund sold a 49% interest in equity of ZSE to E.ON Energie AG (Germany). On December 16, 2003 E.ON Energie transferred its 9% interest on equity to the European Bank for Reconstruction and Development (EBRD).

On July 1, 2003, based on the resolution of the General Assembly of June 27, 2003, the Company sold the following parts of the business: the divisions of construction and information technologies and the centre for transformers repair and electrometers calibration verification.

Effective as of July 1, 2007, ZSE unbundled selected operations and activities in accordance with the EU Directive No. 2003/54/EC and Energy Act No. 656/2004 Coll. The Company operates under the license granted under Energy Act (energy license). On July 1, 2007 the distribution system operations were transferred to the daughter company ZSE Distribúcia, a.s. and sales and supply activities to the daughter company ZSE Energia, a.s. Both daughter companies are included in this consolidated financial statement using the method of complete consolidation.

ZSE together with its daughter companies ZSE Distribúcia, a.s. ZSE Energia, a.s. and Enermont s.r.o. are in Consolidated Financial Statements referred to as the ZSE Group.

The ZSE Group provides services connected with distribution and supply of electric power mostly in the Western Slovakia region. The ZSE Group has no own electricity generation facilities except small hydroelectric power plants. Certain aspects of relations between the ZSE Group and its consumers, including price-making for services provided to selected groups of customers, are regulated by the national regulator RONI (Regulatory Office for Network Industries).

E.ON Energie AG owned 40% share in Západoslovenská energetika, a.s. until May 27, 2008 when it transferred this share into the fully owned daughter company E.ON Slovensko, a.s. as an in-kind contribution in order to increase the registered capital of E.ON Slovensko, a.s.

Neither Západoslovenská energetika, a.s. nor its daughter companies are unlimited companies within other consolidation entities.

4. Employee Structure

As of December 31, 2011 the ZSE Group (Západoslovenská energetika, a.s., ZSE Distribúcia, a.s., ZSE Energia, a.s. and Enermont s.r.o.) had on average 1,808 employees, of which 50 managers (as of December 31, 2010: on average 1,808 employees, of which 32 managers).

ZSE Group Employee Structure*

As of December 31	2011	2010
Increase	**146**	**162**
Of which:		
Transfer due to unbundling	–	–
Free recruitment	112	60
Return from maternity leave	5	6
Transfer within ZSE Group	29	96
Terminated contracts	**151**	**191**
Of which:		
Mutual agreement	64	29
Notice	10	10
Contracts for definite period of time	3	14
Retirement or disability to work	24	31
Death	2	5
Probation period	5	5
Maternity leave	14	10
Restructuring	1	30
Transfer within ZSE Group	28	57
Transfer due to unbundling	–	–
Total	**1,436**	**1,441**

* Data does not include Enermont s.r.o.

Employee Structure by Gender*

	As of Dec. 31, 2011	%	As of Dec. 31, 2010	%
Women	439	30.6	445	30.9
Men	997	69.4	996	69.1
Total	**1,436**	**100.0**	**1,441**	**100.0**

* Data does not include Enermont s.r.o.

Employee Structure by Education*

	As of Dec. 31, 2011	%	As of Dec. 31, 2010	%
Elementary	3	0.1	3	0.2
Secondary vocational	310	21.6	337	23.4
Secondary complete	693	48.3	717	49.7
University	430	30.0	384	26.7
Total	**1,436**	**100.0**	**1,441**	**100.0**

* Data does not include Enermont s.r.o.

Employee Structure by Age*	As of Dec. 31, 2011	%	As of Dec. 31, 2010	%
Below 20	0	0.0	0	0.0
21-25	20	1.4	20	1.4
26-30	126	8.8	119	8.3
31-35	194	13.5	192	13.3
35-40	204	14.2	213	14.8
41-45	217	15.1	224	15.5
46-50	251	17.5	241	16.7
51-55	204	14.2	221	15.3
56-60	188	13.1	175	12.1
Above 60	32	2.2	36	2.6
Total	**1,436**	**100.0**	**1,441**	**100.0**

* Data does not include Enermont s.r.o.

5. Structure of Sources and Use of Electric Power

Structure of Electric Power Sources

MWh	As of Dec. 31, 2011	%	As of Dec. 31, 2010	%
Own	5,230	0.07	8,188	0.11
Supplied	7,289,144	99.93	7,532,413	99.89
Total	**7,294,374**	**100.00**	**7,540,601**	**100.00**

Structure of Supplied Electric Power Sources

MWh	As of Dec. 31, 2011	%	As of Dec. 31, 2010	%
Slovenské elektrárne	3,146,220	43.16	3,513,867	46.65
Other sources	4,142,924	56.84	4,018,546	53.35
Total	**7,289,144**	**100.00**	**7,532,413**	**100.00**

Structure of Electric Power Distribution

MWh	As of Dec. 31, 2011	%	As of Dec. 31, 2010	%
Commercial consumers – Wholesale	5,069,471	59.36	4,886,227	58.66
Commercial consumers – Retail	1,326,738	15.54	1,313,473	15.77
Residential consumers – Retail	2,143,532	25.10	2,129,948	25.57

Structure of Electric Power Supply

MWh	As of Dec. 31, 2011	%	As of Dec. 31, 2010	%
Commercial consumers – Wholesale	4,164,489	57.09	4,321,789	57.31
Commercial consumers – Retail	1,050,687	14.41	1,119,554	14.85
Residential consumers – Retail	2,078,311	28.49	2,098,043	27.82
Other	887	0.01	1,215	0.02

Consumed Supply of Electric Power (GWh)

Year	Total	Of which Wholesale	Of which Retail
2011	7,294	4,165	3,129
2010	7,541	4,323	3,218

Distribution of Electric Power (GWh)

Year	Total	Of which Wholesale	Of which Retail
2011	8,540	5,069	3,470
2010	8,330	4,886	3,443

6. Economy

The net profit as indicated in the consolidated financial statements of ZSE Group (Západoslovenská energetika, a.s., ZSE Distribúcia, a.s., ZSE Energia, a.s. and Enermont s.r.o.) for 2011 was € 139,731 thousand.

Key figures according to the International Financial Reporting Standards (IFRS) as adopted by European Union. Consolidated data include Enermont s.r.o.

Key Figures as of December 31		
€ Thousands	2011	2010
Long-term assets	585,220	546,076
Short-term assets	253,742	256,878
Total assets	**838,962**	**802,954**
Own equity	536,797	591,485
Long-term liabilities	83,443	69,774
Short-term liabilities	218,722	141,695
Total equity and liabilities	**838,962**	**802,954**
Revenues	975,986	949,488
EBIT (Operating income)	**172,011**	**169,153**
EBITDA	210,971	203,800
Incomes	985,360	960,452
Costs	811,375	790,608
Profit before tax	173,985	169,844
Net profit	**139,731**	**136,019**
Average number of employees	**1,808**	**1,808**

Data on revenues and costs for electricity distribution are indicated in the table:

Indicators of ZSE Distribúcia, a.s.		
As of December 31	2011	2010
Volume of electricity distributed (GWh)	8,540	8,330
Revenues for electricity distributed (€ Thousands)	534,340	456,558
Costs for electricity distributed (€ Thousands)	288,031	215,158
Area covered (km^2)	14,928	14,928
110kV lines (km)	2,824	2,806
22kV lines (km)	13,136	13,104
0.4kV lines (km)	20,685	20,354
Number of take-off points	1,069,026	1,062,732

Data on revenues and costs are indicated in the table for electricity supply to customers:

Indicators of ZSE Energia, a.s.		
As of December 31	2011	2010
Volume of electricity sold (GWh)	7,294	7,541
Revenues of electricity supplied (€ Thousands)	464,467	498,335
Volume of electricity purchased (GWh)	7,289	7,533
Volume of electricity generated (GWh)	5.2	8.2
Costs for the purchase of electricity (€ Thousands)	412,265	446,330
Number of take-off points	1,002,997	1,042,513

Data on revenues and costs are indicated according to the balance method:

Indicators of ZSE Group		
As of December 31	2011	2010
Volume of electricity sold (GWh)	7,294	7,541
Volume of electricity distributed (GWh)	8,540	8,330
Revenues from the sale and distribution of electricity (€ Thousands)	998,807	954,893
Volume of electricity purchased (GWh)	7,289	7,533
Volume of electricity generated (GWh)	5.2	8.2
Costs for the purchase and distribution of electricity (€ Thousands)	700,296	661,488

6.1 Outlook for 2012

6.1.1 Západoslovenská energetika, a.s.

Západoslovenská energetika, a.s. will continue to fulfill its function of a service company for daughter companies ZSE Energia, a.s. and ZSE Distribúcia, a.s. as well as the functional platform for sharing services (e.g. human resources, facility management, logistics, etc.) with the daughter company Enermont s.r.o. and with the companies it operates in Slovakia or those that will be established in the future by the minor shareholder ZSE, E.ON Slovensko, a.s. and its parent company E.ON AG.

Západoslovenská energetika, a.s., has made long term efforts to improve efficiency of services provided, mainly due to intensifying pressure of a market competition and simultaneously social demand for providing high quality, modern and affordable customer services. Such requirements will be realised under the conditions of a liberalised electricity market. At the same time, it will face competitive pressures imposed by the current economic situation in Slovakia.

A. Strategic development of ZSE Group

In 2011 the strategic process was outlined as a result of which ZSE Group shareholders established strategic objectives of ZSE Group for the upcoming period. The outcome of such process is the setting of strategic development tracks in a period of 2012 – 2015.

Západoslovenská energetika, a.s. outlined the strategic development for a period of 2012 – 2015 with an aim to support the core business including electricity distribution, electricity sales and decentralised generation, the strategies of which are functionally decentralised in daughter companies.

The main goal of the distribution system operator is to ensure safe and reliable operation of the distribution system, to rise the attitude to customers when linking consumers and producers, development of asset management or promotion of effective processes and operation of the distribution system.

Regarding electricity sales, one of the areas of interest is delivery of two commodities for the mass segment, which means household electricity and gas supplies along with provision of related high quality services.

The company is planning to build new DG plants, thus contributing to meeting the renewable energy target, which accounts for a 14% share in Slovakia´s total consumption until the year 2020.

A new strategic orientation will allow the company to achieve a more intensified development, when spending capital effectively, and to face challenges arising out of the macro-economic and market conditions.

B. Development of the company in the field of innovations

Electromobility

One of the development priorities of ZSE Group is promotion of electromobility through implementing pilot and innovative projects. In this regard, a surely attractive activity appears to be the VIBRATe project between Vienna and Bratislava, in which our company is one of the main partners. The project objective is to transfer the benefits of pure and energy efficient electromobility into everyday life and to increase public awareness in this area. The project will be dealing with the setting of possibilities of the electromobility complex system on a cross-border level, ranging from the construction of first charging stations, through testing the operation of vehicles, demonstration of electromobility in public transport, to the running of charging stations, consumption monitoring and the payment system.

Competence Centre

The Competence Centre is a scientific research project and a platform for co-operation between academic and industrial partners in the energy industry with a focus given to smart networks. This project was approved for co-funding from the EU funds in 2011, with the official start date on August 1, 2011. The allocation of responsibilities and the main work are planned to start from the beginning of 2012. The Competence Centre is the external project in which several ZSE Group employees will be involved.

6.1.2 ZSE Distribúcia, a.s.

In 2012 ZSE Distribúcia, a.s. is planning to make the following strategic constructions or strategic activities:

- Construction of new fields in the Senica electric substation,
- Reconstruction of 2x110kV lines Nové Mesto nad Váhom, branch line F,
- Completion of reconstruction of 110/22 kV electric substation Nitra I,
- Reconstruction of 110/22kV transformer station in Petržalka
- Reconstruction of 110/22kV transformer stations in Trenčín Juh, Tupá, Petržalka

- Reconstruction of connection of 110kV lines to 110/22kV electric substation in Myjava
- Replacement of more than 700 section disconnectors at a 22kV level, totally amounting to more than 5 mil. EUR
- Improvement of environmental performance of constructions and facilities, amounting to about 0.4 mil. EUR

For ZSE Distribúcia, a.s. the year 2012 appears to be the year of permanent changes resulting from political and economic changes in the home country as well as abroad. From the electricity distribution point of view it will be appealing to watch the behaviour of electricity consumers, especially at the extra high voltage level (110kV), high voltage level (22kV) and low voltage level (0.4kV). Reports and assumptions of the GDP growth namely show a gradual slowing down of economy. However, nature of the activities relating to electricity distribution and their need by the whole society prove that ZSE Distribúcia, a.s., in spite of economic and other impacts, has to sufficiently ensure repairs and maintenance of the distribution system, including its further development, in order to ensure electricity supply for more than a million of supply points on the territory of Western Slovakia for a period of 24 hours a day. For this reason, the company management have allocated 76.5 mil EUR for 2012 investments and outlined strategic investment activities. Along with obvious investments (connections, reconstruction and upgrading of equipment connected to the distribution system) the strategic activities include the purchasing of energy equipment, automation of the high voltage network, ecologisation of distribution network elements and legal property settlement in relation to the existing and future distribution equipment. Last, but not least, it is important to point out that roughly a third of investments has been planned to allow the connection of electricity consumers and electricity suppliers.

Simultaneously, ZSE Distribúcia, a.s. will continue to improve its performance in terms of the integrated environmental management and the occupational health and safety management. Already in 2012 the company management have made a commitment, which is renewed on a yearly basis, to permanently improve the conditions and the environment in the company which is a proud holder of ISO 14001:2004 and OHSAS 18001:2007 certificates.

6.1.3 ZSE Energia, a.s.

ZSE Energia, a.s. is facing significant changes in 2012. Its objective is to become a complex energy supplier for its consumers and to meet their demand by providing respective services. In 2012 product innovations are expected to happen, of which the most important is the entry in the gas market. When developing the product portfolio this year, we intend to focus on the development of electronic products and services as well as on the extension of the attractive benefits that we offer to our clients in co-operation with our partner companies. We are starting a project aimed at defining the standard of service for individual sectors of customers depending on their needs in order to apply a case-to-case approach to customers in all the places of contact.

As a result of deregulation of small-scale companies we are expecting a more intensive competitive pressure in the sector of small and medium enterprises. In the residential sector price-cap regulation is expected for the upcoming period, however, this will not hinder any extension of the activities provided by competitors in this sector. Despite a more intensive competition ZSE Energia, a.s. is expecting stable energy supplies in 2012, a slight rise is even anticipated this year, compared to 2011.

From the point of view of the organic growth of the market we are anticipating the development being similar to the one in 2011 and the continuity in the launched production programmes of strategic players in the Slovak industry, especially car manufacturers. A slight damping in the economic activities is assumed in Slovakia caused by the current situation in the local political scene and the economic problems in some European countries.

As regards the financial management we can foresee a slight deterioration in the payment discipline, mainly in the sector of small and medium enterprises which might be affected by the crisis and the expected damping in the economic growth.

ZSE Energia, a.s. will continue to put a large emphasis on more effective in-house processes, especially customer services performance and selling channels. These activities are also motivated by the feedback received from clients based on the regular studies of customers` satisfaction.

6.2 Risks and Uncertainties

6.2.1 Západoslovenská energetika, a.s.

Západoslovenská energetika, a.s., being in the role of the service centre for subsidiaries of ZSE Group and the companies established by the minor shareholder ZSE (E.ON Slovensko, a.s.) and its parent company E.ON AG (customer services, financial services, accounting, controlling, occupational health and safety, HR, general administrative services, etc.), will be exposed, from the risk management perspective, mainly to challenges arising from the macro-economic conditions as well as the market and internal changes in the company.

6.2.2 ZSE Distribúcia, a.s.

Firstly, it is important to mention a legislative environment, since it primarily affects the performance of the company in the internal electricity market. The year 2011 namely experienced constant changes in the key energy acts, specifically in the Energy Act (Act No. 656/2004 Coll. on Energy and amendment of acts in wording of latter provisions) and the Act on Promotion of Renewable Energy Sources and Highly Efficient Cogeneration (Act No. 309/2009 Coll. on Promotion of Renewable Energy Sources and Highly Efficient Cogeneration in wording of latter provisions). Despite repeated amendments the legislators have not managed to fulfill the EU commitment of the Slovak Republic, which is the transposition of Directive of the European Parliament and Council 2009/72/EC dated July 13, 2009 on the common rules for the internal electricity market repealing Directive 2003/54/EC into the legal system of the Slovak Republic. The deadline of such transposition was March 3, 2011 which has already elapsed. All the necessary amendments in energy legislation can be promptly made after establishing a new legislative assembly and the government of the Slovak Republic following the March elections.

In the upcoming period the Slovak Republic, including ZSE Distribúcia, a.s., is expected to undertake a number of other changes and measures to fulfill the commitment related to the athmospheric protection, energy efficiency and promotion of renewable energy sources (a commitment of EU member states of June 2010).

Concerns about electricity consumers have proved a rising interest in the protection of consumers as well as the establishing of fundamental principles (standards) of electricity distribution and electricity supply. The evidence is also Decree of the Regulatory Office of Network Industries No. 96/2011, amending Decree of the Regulatory Office of Network Industries No. 315/2008 establishing the quality standards for electricity supply and provision of services. This decree, which came into effect on April 1, 2011, brought about the need for changes in monitoring some of the quality standards. However, such change occurred in the middle of the calendar year, therefore the first year of comprehensive recording, monitoring and reporting of quality standards related to electricity distribution and electricity supply will cover the year 2012. Nevertherless, changes induced by legislation will have to be analysed in detail and checked out during 2012. Alternaltively, the processes in ZSE Distribúcia, a.s. will have to be established in order to meet the company objectives with regard to quality standards. Moreover, the regulatory policy of the Regulatory Office of Network Industries for the upcoming regulatory period outlined new areas that will draw attention of the regulatory authority as well as of consumers. The quality of services and energy supplies will be improved through a gradually implemented mechanism of automatic compensations in the event of failure to comply with quality standards, through evaluation, on the basis of which sanctions will be enforced as a result of any incompliance with quality standards in the price proceedings, through a gradual enforcing of contracts on above-standard quality conditions between the supplier and consumer that will not be subject to price regulation, then through the public polls evaluating the compliance with quality standards, establishing the conditions for implementation of continuity indicators and quality of delivery of goods and services that are under preparation within EU standards. There is a whole range of challenges that require a flexible respond by an operator of the distribution system, ZSE Distribúcia, a.s.

Speaking about regulation, the year 2011 brought the end of a three year regulatory period whilst the year 2012 means the beginning of a new five year regulatory period.

The objectives and priorities of the regulatory period for the upcoming period include mainly the following:

- To co-operate in developing safe, reliable and efficient consumer oriented-networks and to support the most effective cost performance of such systems in an adequate manner,
- To keep removing any barries that might hinder the access to the system for new market participants,
- To promote a higher effectiveness of performance of network and the market integration through short-term and long-term incentives,
- To establish the conditions for the protection of justified interests of license holders performing the activities in network industries by allowing them to achieve a reasonable payback period with optimum costs and an adequate profit,
- To define the requirements for the quality of delivery of goods and services in network industries, to monitor and evaluate their compliance,
- To establish the conditions for a gradual implementation of automated compensation mechanisms in the event of incompliance with the set quality standards,
- To stimulate regulated entities in achieving the set quality standards through appropriate regulatory tools,
- To optimise the costs of performance of regulated activities including the setting of selected limits for costs and procedures for building mutual relationships, to take into account the costs of regulated businesses in relation to meeting the obligations in public interest.

A special area of concern by the company is the connection of facilities generating electricity from renewable energy sources, or using cogeneration. Recently, there has been a considerable pressure imposed on the connection of photovoltaic power plants in general, then on the power plants with an installed capacity up to 1MW and subsequently, in 2011, following the amendment of legislation and the conditions of support (enforced with the date of effect on April 1, 2011), on photovoltaic power plants with an installed capacity up to 100kW. In 2012 a trend of constructing and connecting small-scale photovoltaic plants with total installed capacity up to 100kW will obviously continue, as given by the statistical data for the past years. Whereas merely a few units of such equipment were connected in 2008 (1 unit) and 2009 (3 units) in 2010 18 units were connected and in 2011 and 2012 there have been about 225 units (the estimate in 2012). Simultaneously, in 2012 a significant growth is expected in the number of connections of biogas power plants with an installed capacity up to 1MW (an assumption is 40 units with total capacity of 32.56MW, whereas in 2011 11 units with total capacity of 10.83MW were connected to the grid).

6.2.3 ZSE Energia, a.s.

Each and every year the situation in the market gets more dynamic. To date, majority of the suppliers have two commodities in their portfolio, offering both electricity and gas supplies. The main uncertainty and risk for ZSE Energia comes from the entry of the dominant gas supplier SPP in the electricity market, and from the expected extended activities of SE Predaj and ČEZ, which might be reflected negatively in the decreased number of customers during 2012. There is also a risk of the higher loss of customers as a result of deregulation of small and medium enterprises and respective price rise.

A possible ongoing decline in the industrial production will have a direct and immediate impact on electricity demand by company customers and subsequently on their payment discipline.

6.3 The Important Events After the End of 2011

6.3.1 Západoslovenská energetika, a.s.

In early 2012 OTC, s.r.o., ID No.: 36 254 711, with the registered seat at M. R. Štefánika 85, 920 01 Hlohovec, whose object of the company are activities focused on repairs of distribution transformers and repairs and inspection of measuring devices, was renamed to ZSE Development, s.r.o., ID No.: 36 254 711, with the registered seat at Čulenova 6, 811 09 Bratislava. Západoslovenská energetika owns a 100% share in ZSE Development, s.r.o.

Západoslovenská energetika has paid out on February 27, 2012 the dividends approved by the extraordinary General meeting.

6.3.2 ZSE Distribúcia, a.s.

ZSE Distribúcia, a.s. is not aware of any significant facts occurring after the end of 2011.

6.3.3 ZSE Energia, a.s.

The Regulatory Office took a decision on deregulation of small and medium enterprises with annual electricity consumption up to 30MWh with the date of effect on January 1, 2012. The removal of maximum price for electricity supply regulated by the state therefore resulted in a price increase by 20% in this sector. ZSE Energia responded to such situation by making a transparent discount policy for corporate clients in order to eliminate any negative impact of a sudden price rise.

6.4 Appropriation of Profit for 2011

On May 31, 2012, the General Assembly of Západoslovenská energetika approved the proposal for profit distribution:

Proposal for the Appropriation of Profit of ZSE for 2011	
Approved by the General Assembly on May 31, 2012	€
Net profit	161,738,000
Net profit for distribution	**161,738,000**
Contribution to social fund	1,387,963
Dividends	160,350,037
Total distribution of profit	**161,738,000**

7. Corporate Responsibility

7.1 Strategy of Corporate Responsibility in ZSE Group

Západoslovenská energetika, a.s., ranks among the leaders of corporate responsibility in Slovakia and through its Foundation it thoughtfully supports social, cultural, environmental, sports and health-related projects implemented in the region of Western Slovakia.

In 2004 Západoslovenská energetika, a.s., acted as a founding member of Business Leaders Forum, an informal association of companies, that strives to promote the principles of corporate responsibility. One of our goals is to help to protect the environment and by means of various projects to contribute to the protection of natural beauties and landscape.

Even at the time when the consequences of the economic crises show, to what extent Slovak companies perform in a responsible manner, we can claim that we belong to those complying with our commitments. Every year we try to influence our surroundings not only by means of partnerships, but mainly by efforts and involvement of employees in voluntary activities such as donating blood, collecting clothing for various organisations. Furthermore, our employees take part in the project called Our Bratislava organised in co-operation with Pontis Foundation and in many other voluntary activities. They do all this in their working or leisure time. Together with the Pontis Foundation and Slovak Scouting we also undertake the project called Disenchanting of Castles which has been since its very beginning aimed to help castle ruins. Slovak scouts and employees of Západoslovenská energetika, a.s., carry out voluntary work, the result of which are the clean premises of the castles of Branč, Dobrá Voda and Korlát. As a patron of the project we won the prize for corporate philantropy and corporate responsibility Via Bona in the category of the Prize for Courage to Support Innovative Project seven years ago.

In September we allocated a week for the event called „Days of ZSE Volunteers" where mainly the employees outside Bratislava dedicated their time and efforts to voluntary activities. At the time before Christmas employees of Západoslovenská energetika fulfilled wishes of children from Children´s Homes and took care of clients in the society „Better World". The number of employees taking part in such activities rises every year – in the year 2011 there were more than 342 people participating in voluntary work, many of them were active in several events during the year.

Západoslovenská energetika, a.s. regularly evaluates the effects of its business activities on the environment, the society and the country which we live in and work for. This is also done using an effective tool of measuring donation provided by the methodology Communal Investment Standard.

On the occasion of the awards to companies for their activities and voluntary schemes Západoslovenská energetika, a.s. has been awarded the main prize for large-scale companies at the Forum of Corporate Philanthropy. Employee Volunteering Award Slovakia has been received for the Best Idea Project. This project has become an inseparable part of the Earth World Day at ZSE company which is held on April 22 on an annual basis. The project covering a wide range of activities helps young people, students, put their ideas and projects into practice. At the same time, they are taught to think environmentally, since the projects are obviously created in harmony with nature and permanently sustainable development. The prize gives an opportunity for both large and small businesses to become visible, thus presenting their work beyond traditional business framework.

Corporate responsibility is primarily a way of our thinking that we apply on a day-to day running of the business. It also represents the underlying inner values of the company. Through taking actions and promoting specific projects aimed at developing and helping the community we demonstrate our pro-social orientation and we believe that these actions are beneficial for our society as well as ourselves.

Corporate responsibility is part of our everyday decisions and business strategies. The aim is to ensure the dissemination of benefits acquired from the processes and business results to the widest possible community of people. Corporate responsibility has a direct impact on emploees´ loyalty, reduction of fluctuation rate and increase in productivity. It involves performance of the company not only within the energy sector, but also in relation to local communities and the environment. We consider it essential to motivate people to actions thereby making the world we live in a better place.

7.2 Customer Services

Market liberalisation and emerging possibilities are increasingly getting into the minds of not only private businesses, but also of households. From customer services point of view, the year 2011 was the year during which we experienced a more intensive growth of administrative work caused mainly by consumers` switch of electricity suppliers. Customer servicesprocessed such requirements on a quarterly basis, while the number of customers, which had chosen to switch, was gradually growing.

The last year meant also strengthening work with customer data with a focus on retention of its customer portfolio. Apart from administrative work connected with the acquisition of new customers and the customers that have chosen to use the services of a different trader, there were mainly the activities associated with the active contacting of final consumers provided with a business proposal during individual campaigns. We may note that the achieved results complied with the set objectives and criteria.

The entire second half of 2011 was even more demanding because the implementation of a new version of the customer information system SAP was nearing to its end after several years of work, particularly on SAP-ISU and SAP-CRM modules, having a substantial impact on customer services and the billing of final customers. Implementation was associated with service interruptions in July and several shorter restrictions in providing services in June, August – October 2011. This situation caused an extension of the usual period for settlement of customer`s requirements. The intention was to eliminate this problem in a maximum possible extent in order to annually meet the quality standards related to customer services as established by the Regulatory Office of Network Industries, which we successfully completed.

A larger emphasis was given to the final annual billing and subsequent financial statements for 2011, since they were made by a newly implemented information system for the first time. Thanks to the maximum efforts of all experts and operational staff these activities were duly accomplished in a corresponding quality.

7.3 Protection of the Environment

The environmental protection ranks among the top priorities of ZSE Group. We constantly make efforts to protect and improve the quality of the environment by taking preventive measures while performing all kinds of activities by our employees and in all premises and facilities of ZSE Group.

We give ongoing attention to the protection of soil and water, nature and landscape and last, but not least, to the protection of air. By implementing ecological projects we use pro-active approach to the protection of avifauna and the prevention from soil and water contamination.

An overview of ZSE Group`s investments into ecological projects in the year 2011:

Environmental Projects	
2011	€ Thousands
Investments of ZSE Distribúcia, a.s.	436.9
Costs for ecological operation and maintenance of premises and facilities including waste treatment, in ZSE Group	1,352

As regards the protection of underground water and soil the investments were made to improve environmental performance of transformer stands of electrical substations in order to eliminate any risks of underground water contamination. A special attention was paid to the impact of noise, originating from our facilities, on population in the residential zone and to taking noise abatement measures.

In 2011 we put in life another project dealing with the protection of avifauna entitled LIFE09 NAT/HU/000384 „The Protection of Saker Falcon". The project is a follow up of LIFE06 and continues to protect the globally endangered species. In the project we committed ourselves to equip at least 850 electric posts (about 80km of high voltage lines) with protective devices. Moreover, the improvement of environmental performance continued beyond the framework of LIFE projects, since we equipped more than 450 electric post (almost 41km of of high voltage lines) with protective console case.

In October 2011 oil leaked from a distribution transformer into the soil, which had been caused by external reasons, and this was classified as extraordinary threat for underground water sources. The event was reported to and subsequently investigated by the Slovak Environmental Inspection Authority. The measures were taken to prevent from any further oil leakage into a wider area around the transformer station. The Slovak Environmental Inspection Authority considered the measures sufficient.

Our company has introduced the thorough separation of waste material originating from administrative activities and during the year 2011 we separated from municipal waste more than 4.9t of plastic, 14.1t of paper and 0.3t of glass for the purpose of recycling. 332.2t of scrap material was collected for processing as a result of the thorough separation of waste material generating from repairs of power installations and construction works.

Attention is given to the maintenance of the equipment filled with SF_6 gas which belongs among fluorinated greenhouse gases. Zapadoslovenska energetika, a.s. is a holder of the Professional Competence Certificate allowing the manipulation with fluorinated greenhouse gases which fill some of the energy installations. Our employees, who are the holders of such Certificate, renewed their Professional Competence Certificates which allow them to work with SF_6 gas. The obligations arising out of the Act on Fluorinated Greenhouse Gases are also met in connection with the operation of air conditioning systems in ZSE Group premises.

The company has committed to raise the environmental awareness of its employees by providing regular information in the form of articles, reports, news and data relating to the environment. Moreover, our employees are allowed to participate in the environmental activities organised by ZSE Group. ZSE Group commemorated the World Earth Day, however, the event was held on an unusual date, on April 29. The Earth Day was traditionally celebrated in the spirit the Best Idea Project, which did not bring any disappointments again. In the future we will certainly come across some of the students` ideas in our practical life. The main theme was the Energy Experience Project which tried to explain the energy and environmental issues in a simple and entertaining manner. The culmination of the event was the official launch of the publication „Energy Experience" by Mr. Seipl, the managing director and a member of the Board of Directors of Západoslovenská energetika, a.s.

All the results in this area achieved during 2011 are in compliance with the approved document „The Policy of Occupational Health Protection and Environmental Protection" in Zapadoslovenska energetika, a.s., ZSE Energia, a.s. and ZSE Distribúcia, a.s. together with „The Policy of Integrated Management System" of Enermont s.r.o. aiming to eliminate any significant impacts on the environment under ISO 14001.

7.4 Occupational Health and Safety

At the beginning of 2011 the company`s responsibility with respect to occupational health and safety (hereinafter referred to as „OHS") was transferred under E.ON AG. The Safety Management Index was changed to the Safety Improvement Plan (SIP) which covers health care, management of suppliers, visible leadership and implementation of HS standards.
The instructions related to implementation of the Safety Improvement Plan are included in the operational procedure No. 6.121.14. An indicator $TRIF_{comb}$ determined by E.ON AG at a value of 3.0 is recorded separately and, besides recording the data on internal employees, it also contains the data on suppliers. The overall assessment of SIP within the E.ON AG achieved a value of 120%, which is the highest achieved value in the entire company.

Implementating HS standards was proceeded by the GAP analysis, involving all heads of ZSE Group divisions. The results were subsequently forwarded to HSE E.ON AG and became part of the assessment of SIP fulfillment.

In February 2011 the 2011 annual auditing plan of Západoslovenská energetika, a.s. was submitted to Jour Fix. Under this plan 6 audit-days had to be made in selected teams and operational units. As of May 15, 2011 the person authorised for SIM ceased to perform internal audits in Západoslovenská energetika, a.s., which was due to the need of making modifications in the internal auditing system, as well as the management of individual SIM processes. By the given date 3 audit-days had been performed.

At the same time, in compliance with the annual audit plan, internal audits were conducted in ZSE Distribúcia, a.s. and ZSE Energia, a.s. There were 13 audit-days conducted in ZSE Distribúcia, a.s. and 1 audit-day in ZSE Energia, a.s. In relation to the environmental management system and the OHS management system the programme implementing the policy governing OHS and the environment was established for the year 2011.

The first supervisory audit was conducted in joint stock companies Západoslovenská energetika, ZSE Distribúcia and ZSE Energia on November 21 – November 23, 2011. The audit reports were sent to management representatives of the specific companies and the respective persons involved in the supervisory audit.
The actions were taken to meet the requirements

under SIM in relation to the identified incompliances and measures contributing to resolving the identified opportunities of improvement including deadlines and responsible persons as part of the „Action Plan".

The Action Plan was sent to the Certification Company 3EC as a respond to the outputs of the supervisory audit and it will also be used in 2012 as the background document for the second supervisory audit. These and related activities were organised and provided in a tight co-operation with the persons in charge of the systems in above-mentioned companies.

In September and October the teams responsible for occupational health and safety, protective work equipment and the environment, in co-operation with an HR team, organised trainings on SIM for all employees, which were followed up by the testing of the knowledge acquired. The training session also included the training on procedures in the event of an ecological accident. The training was running simultaneously with the repeated training of employees regarding the regulations on OHS and protective work equipment.

The partial commissions made up of the employees from the team of OHS and protective work equipment, working health service and representatives of the employees responsible for safety completed the joint inspections of OHS in the workplaces of Západoslovenská energetika, a.s., ZSE Distribúcia, a.s. and ZSE Energie, a.s. The joint inspections of OHS were made in compliance with the approved OHS inspection schedule for the year 2011.

The main commission elaborated the final report on joint OHS inspections by the set deadline, i.e. November 15, 2011. All employees were subsequently informed on the results of such inspections by their heads of divisions.

Another training of workers in charge of safety was organised in June. Based on proposal by trade unions 37 employees were appointed to be responsible for occupational safety in Západoslovenská energetika, a.s.

E.ON AG is launching a new central system of monitoring and reporting injuries and ecological accidents called Prevent. The initial trainings have been organised for the employees of the environmental team, OHS and protective work equipment team and crisis management team. The monthly reporting of ecological events has been introduced, including the ranking of a degree of threat or the environmental pollution under the E.ON AG requirements.

For the purpose of statistical data this year we are making the Safety Pyramid including the values of data of suppliers. For this reason there has been established the ZSE Unsafe Condition Line on the intranet. Recording and maintenance of such line are done by the protective work equipment and OHS teams.

Západoslovenská energetika, a.s. has bought eight defibrillators, thus belonging among those companies which quickly and reliably give a chance for survival in case of heart stroke and other cardiac complications. Because of an easy-to-use operation using such devices will be possible for all the company employees helping people in need in our premises. By means of the website defibriluj.sk it is also possible to use such life saving equipment for the public.

In 2011 the OHS commission held one session, dealing mainly with the issues relating to occupational injuries and fire safety, technical conditions of employees working at heights, joint OHS inspections and care about employees working on remote workplaces or alone.

In 2011 Západoslovenská energetika, a.s., and its subsidiaries recorded four registered occupational injuries and one recorded. In the following period there was no fatal occupational injury or registered occupational disease in Západoslovenská energetika and its subsidiaries.

In the monitored period employees of sub-contractors worked 920,785 hours at workplaces and facilites owned by ZSE Group. The employees of sub-contractors experienced two occupational injuries at that time (TRIF = 2.2).

Statistical Indicators of Occupational Injuries in 2009, 2010 and 2011

	No. of registered occupational injuries			Lost calendar days due to ROI			Average number of employees		
Year	2009	2010	2011	2009	2010	2011	2009	2010	2011
ZSE Group	1	4	4	28	570	91	2,002	1,808	1,808

LTIF (Lost time injury frequency) in 2011: 1.3
TRI (Total recordable incidents) in 2011: 1.6
$TRIF_{comb}$ (TRIF combined with TRIF of suppliers) in 2011: 1.7

Note:

ROI – registered occupational injury

LTIF – number of occupational injuries per one million of hours worked in the monitored period in ZSE Group

TRI – number of accidents included in LTIF, fatalities, accidents without any lost calendar days, which required medical attendance and cases where work could be done only to limited extent per 1 one million of hours worked in the monitored period in ZSE Group

$TRIF_{comb}$ – the number of incidents involving ZSE Group employees and sub-contractors performing work at the workplace/facility of ZSE Group per one millon of hours worked out in the monitored period

8. Consolidated Financial Statements for the Year Ended December 31, 2011

Consolidated financial statements for the year ended 31 December 2011 prepared in accordance with IFRS as adopted by the European Union

Translation note:
This version of the accompanying financial statements is a translation from the original, which was prepared in Slovak. All possible care has been taken to ensure that the translation is an accurate representation of the original. However, in all matters of interpretation of information, views or opinions, the original language version of the financial statements takes precedence over this translation.

Consolidated Statement of Financial Position at 31 December 2011

prepared in accordance with IFRS as adopted by the European Union

Consolidated Statement of Financial Position			
All amounts are in thousands of Euro unless stated otherwise		As at 31 December	
	Note	2011	2010
ASSETS			
Non-current assets			
Property, plant and equipment	6	567,408	529,682
Intangible assets	7	15,574	14,156
Other		2,238	2,238
		585,220	**546,076**
Current assets			
Inventories	9	1,388	1,726
Trade and other receivables	10	117,645	94,631
Current income tax receivables		–	1,464
Other financial asset	11	10,000	–
Cash and cash equivalents	11	124,709	159,057
		253,742	**256,878**
Total assets		**838,962**	**802,954**
EQUITY AND LIABILITIES			
Share capital and reserves			
Share capital	12	196,969	196,969
Legal reserve fund	12	39,421	39,421
Other funds	12	45,467	45,467
Retained earnings	12	254,940	309,628
Total equity		**536,797**	**591,485**
Non-current liabilities			
Pension and other provisions for liabilities and charges	16	7,421	7,024
Deferred revenues	13	69,627	60,283
Deferred income tax liabilities	15	6,395	2,467
		83,443	**69,774**
Current liabilities			
Trade and other payables	14	216,916	138,754
Current income tax payables		364	–
Pension and other provisions for liabilities and charges	16	1,442	2,941
		218,722	**141,695**
Total liabilities		**302,165**	**211,469**
Total equity and liabilities		**838,962**	**802,954**

These consolidated financial statements have been approved for issue by the Board of Directors on 21 March 2012.

Ing. Andrej Devečka
Member of the Board
of Directors

Ing. Peter Procházka
Member of the Board
of Directors

Consolidated Statement of Comprehensive Income for the Year Ended 31 December 2011

prepared in accordance with IFRS as adopted by the European Union

Consolidated Statement of Comprehensive Income			
All amounts are in thousands of Euro unless stated otherwise		Year ended 31 December	
	Note	2011	2010
Revenues	17	975,986	949,488
Purchase of electricity and related fees	18	(670,723)	(644,322)
Employee benefits expense	19	(50,024)	(47,028)
Depreciation and amortisation	19	(38,960)	(34,647)
Other operating expenses	19	(51,374)	(64,343)
Other operating income		7,106	10,005
Profit from operations		**172,011**	**169,153**
Finance income			
Interest income		2,268	959
Interest expense		(294)	(268)
Net finance income		**1,974**	**691**
Profit before tax		**173,985**	**169,844**
Income tax expense	20	(34,254)	(33,825)
Net profit		**139,731**	**136,019**
Other comprehensive income		–	–
Total comprehensive income		**139,731**	**136,019**
Earnings per share (expressed in EUR per share)			
– basic	24	23.545	22.920
– diluted	24	23.545	22.920

Consolidated Statement of Changes in Equity for the Year Ended 31 December 2011

prepared in accordance with IFRS as adopted by the European Union

Consolidated Statement of Changes in Equity

All amounts are in thousands of Euro unless stated otherwise

	Share capital	Legal reserve fund	Other funds	Retained earnings	Total
Balance at 1 January 2010	**196,969**	**39,421**	**45,467**	**280,011**	**561,868**
Comprehensive income					
Profit for the year	–	–	–	136,019	136,019
Total comprehensive income for year 2010	–	–	–	**136,019**	**136,019**
Transaction with owners					
Dividends (Note 12)	–	–	–	(106,402)	(106,402)
				(106,402)	**(106,402)**
Balance at 31 December 2010	**196,969**	**39,421**	**45,467**	**309,628**	**591,485**
Comprehensive income					
Profit for the year	–	–	–	139,731	139,731
Total comprehensive income for year 2011	–	–	–	**139,731**	**139,731**
Transaction with owners					
Dividends (Note 12)	–	–	–	(194,419)	(194,419)
				(194,419)	**(194,419)**
Balance at 31 December 2011	**196,969**	**39,421**	**45,467**	**254,940**	**536,797**

Consolidated Cash Flow Statement for the Year Ended 31 December 2011

prepared in accordance with IFRS as adopted by the European Union

Consolidated Cash Flow Statement

All amounts are in thousands of Euro unless stated otherwise		Year ended 31 December	
	Note	2011	2010
Cash flows from operating activities			
Cash generated from operations	21	216,618	227,139
Interest received		2,091	959
Income tax paid		(28,498)	(31,370)
Net cash from operating activities		**190,211**	**196,728**
Cash flows from investing activities			
Purchase of property and equipment and intangibles		(71,735)	(66,674)
Acquisition of short-term investment	11	(10,000)	–
Restricted cash	11	–	3,720
Proceeds from sale of property and equipment	21	1,595	921
Net cash used in investing activities		**(80,140)**	**(62,033)**
Cash flows from financing activities			
Dividends paid	12	(144,419)	(106,402)
Net cash used in financing activities		**(144,419)**	**(106,402)**
Net (decrease)/increase in cash and cash equivalents		**(34,348)**	**28,293**
Cash and cash equivalents at beginning of year	**11**	**158,924**	**130,631**
Cash and cash equivalents at end of year	**11**	**124,576**	**158,924**

9. Notes to the Consolidated Financial Statements

Notes to the Consolidated Financial Statements prepared at 31 December 2011
prepared in accordance with IFRS as adopted by the European Union

1. General Information

Západoslovenská energetika, a.s. ("the Company", „ZSE"), in its current legal form as a joint stock company, was established on 15 October 2001 and incorporated on 1 November 2001 into the Commercial register.

The Company is one of the three successors of Západoslovenské energetické závody, štátny podnik, a state owned entity. At 31 October 2001, this state enterprise was wound up without liquidation based on the resolution No. 96/2001 of the Slovak Minister of Economy. One day later, its assets and liabilities were transferred to the National Property Fund ("NPF") of the Slovak Republic in accordance with the privatisation project. On 1 November 2001, the NPF contributed them to the following joint-stock companies: Západoslovenská energetika, a.s., Bratislavská teplárenská, a.s., and Trnavská teplárenská, a.s.

The assets and liabilities were recorded by the successor companies at historic carrying amounts as reported by the Západoslovenské energetické závody, štátny podnik as at 31 October 2001.

On 5 September 2002 the National Property Fund of Slovak Republic sold 49% of total share capital of ZSE to E.ON Energie AG, Germany. On 16 December 2003 E.ON Energie AG transferred 9% of total share capital of ZSE to European Bank for Reconstruction and Development.

The Group provides electricity distribution and supply services primarily in the Western Slovakia region. The Group does not have own electricity generation facilities other than several small hydroelectric plants. The Regulatory Office of Network Industries of the Slovak Republic ("ÚRSO") regulates certain aspects of the Group's relationships with its customers, including the pricing of electricity and services provided to certain of the Group's customers.

As required by the directive of European Union 2003/54/ES and by Energy Law No. 656/2004 Coll. the Company implemented legal unbundling of distribution network from 1 July 2007 onwards. Until 1 July 2007 the Company provided electricity distribution and supply services primarily in the Western Slovakia region. Its operations are governed by the terms of its license granted under the Energy Law ("the Energy Licence"). As at 1 July 2007 the electricity distribution has been unbundled into the subsidiary ZSE Distribúcia, a.s. and the supply service has been unbundled into the subsidiary ZSE Energia, a.s. Both subsidiaries are fully consolidated in these consolidated financial statements.

Throughout these consolidated financial statements, ZSE together with its subsidiaries is referred to as "Group" (refer to Note 5).

The structure of the Company's shareholders at 31 December 2011 and 2010 was as follows:

The structure of the Company's shareholders

All amounts are in thousands of Euro unless stated otherwise

	Absolute amount in thousands of Euros	Interest in share capital in %	Voting rights
National Property Fund (NPF)	100,454	51	51
E.ON Slovensko, a.s.	78,788	40	40
EBRD, London	17,727	9	9
Total	**196,969**	**100**	**100**

Until 27 May 2008 40% of shares of Západoslovenská energetika, a.s. were owned by E.ON Energie AG. On 27 May 2008 E.ON Energie AG has contributed these shares to its 100% subsidiary E.ON Slovensko, a.s. as a contribution in kind to settle the share capital increase of E.ON Slovensko, a.s.

The National Property Fund of the Slovak Republic, based in Bratislava, owns a 51% shareholding in Company's registered capital. E.ON Slovensko, a.s. which owns a 40% shareholding in the Company's registered capital is consolidated as a 100% subsidiary by E.ON Energie AG, Munich, Germany. E.ON Energie AG is a subsidiary of E.ON AG, based in Düsseldorf, Germany. E.ON AG prepares the consolidated financial statements for all group companies of the consolidation group and acts as a direct consolidating company. Effectively, ZSE is consolidated by E.ON AG using equity method of consolidation.

The members of the statutory bodies during the year ended 31 December 2011 and 31 December 2010 were as follows:

Board of Directors		
	As at 31 December 2011	As at 31 December 2010
Chairman:	Konrad Kreuzer	Konrad Kreuzer
Vice Chairman:	Ing. Peter Laco, MBA (appointed on 1 March 2011)	
	Ing. Ján Rusnák (resigned on 1 March 2011)	Ing. Ján Rusnák
Members:	Ing. Andrej Devečka	Ing. Andrej Devečka
		Dietrich Max Fey (resigned on 4 September 2010)
	Dr. Stefan Seipl	Dr. Stefan Seipl (appointed on 4 September 2010)
	Ing. Peter Procházka (appointed on 1 March 2011)	
	Ing. Vladimír Haršányi (resigned on 1 March 2011)	Ing. Vladimír Haršányi

Supervisory Board		
	As at 31 December 2011	As at 31 December 2010
Chairman:	Ing. Rudolf Slezák (appointed on 1 March 2011)	
	Ing. Milan Chorvátik (resigned on 1 March 2011)	Ing. Milan Chorvátik
Members:	Silvia Šmátralová	Silvia Šmátralová
	Ing. Marián Dúbrava (appointed on 1 March 2011)	
	JUDr. Andrea Groszová (appointed on 1 March 2011)	
	JUDr. Karol Nagy (appointed on 1 March 2011)	
	JUDr. Richard Schwarz (appointed on 1 March 2011)	
	Ing. Emil Baxa (appointed on 20 April 2011)	
	Robert Adolf Hienz (appointed on 19 September 2011)	
	JUDr. Ladislav Jančo (resigned on 1 March 2011)	JUDr. Ladislav Jančo
	JUDr. Andrej Danko (resigned on 1 March 2011)	JUDr. Andrej Danko
	Ing. Ľuboš Majdán (resigned on 1 March 2011)	Ing. Ľuboš Majdán
	Ing. Iveta Pauhofová, PhD. (resigned on 1 March 2011)	Ing. Iveta Pauhofová, PhD.
	Ing. Kamil Doman (resigned on 19 April 2011)	Ing. Kamil Doman
	Miroslav Franko (resigned on 19 April 2011)	Miroslav Franko
	Dr. Dierk Paskert (resigned on 19 September 2011)	Dr. Dierk Paskert

Neither Západoslovenská energetika, a.s. nor its subsidiaries are shareholders with unlimited liability in other accounting entities.

As part of the sale of 49% of shares to E.ON Energie AG, the National Property Fund of Slovakia and E.ON Energie AG have entered into a shareholders' agreement which sets out the areas of responsibility and decision making for the Board of Directors and for the Supervisory Board of the Company as well as the rules for nomination of members of the boards. The majority of the members of the Board of Directors are nominated by E.ON Energie AG. The National Property Fund appoints the majority of the Supervisory Board. The Supervisory Board has extensive competences, among others to act as the supreme controlling body of the Company and to approve significant transactions of the Company.

According to the Company's statutes the Supervisory Board shall have 9 members, two thirds of the members are appointed by the General Meeting of the Company and one third is elected by the Company's employees. As of 31 December 2011, the employees have not appointed the last member of the Supervisory Board.

The Group employed 1,808 staff on average during 2011, of which 50 were management (2010: 1,808 employees on average, of which 32 were management).

Registered address:
The registered address of the Company is:
Čulenova 6
816 47 Bratislava
Slovak Republic
Identification number (IČO) of the Company is: 35 823 551
Tax identification number (IČ DPH) of the Company is: SK2020285256

2. Summary of Significant Accounting Policies

The principal accounting policies adopted in the preparation of these consolidated financial statements are described below. These policies have been consistently applied to all the years presented, unless otherwise stated.

2.1 Basis of preparation

The Act on Accounting of the Slovak republic No. 431/2002 Coll. as amended requires the Group to prepare consolidated financial statements for the year ended 31 December 2011 in accordance with International

Financial Reporting Standards ("IFRS") as adopted by the European Union ("EU").

The Group's consolidated financial statements at 31 December 2011 have been prepared as ordinary consolidated financial statements in accordance with the Slovak Act No. 431/ 2002 Coll. ("Accounting Act") for the accounting period from 1 January 2011 to 31 December 2011.

The consolidated financial statements have been prepared in compliance with International Financial Reporting Standards as adopted by European Union ("IFRS). The Group applies all IFRS and interpretations issued by International Accounting Standards Board (herein after "IASB") as adopted by European Union, which were in force as of 31 December 2011.

The consolidated financial statements were prepared on accrual basis and under the going concern principle. The consolidated financial statements have been prepared under the historical cost convention.

The Board of Directors may propose to the Company's shareholders to amend the financial statements after their approval by the General Shareholders Meeting. However, § 16, points 9 to 11 of the Accounting Act prohibit reopening an entity's accounting records after the financial statements are prepared and approved by the General Shareholders Meeting. If, after the financial statements are approved, management identifies that comparative information would not be consistent with the current period information, the Accounting Act allows entities to restate comparative information in the accounting period in which the relevant facts are identified.

The preparation of consolidated financial statements in conformity with IFRS as adopted by EU, requires the use of certain critical estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies. The areas involving a higher degree of judgement of complexity, or areas where assumptions and estimates are significant for the financial statements are disclosed in Note 4.

These consolidated financial statements are prepared in thousands of Euros ("EUR").

2.1.2 Changes in accounting policy and disclosures

(a) New and amended standards adopted by the by the Group during the year ended 31 December 2011

There are no IFRSs or IFRIC interpretations that are effective for the first time for the financial year beginning on or after 1 January 2011 that would be expected to have a material impact on the Group. The following new standards and interpretations became effective for the Group from 1 January 2011:

Amendments to IAS 24, Related Party Disclosures (issued in November 2009 and effective for annual periods beginning on or after 1 January 2011). IAS 24 was revised in 2009 by: (a) simplifying the definition of a related party, clarifying its intended meaning and eliminating inconsistencies; and by (b) providing a partial exemption from the disclosure requirements for government-related entities. As a result of the revised standard, the Group now also discloses contractual commitments to purchase and sell goods or services to its related parties and provided disclosures of only individually significant transactions with government-related entities. These amendments to the standard have been endorsed by the EU on 19 July 2010.

Improvements to International Financial Reporting Standards (issued in May 2010 and effective for annual periods beginning on or after 1 January 2011). The improvements consist of a mixture of substantive changes and clarifications in the following standards and interpretations: IFRS 1 was amended (i) to allow previous GAAP carrying value to be used as deemed cost of an item of property, plant and equipment or an intangible asset if that item was used in operations subject to rate regulation, (ii) to allow an event driven revaluation to be used as deemed cost of property, plant and equipment even if the revaluation occurs during a period covered by the first IFRS financial statements and (iii) to require a first-time adopter to explain changes in accounting policies or in the IFRS 1 exemptions between its first IFRS interim report and its first IFRS financial statements; IFRS 3 was amended (i) to require measurement at fair value (unless another measurement basis is required by other IFRS standards) of non-controlling interests that are not present ownership interest or do not entitle the holder to a proportionate share of net assets in the event of liquidation, (ii) to provide guidance on the acquiree's share-based payment arrangements that were not replaced, or were voluntarily replaced as a result of a business combination and (iii) to clarify that the contingent considerations from business combinations that occurred before the effective date of revised IFRS 3 (issued in January 2008) will be accounted for in accordance with the guidance in the previous version of IFRS 3; IFRS 7 was amended to clarify certain disclosure requirements, in particular (i) by adding an explicit emphasis on the interaction between qualitative and quantitative disclosures about the nature and extent of financial risks, (ii) by removing the requirement to disclose carrying amount of renegotiated financial assets that would otherwise be past due or impaired, (iii) by replacing the requirement to disclose fair value of collateral by a more general requirement to disclose its financial effect, and (iv) by clarifying that an entity should disclose the amount of foreclosed collateral held at the reporting date, and not the amount obtained during the reporting period; IAS 1 was amended to clarify the requirements for the presentation and content of the statement of changes in equity (this amendment was adopted previously by the Group in its prior year's financial statements); IAS 27 was amended by clarifying the transition rules for amendments to IAS 21, 28 and 31 made by the revised IAS 27 (as amended in January 2008); IAS 34 was amended to add additional examples of significant events and transactions requiring disclosure in a condensed interim financial report, including transfers between the levels of fair value hierarchy, changes in classification of financial assets or changes in business or economic environment that affect the fair values of the entity's financial instruments; and IFRIC 13 was amended to clarify measurement of fair value of award credits. The above amendments resulted in additional or revised disclosures, but had no material impact on measurement or recognition of transactions and balances reported in these financial statements. The financial effect of collateral required to be disclosed by the amendments to IFRS 7 is presented in these financial statements by disclosing collateral values separately for (i) those financial assets where collateral and other credit enhancements are equal to, or exceed, carrying value of the asset ("over-collateralised assets") and (ii) those financial assets where collateral and other credit enhancements are less than the carrying value of the asset ("under-collateralised assets"). The improvements have been endorsed by EU on 18 February 2011.

Amendment IFRIC 14, IAS 19, The limit on the defined benefit assets, minimum funding requirement and their interaction relating to prepayments of minimum funding requirements (effective for annual periods beginning on or after 1 January 2011). The amendment is applied when an accounting unit is liable to the minimum pension plan funding requirement, and pays advances on contributions to the pension plan. The amendment clarifies when an entity may recognize this advance as an asset. This amendment has been endorsed by the EU on 19 July 2010. IFRIC 14 is not relevant for the Group's operations.

IFRIC 19, Extinguishing Financial Liabilities with Equity Instruments (effective for annual periods beginning on or after 1 July 2010). This interpretation clarifies the IFRS requirements for when an entity settles its liabilities with its own shares, and requires the issued shares to be measured at fair value. This amendment has been endorsed by the EU on 23 July 2010. IFRIC 19 is not relevant for the Group's operations.

Other revised standards and interpretations effective for the current period – Classification of Rights Issues – amendments to IAS 32, Financial Instruments: Presentation; and amendments to IFRS 1, First-time adoption of IFRS, did not have any impact on these financial statements.

(b) New standards, amendments and interpretations issued but not effective for the financial year beginning 1 January 2011 and not early adopted

Certain new standards and interpretations have been issued that are mandatory for the annual periods beginning on or after 1 January 2012 or later, and which the Group has not early adopted.

IFRS 9, Financial Instruments, Part 1: Classification and Measurement. IFRS 9 (effective for annual periods beginning on or after 1 January 2013). IFRS 9 was issued in November 2009, relating to the classification and measurement of financial assets. IFRS 9 was further amended in October 2010 to address the classification and measurement of financial liabilities. Key features are as follows:

- Financial assets are required to be classified into two measurement categories: those to be measured subsequently at fair value, and those to be measured subsequently at amortised cost. The decision is to be made at initial recognition. The classification depends on the entity's business model for managing its financial instruments and the contractual cash flow characteristics of the instrument.

- An instrument is subsequently measured at amortised cost only if it is a debt instrument and both (i) the objective of the entity's business model is to hold the asset to collect the contractual cash flows, and (ii) the asset's contractual cash flows represent only payments of principal and interest (that is, it has only "basic loan features"). All other debt instruments are to be measured at fair value through profit or loss.

- All equity instruments are to be measured subsequently at fair value. Equity instruments that are held for trading will be measured at fair value through profit or loss. For all other equity investments, an irrevocable election can be made at initial recognition, to recognise unrealised and realised fair value gains and losses through other comprehensive income rather than profit or loss. There is to be no recycling of fair value gains and losses to profit or loss. This election may be made on an instrument-by-instrument basis. Dividends are to be presented in profit or loss, as long as they represent a return on investment.

- Most of the requirements in IAS 39 for classification and measurement of financial liabilities were carried forward unchanged to IFRS 9. The key change is that an entity will be required to present the effects of changes in own credit risk of financial liabilities designated as at fair value through profit or loss in other comprehensive income.

The Group is currently assessing the impact of the standard on its financial statements. This standard has not been endorsed yet by the EU.

IFRS 10, Consolidated Financial Statements, (issued in May 2011 and effective for annual periods beginning on or after 1 January 2013), replaces all of the guidance on control and consolidation in IAS 27, Consolidated and Separate Financial Statements and SIC-12, Consolidation – Special-purpose Entities. IFRS 10 changes the definition of control so that the same criteria are applied to all entities to determine control. This definition is supported by extensive application guidance. The Group is currently assessing the impact of the standard on its financial statements. This standard has not been endorsed yet by the EU.

IFRS 11, Joint Arrangements, (issued in May 2011 and effective for annual periods beginning on or after 1 January 2015), replaces IAS 31, Interests in Joint Ventures and SIC-13, Jointly Controlled Entities – Non-Monetary Contributions by Venturers. Changes in the definitions have reduced the number of types of joint arrangements to two: joint operations and joint ventures. The existing policy choice of proportionate consolidation for jointly controlled entities has been eliminated. Equity accounting is mandatory for participants in joint ventures. This standard will have no impact on the Group's consolidated financial statements. This standard has not been endorsed yet by the EU.

IFRS 12, Disclosure of Interests in Other Entities, (issued in May 2011 and effective for annual periods beginning on or after 1 January 2013), applies to entities that have an interest in a subsidiary, a joint arrangement, an associate or an unconsolidated structured entity. It replaces the disclosure requirements currently found in IAS 28, Investments in associates. IFRS 12 requires entities to disclose information that helps financial statement readers to evaluate the nature, risks and financial effects associated with the entity's interests in subsidiaries, associates, joint arrangements and unconsolidated structured entities. To meet these objectives, the new standard requires disclosures in a number of areas, including significant judgements and assumptions made in determining whether an entity controls, jointly controls, or significantly influences its interests in other entities, extended disclosures on share of non-controlling interests in group activities and cash flows, summarised financial information of subsidiaries with material non-controlling interests, and detailed disclosures of interests in unconsolidated structured entities. The Group is currently assessing the impact of the new standard on its financial statements. This standard has not been endorsed yet by the EU.

IFRS 13, Fair Value Measurement, (issued in May 2011 and effective for annual periods beginning on or after 1 January 2013), aims to improve consistency and reduce complexity by providing a revised definition of fair value, and a single source of fair value measurement and disclosure requirements for use across IFRSs. The Group is currently assessing the impact of the new standard on its financial statements. This standard has not been endorsed yet by the EU.

IAS 27, Separate Financial Statements, (revised in May 2011 and effective for annual periods beginning on or after 1 January 2013), was changed and its objective is now to prescribe the accounting and disclosure requirements for investments in subsidiaries, joint ventures and associates when an entity prepares separate financial statements. The guidance on control and consolidated financial statements was replaced by IFRS 10, Consolidated Financial Statements. This standard will have no impact on the Group's consolidated financial statements. This amendment has not been endorsed yet by the EU.

IAS 28, Investments in Associates and Joint Ventures, (revised in May 2011 and effective for annual periods beginning on or after 1 January 2013). The amendments to IAS 28 resulted from the Board's project on joint ventures. When discussing that project, the Board decided to incorporate the accounting for joint ventures using the equity method into IAS 28 because this method is applicable to both joint ventures and associates. With this exception, other guidance remained unchanged. This standard will have no impact on the Group's consolidated financial statements. This amendment has not been endorsed yet by the EU.

Transfers of Financial Assets, Amendments to IFRS 7, Financial Instruments: Disclosures, (issued in October 2010 and effective for annual periods beginning on or after 1 July 2011). The amendment requires additional disclosures in respect of risk exposures arising from transferred financial assets. The amendment includes a requirement to disclose by class of asset the nature, carrying amount and a description of the risks and rewards of financial assets that have been transferred to another party, yet remain on the entity's balance sheet. Disclosures are also required to enable a user to understand the amount of any associated liabilities, and the relationship between the financial assets and associated liabilities. Where financial assets have been derecognised, but the entity is still exposed to certain risks and rewards associated with the transferred asset, additional disclosure is required to enable the effects of those risks to be understood. The Group is currently assessing the impact of the amended standard on disclosures in its financial statements. This amendment has been endorsed by the EU on 22 November 2011.

Amendments to IAS 1, Presentation of Financial Statements, (issued in June 2011, effective for annual periods beginning on or after 1 July 2012), changes the disclosure of items presented in other comprehensive income. The amendments require entities to separate items presented in other comprehensive income into two groups, based on whether or not they may be reclassified to profit or loss in the future. The suggested title used by IAS 1 has changed to 'Statement of profit or loss and other comprehensive income'. The Group expects the amended standard to change presentation of its financial statements, but have no impact on measurement of transactions and balances. This amendment has not been endorsed yet by the EU.

Amendments to IAS 19, Employee Benefits, (issued in June 2011, effective for periods beginning on or after 1 January 2013), makes significant changes to the recognition and measurement of defined benefit pension expense and termination benefits, and to the disclosures for all employee benefits. The standard requires recognition of all changes in the net defined benefit liability (asset) when they occur, as follows: (i) service cost and net interest in profit or loss; and (ii) re-measurements in other comprehensive income.

The Group is currently assessing the impact of the amended standard on disclosures in its financial statements. This amendment has not been endorsed yet by the EU.

Other revised standards and interpretations:
The amendments to IFRS 1, First-time adoption of IFRS, relating to severe hyperinflation and eliminating references to fixed dates for certain exceptions and exemptions, will not have any impact on these financial statements. The amendment to IAS 12, Income Taxes, which introduces a rebuttable presumption that an investment property carried at fair value is recovered entirely through sale, will not have any impact on these financial statements. IFRIC 20, Stripping Costs in the Production Phase of a Surface Mine, considers when and how to account for the benefits arising from the stripping activity in mining industry. None of these standards and interpretations has been endorsed by the EU yet.

Unless otherwise stated above, the new standards and interpretations are not expected to have a material effect on the financial statements of the Group.

2.2 Consolidation

(i) Subsidiaries
Subsidiaries are all entities (including special purpose entities) over which the Group has the power to govern the financial and operating policies generally accompanying a shareholding of more than one half of the voting rights. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Group controls another entity.

The Group applies the acquisition method to account for business combinations. The consideration transferred for the acquisition of a subsidiary is the fair values of the assets transferred, the liabilities incurred to the former owners of the acquiree and the equity interests issued by the group. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date.

Acquisition-related costs are expensed as incurred. Any contingent consideration to be transferred by the Group is recognised at fair value at the acquisition date. Subsequent changes to the fair value of the contingent consideration that is deemed to be an asset or liability is recognised in accordance with IAS 39 either in profit or loss or as a change to other comprehensive income.

Goodwill is initially measured as the excess of the aggregate of the consideration transferred and the fair value of non-controlling interest over the net identifiable assets acquired and liabilities assumed. If this consideration is lower than the fair value of the net assets of the subsidiary acquired, the difference is recognised in profit or loss.

Inter-company transactions, balances, income and expenses on transactions between group companies are eliminated. Profits and losses resulting from inter-company transactions that are recognised in assets are also eliminated. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

2.3 Foreign currency translation

(i) Functional and presentation currency
Items included in the financial statements of the Group are measured using the currency of the primary economic environment in which the entity operates ('the functional currency').

These financial statements are presented in thousands of EUR, which is the Group's functional and presentation currency in 2011 and 2010.

(ii) Transactions and balances
Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognized in the profit or loss.

2.4 Property, plant and equipment

All property, plant and equipment are stated at cost less accumulated depreciation and accumulated impairment losses.

(i) Cost
Cost includes expenditure that is directly attributable to the acquisition of the items, including borrowing costs incurred from the date of acquisition until the date the item becomes available for use.

Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognized. All other repairs and maintenance are charged to the income statement during the financial period in which they are incurred.

The most significant part of property, plant and equipment is represented by the network. Network included mainly power lines, pylons and switching stations.

(ii) Depreciation
The depreciation of property, plant and equipment starts

in the month when the property, plant and equipment is available for use. Property, plant and equipment are depreciated in line with the approved depreciation plan using the straight-line method. Monthly depreciation charge is determined as the difference between acquisition costs and residual value, divided by estimated useful life of the property, plant and equipment. Land and assets under construction are not depreciated.

The estimated useful lives of individual groups of assets are as follows:

The Estimated Useful Lives	Useful lives in years
Buildings and halls	30 – 50 years
Building sites	40 years
Machinery	4 – 20 years
Power lines, switching stations and similar equipment	4 – 30 years
Vehicles	4 – 15 years
Other assets	4 – 30 years

The residual value of an asset is the estimated amount that the Group would currently obtain from disposal of the asset less the estimated costs of disposal, if the asset were already of the age and in the condition expected at the end of its useful life. The residual value of an asset is nil if the Group expects to use the asset until the end of its physical life. The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each balance sheet date.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount (Note 2.6). Each part of an item of property, plant and equipment with a cost that is significant in relation to the total cost of the item is depreciated separately. The Group allocates the amount initially recognized in respect of an item of property, plant and equipment proportionally to its significant parts and depreciates separately each such part.

Items that are retired or otherwise disposed of are eliminated from the balance sheet, along with the corresponding accumulated depreciation. Gains and losses on disposals are determined by comparing proceeds with carrying amount and are recognized net in the income statement

2.5 Intangible assets

Intangible assets are initially measured at cost. Intangible assets are recognized if it is probable that the future economic benefits that are attributable to the asset will flow to the Group, and the cost of the asset can be measured reliably. After initial recognition, the intangible assets are measured at cost less accumulated amortization and any accumulated impairment losses. Borrowing costs are capitalized during the period from acquisition until the asset becomes available for intended use. The Group does not have intangible assets with indefinite useful lives. Intangible assets are amortized on the straight-line basis over their useful lives, not exceeding a period of 4 years.

Costs associated with maintaining computer software programmes are recognized as an expense as incurred. Development costs that are directly attributable to the design and testing of identifiable and unique software products controlled by the Group are recognized as intangible assets when the following criteria are met:

- it is technically feasible to complete the software product so that it will be available for use;
- management intends to complete the software product and use or sell it;
- there is an ability to use or sell the software product;
- it can be demonstrated how the software product will generate probable future economic benefits;
- adequate technical, financial and other resources to complete the development and to use or sell the software product are available; and
- the expenditure attributable to the software product during its development can be reliably measured.

Directly attributable costs that are capitalised as part of the software product include the software development employee costs and an appropriate portion of relevant overheads. Other development expenditures that do not meet these criteria are recognized as an expense as incurred. Development costs previously recognized as an expense are not recognized as an asset in a subsequent period.

Computer software development costs recognized as assets are amortised over their estimated useful lives, which does not exceeds four years.

2.6 Impairment of non-current non-financial assets

Assets that have an indefinite useful life and intangible assets not yet available for use are not subject to amortization and are tested for impairment annually. Land, construction in progress and assets that are subject to depreciation or amortization are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognized for the amount by which the asset's carrying amount exceeds its recoverable amount.

The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are individually identifiable cash flows (cash-generating units). Non-financial assets other than goodwill that were impaired are reviewed for possible reversal of the impairment at each reporting date.

2.7 Financial assets

The Group classifies its financial assets according to IAS 39 "Financial Instruments: Recognition and Measurement" in the following categories: financial assets at fair value through profit or loss, available-for sale financial assets and loans and receivables. The classification depends on the purpose for which the financial assets were acquired, whether they are quoted in an active market and on management intentions.

(i) Financial assets at fair value through profit or loss
Financial assets at fair value through profit or loss are financial assets held for trading. A financial asset is classified in this category if acquired principally for the purpose of selling in the short term. Derivatives are classified as held for trading. Assets in this category are classified as current assets.

The Group has not recorded any financial assets at fair value through profit and loss in the financial years 2011 and 2010.

(ii) Loans and receivables
Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Loans and receivables are included in current assets, except for maturities greater than 12 months after the end of the reporting period. These are classified as non-current assets.

The Group's loans and receivables comprise 'trade and other receivables' and 'cash and cash equivalents' in the statement of financial position (notes 2.11 and 2.13).

(iii) Available-for-sale financial assets
Available-for-sale financial assets are non-derivatives that are either designated in this category or not classified in any of the other categories. They are included in non-current assets unless management intends to dispose of the investment within 12 months of the end of the reporting period.

Reconciliation of these categories of financial assets with the statement of financial position classes is presented in Note 8.

Purchases and sales of financial assets are recognized on trade-date – the date on which the Group commits to purchase or sell the asset. Investments are initially recognized at fair value plus transaction costs for all financial assets not carried at fair value through profit and loss. Financial assets carried at fair value through profit or loss are initially recognized at fair value and transaction costs are expensed in the profit and loss. Financial assets are derecognized when the rights to receive cash flows from the investments have expired or have been transferred and the Group has transferred substantially all risks and rewards of ownership.

Available-for-sale financial assets and financial assets at fair value through profit or loss are subsequently carried at fair value. Loans and receivables are carried at amortised cost using the effective interest method.

Realised and unrealised gains and losses arising from changes in the fair value of the 'financial assets at fair value through profit or loss' category are included in the profit and loss in the period in which they arise.

Gains or losses arising from changes in the fair value of the available-for-sale financial assets are recognised in other comprehensive income in the period in which they arise and are reclassified to profit or loss upon disposal or impairment.

The Group has not recorded any available-for-sale financial assets in the financial years 2011 and 2010.

The Group assesses at each year-end date whether there is objective evidence that a financial asset or a group of financial assets is impaired. In the case of equity securities classified as available-for-sale, a significant or prolonged decline in the fair value of the security below its cost is considered as an indicator the securities are impaired. If any such evidence exists for available-for-sale financial assets, the cumulative loss – measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that financial asset previously recognized in profit or loss – is reclassified from other comprehensive income to profit or loss. Impairment testing of the receivables is described in note 2.11.

2.8 Financial liabilities

The Group classifies its financial liabilities to subsidiaries according to IAS 39 "Financial Instruments: Recognition and Measurement". The classification depends on the contractual provisions of the instrument and the intentions with which management entered into the contract.

Management determines the classification of its financial liabilities at initial recognition and re-evaluates this designation at every reporting date. When a financial liability is recognised initially, the Group measures it at its fair value net of transaction costs that are directly attributable to the origination of the financial liability.

After initial recognition, the Group measures all financial liabilities at amortised cost using the effective interest method. The gain or loss from financial liabilities is recognized in the income statement when the financial liability is derecognized and through the amortization process.

Financial liability (or a part of a financial liability) is removed from the Group's statement of financial position when, and only when it is extinguished – i.e. when the obligation specified in the contract is discharged or cancelled or expires.

2.9 Leases

IAS 17 defines a lease as being an agreement whereby the lessor conveys to the lessee in return for a payment, or series of payments, the right to use the asset for an agreed period of time.

(i) Operating leases
Leases, in which a significant portion of the risks and rewards of the ownership are retained by the lessor, are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are charged to the income statement on a straight-line basis over the period of the lease.

(ii) Finance lease
Leases of property, plant and equipment, where the Group has substantially all the risks and rewards of the ownership of the asset, are classified as finance leases. Finance leases are capitalized at the lease's commencement at the lower of the fair value of the leased property and the present value of minimum lease payments.

Each lease payment is allocated between the liability and finance charges so as to achieve a constant rate on the finance balance outstanding. The corresponding rental obligations, net of future finance charges, are included in borrowings. The interest element of the finance cost is charged to the profit and loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period. The assets acquired under finance leases are depreciated over their useful life or the shorter lease term if the Group is not reasonably certain that it will obtain ownership by the end of the lease term.

The Group has no finance leases in the financial years 2011 and 2010.

2.10 Inventories

Inventories are stated at the lower of cost and net realizable value. Weighted average method is used for the measurement of cost of inventories. The cost of material includes purchase price and directly attributable acquisition costs, such as customs duties or transportation costs. Net realizable value is the estimated selling price in the ordinary course of business, less cost of completion and selling expenses.

2.11 Trade receivables

Trade receivables are recognized initially at fair value and subsequently measured at amortized cost using the effective interest method, net of provision for impairment. Revenue recognition policy is described in Note 2.24.

A provision for impairment of receivables is established when there is objective evidence that the Group will not be able to collect all amounts due according to the original terms of receivables. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganization, default or delinquency in payments (more than 1 month overdue) are considered indicators that the trade receivable is impaired. The amount of the provision is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate. The carrying amount of the asset is reduced through the use of an allowance account, and the amount of the loss is recognized in the income statement within "other operating expenses".

When a trade receivable is uncollectible, it is written off against the allowance account for trade receivables. Subsequent recoveries of amounts previously written off are credited against "other operating income" in the income statement.

2.12 Construction contracts

The Group is involved on an ongoing basis in construction contracts related mostly to third parties.

When the outcome of a construction contract cannot be estimated reliably, contract revenue is recognized only to the extent of contract costs incurred that are likely to be recoverable.

When the outcome of a construction contract can be estimated reliably and it is probable that the contract will be profitable, contract revenue is recognized over the period of the contract. Contract costs are recognised as expenses by reference to the stage of completion of the contract activity at the end of the reporting period. When it is probable that total contract costs will exceed total contract revenue, the expected loss is recognised as an expense immediately.

Variations in contract work, claims and incentive payments are included in contract revenue to the extent that may have been agreed with the customer and are capable of being reliably measured.

The Group uses the 'percentage-of-completion method' to determine the appropriate amount to recognize in a given period. The stage of completion is measured by reference to the contract costs incurred at the end of the reporting period as a percentage of total estimated costs for each contract.

Costs incurred in the year in connection with future activity on a contract are excluded from contract costs in determining the stage of completion. They are disclosed as inventories, prepayments or other assets depending on their nature.

The Group presents as an asset the gross amount due from customers for contract work for all contracts in progress for which costs incurred plus recognized profits (less recognized losses) exceed progress billings. Progress billings not yet paid by customers and retentions are included within 'trade and other receivables'.

The Group presents as a liability the gross amount due to customers for contract work for all contracts in progress for which progress billings exceed costs incurred plus recognized profits (less recognized losses).

2.13 Cash and cash equivalents

Cash and cash equivalents comprise cash in hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less. Cash and cash equivalents are carried at amortised cost using the effective interest method. Restricted balances are excluded from cash and cash equivalents for the purposes of the cash flow statement. Balances restricted from being exchanged or used to settle a liability for at least twelve months after the end of the reporting period are included in non-current assets.

2.14 Share capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares are shown in equity as a deduction, net of tax, from the proceeds.

2.15 Dividend distribution

Dividends are recognised as a liability and deducted from equity at the end of the reporting period only if they are declared before or on the end of the reporting period. Dividends are disclosed when they are proposed before the end of the reporting period or proposed or declared after the end of the reporting period, but before the separate financial statements are authorised for issue.

2.16 Legal reserve fund

The legal reserve fund is set up in accordance with the Commercial Code. Contributions to the legal reserve fund of the Group were made at 10% of net income of the Company, up to 20% of the share capital. Such funds are not distributable and may only be used to increase share capital or to cover losses.

2.17 Other funds

The Group has set up additional funds from profits to reserve funding for future capital expenditure as allowed by the Commercial Code and Articles of Association. The allocations to these funds have been approved by the General meeting of Shareholders. Such funds are not distributable unless otherwise decided by shareholders.

2.18 Trade payables

Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Accounts payable are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities.

Trade payables are recognized initially at fair value and subsequently measured at amortized cost using effective interest method.

2.19 Taxation

(i) Deferred tax
Deferred income tax is recognized using the balance sheet liability method on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. However, deferred income tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination and the transaction, when initially recorded, affects neither accounting nor taxable profit or loss. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantively enacted by the end of the reporting period and are expected to apply when the related deferred income tax asset is realized, or the deferred income tax liability is settled.

Deferred income tax assets are recognized to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilized. Deferred income tax is provided on temporary differences arising on investments in subsidiaries and associates, except where the timing of the reversal of the temporary difference is controlled by the Group and it is probable that the temporary difference will not reverse in the foreseeable future. Dividend income is currently not subject to income taxes in the Slovak Republic.

The Group offsets deferred tax assets and deferred tax liabilities where the Group has a legally enforceable right to set off current tax assets against current tax liabilities and these relate to income taxes levied by the same taxation authority.

(ii) Current income tax
The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the end of the reporting period. It is calculated on the basis

of the profit/(loss) before taxes that has been adjusted for tax-deductible and tax-non-deductible items due to permanent and temporary differences between accounting and taxable profit. The current tax liability is stated net of corporate income tax advances that the Group paid during the year. If corporate income tax advances paid during the year exceed the tax liability for the period, the Group records a tax receivable.

2.20 Contributions related to acquisition of property and equipment

The Group and its predecessor have over time received contributions for construction of the electricity distribution network, in particular for new municipal connections and networks. Certain customers of the Group contributed towards the cost of their connection.

Customer contributions are recognized at their fair value where there is a reasonable assurance that the contribution will be received.

Customer contributions relating to acquisition of property and equipment have been accounted by setting up the grant as deferred revenue, which is recognized as other revenue over the life of depreciable asset. Both fixed assets and deferred revenue are recorded at fair values at acquisition.

2.21 Borrowings

Borrowings are recognized initially at fair value, net of transaction costs incurred. Borrowings are carried at amortized cost using the effective interest method. Interest costs on borrowings to finance the construction of property, plant and equipment are capitalized based on cost of the qualifying assets, during the period of time that is required to complete and prepare the asset for its intended use. All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the end of the reporting period.

2.22 Provisions / Contingent liabilities

Provisions are recognized when the Group has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation, and a reliable estimate of the amount can be made. Provisions are not recognized for future operating losses. Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognized even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax-rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase of the provision due to passage of time is recognized as interest expense.

Where the Group expects a provision to be reimbursed, for example under an insurance contract, the reimbursement is recognized as a separate asset but only when the reimbursement is virtually certain.

Contingent liabilities are not recognized in the financial statements. They are disclosed in the notes, unless the possibility of an outflow of resources embodying the economic benefits is remote.

2.23 Employee benefits

The Group has both defined benefit and defined contribution plans.

(i) Pension obligations
A defined benefit plan is a pension plan that defines an amount of pension benefit that an employee will receive on retirement, usually dependent on one or more factors such as age, years of service and compensation. A defined contribution plan is a pension plan under which the Group pays fixed contributions into a separate entity and will have no legal or constructive obligations to pay further contributions if the fund does not hold sufficient assets to pay all employees the benefits relating to employee service in the current and prior periods.

(ii) Unfunded defined benefit pension plans
According to the contract with the Trade Unions for the years 2011 to 2013 the Group is obliged to pay its employees on retirement or disability the average of their monthly salary (2010: average of their monthly salary). Additionally, if the employees decide to resign exactly at the date of retirement, the Group is obliged to pay its employees additional 6 multiples of their average monthly salary (2010: 6 multiples of their average monthly salary).

The minimum requirement of the Labour Code of one-month average salary payment on retirement is included in the above multiples.

The Group also pays certain life and work jubilees bonuses.

a) Life jubilee benefits are paid by the Company in the amount of 1,700 EUR to each employee at the age of 50 under the condition that employee worked at least 10 years of continuous work for the Company.

b) Work jubilee bonuses (long-term service bonuses) paid by the Group are dependent on the number of years of service for the Group and equal to the following amounts:

10 years	EUR 366
20 years	EUR 664
30 years	EUR 830
35 years	EUR 996

The defined benefit obligation is calculated annually by independent actuaries using the Projected Unit Credit Method. The present value of the defined benefit obligation is determined (a) by discounting the estimated future cash outflows using interest rates of government bonds which have terms to maturity approximating the terms of the related pension liability and (b) then attributing the calculated present value to the periods of service based on the plan's benefit formula.

Actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions are charged or credited to the profit and loss when incurred.

(iii) Defined contribution pension plans
The Group contributes to the government and private defined contribution pension plans.

The Group makes contributions to the government health, retirement benefit, accidental and guarantee insurance and unemployment schemes at the statutory rates in force during the year, based on gross salary payments. Throughout the year, the Group made contributions amounting to 35.2% (2010: 35.2%) of gross salaries up to a monthly salary cap, which is defined by the relevant law, to such schemes, together with contributions by employees of a further 13.4% (2010: 13.4%). The cost of these payments is charged to the profit and loss in the same period as the related salary cost.

In addition, with respect to employees who have chosen to participate in a supplementary pension scheme, the Group makes contributions to the supplementary scheme amounting to 3% (2010: 3%) from the total of monthly tariff wage.

(iv) Termination benefits
Termination benefits are payable when employment is terminated by the Group before the normal retirement date, or whenever an employee accepts voluntary redundancy in exchange for these benefits. The Group recognises termination benefits when it is demonstrably committed to either: terminating the employment of current employees according to a detailed formal plan without possibility of withdrawal; or providing termination benefits as a result of an offer made to encourage voluntary redundancy. Benefits falling due more than 12 months after the balance sheet date are discounted to their present value.

(v) Profit sharing and bonus plans
A liability for employee benefits in the form of profit sharing and bonus plans is recognized within other payables when there is no realistic alternative but to settle the liability and at least one of the following conditions is met:
- there is a formal plan and the amounts to be paid are determined; or
- past practice has created a valid expectation by employees that they will receive a bonus/profit sharing and the amount can be determined.

Liabilities for profit sharing and bonus plans are expected to be settled within 12 months and are measured at the amounts expected to be paid when they are settled.

2.24 Revenue recognition

Revenue comprises the fair value of the consideration received or receivable for the sale of goods and services in the ordinary course of the Group's activities. Revenue is shown, net of value-added tax, estimated returns, rebates and discounts.

The Group recognizes revenue when the amount of revenue can be reliably measured, it is probable that future economic benefits will flow to the Group and specific criteria will be met for each of the Group's activities as described below. The amount of revenue is not considered to be reliably measurable until all contingencies relating to the sale have been resolved.

(i) Revenue from sale and distribution of electricity
Revenue from sale and distribution of electricity is recognized when the electricity is delivered to the customer. Consumption to wholesale customers is metered and billed on monthly basis.

Consumption of the retail customers in the segment of small businesses was metered during December 2011 and subsequently billed on the annual basis from 1 January till 31 December.

Consumption of the retail customers in households segment is metered and billed on annual basis and the Company split its household customer base to twelve billing cycles. The billing of electricity supplied in 2011 for all twelve billing cycles will be completed in December 2012. For calculation of the total supply to the retail customers the Group uses an estimate of network losses, which are incurred in the distribution system and the regularly measured amounts of overall electricity purchases, sales to the Group's wholesale customers and small businesses and its own consumption. Network losses are included in the cost of purchased electricity.

Revenue from sale of electricity on the spot market, settlement of variations in consumption and cross – border profile recharges represent mainly revenues from sale of electricity purchased on short-term market for regular customers due to unexpected short-term deviation in their consumption diagrams and revenue from fees paid by the regular customers for deviating from the planned consumption curve. These revenues are usually realised on a spot market or from sale abroad. All these revenues are recognized when the electricity is delivered or the contract is fulfilled.

(ii) Connection fees
ZSE receives contribution from the customers to connect them to electricity network – connection fees. Revenue from such contributions is recognized as deferred revenue and is released to revenues over the useful life of the asset (approximately 20 years).

(iii) Sales of services
Sales of services are recognized in the accounting period in which the services are rendered, by reference to completion of the specific transaction assessed on the basis of the actual service provided as a proportion of the total services to be provided.

(iv) Dividend income
Dividend income is recognized when the right to receive the payment is established.

(v) Interest income
Interest income is recognized on accrual basis in the period when it is incurred, independent from the actual payments of the interest.

(vi) Contractual penalties
Contractual penalties are recognized as revenue when the cash payment is received as contractual penalties mostly relate to contracts with customers who intended to defraud ZSE and as such are relatively difficult to collect.

(vii) Sales to hospitals
Hospitals pay with significant time delays. The Group recognizes sales to hospitals at estimated fair value of expected cash inflows.

3. Financial Risk Management

3.1 Financial risk factors

The Group's activities are exposing it to certain of financial risks: market risk (including risk of changes in foreign currency exchange rates and interest rate risk), credit risk and liquidity risk. The Group's principal financial instruments comprise trade receivables and payables, cash and short-term bank deposits. The main purpose of these financial instruments is to raise finance or to invest excess liquidity.

Risk management is carried out under policies approved by the Board of Directors. The Board provides written principles for overall risk management, as well as written policies covering specific areas, such as credit risk and the investment of excess liquidity.

(i) Market risk

(a) Foreign exchange risk
The Group operates mainly in the domestic market, and most of its sales, purchases and short-term deposits are denominated in Euro.

Management does not consider foreign exchange risk as a significant exposure to the Group's operations as it has only small volume of transactions in currency other than its functional currency.

(b) Price risk
The Group is not exposed to significant price risk, as it does not invest in equities.

(c) Cash flow and fair value interest rate risk
As the Group has no significant interest earning assets other than short-term bank deposits, short term bonds and cash at bank accounts as of 31 December 2011 and 2010, the cash flows are only to a small extent dependent on the market interest rate fluctuations. The short term bank deposits and short term bonds are denominated at fixed interest rates. At 31 December 2011, if the interest rates on short-term bank deposits would be higher/lower by 1% with all other variables constant, post-tax profit for the year would have been EUR 55 thousand (at 31 December 2010: EUR 20 thousand) higher or lower mainly as a result of higher/lower interest income on short term bank deposits.

At 31 December 2011, if the interest rates on short term bonds would be higher/lower by 1% with all other variables constant, post-tax profit for the year would have been EUR 38 thousand (at 31 December 2010: EUR 0 thousand) higher or lower mainly as a result of higher/lower interest income on short term bonds.

The Group had neither bank borrowings nor other similar instruments during the financial year 2011 and 2010.

(ii) Credit risk

The Group takes on exposure to credit risk, which is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. Exposure to credit risk arises as a result of the Group's sales of services on credit terms and other transactions with counterparties giving rise to financial assets.

The credit risk arises from cash and cash equivalents, deposits with banks and financial institutions, as well as credit exposures to wholesale and retail customers, including outstanding receivables and transactions made.

As for the banks and financial institutions, Group has relationships only with those ones that have high independent rating assessment. If wholesale customers are independently rated, these rating are used. If no independent rating is available, management assesses the credit quality of customer, taking into account its financial position, past experience and other factors. The Group does not set individual risk limits for counterparties. As for the trade receivables, the Group does not have a significant concentration of credit risk mainly due to a large number of diverse customers. The Group uses a system of reminders, which may culminate in a service disconnection, as the prevailing contract enforcement. The collection of receivables could be influenced by economic factors, management believes that there is no significant risk of loss to the Group beyond the provisions already recorded.

The table below shows the credit limit and balance of the major counterparties at the balance sheet date:

Credit Limit and Balance of the Major Counterparties

All amounts are in thousands of Euro unless stated otherwise

	Counterparty Rating*	31 December 2011		31 December 2010	
		Credit limit	Balance	Credit limit	Balance
Banks rated	A1	n/a	6,040	n/a	54,569
Banks rated**	A2		102,153		85,510
Banks rated	Baa		87		2,025
Banks rated	A		25,474		16,265
			133,754		**158,369**
Banks not rated			955		688
			134,709		**159,057**

*) Rating provided by Moody's and Fitch at 31 December 2011
**) Includes also short-term bonds amounting to EUR 10 000 thousand (Note 11).

(iii) Liquidity risk

Liquidity risk is defined as the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities. Prudent liquidity risk management implies maintaining sufficient cash and marketable securities, the availability of funding through an adequate amount of committed credit facilities and the ability to close out market positions. Group's Treasury aims to maintain flexibility in funding by keeping committed credit lines available.

The Group regularly monitors its liquidity position and uses overdrafts only in exceptional cases. The Group also uses the advantages of commercial terms between the Group and its suppliers to secure sufficient financing funds to cover its needs. The maturity of supplier's invoices is 60 days, on average.

The Group monitors movements of financial resources in bank accounts on a regular basis. Expected cash flow is prepared as follows:

1) expected future cash inflows from main operation of the Group; and

2) expected future cash outflows securing operation of the Group and leading to settlement of all liabilities of the Group, including tax payables.

A cash flow forecast is prepared weekly. It identifies the immediate need for cash and, if funds are available, it enables the Group to make term deposits.

The table below places the Group's financial liabilities into relevant maturity groupings based on the remaining period at the balance sheet date to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows:

Contractual Undiscounted Cash Flows

All amounts are in thousands of Euro unless stated otherwise	Less than one year
At 31 December 2011	
Trade payables (Note 14)	79,323
Other accrued liabilities (Note 14)	15,121
Dividends payable (Note 12, 14)	50,000
Other financial liabilities (Note 14)	10,151
	154,595
At 31 December 2010	
Trade payables (Note 14)	84,638
Other accrued liabilities (Note 14)	3,501
	88,139

There were no derivatives used by the Group in 2011 and 2010.

3.2 Capital risk management

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders, and benefits for other stakeholders, and to maintain an optimal capital structure to reduce the cost of capital. The Group's management manages capital reported under IFRS as equity amounting to, as at 31 December 2011, EUR 536,797 thousand (31 December 2010: EUR 591,485 thousand).

In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders or return capital to shareholders.

The Group's management considers the most relevant indicator of capital management to be the return on capital employed (ROCE). Management expect return on capital employed to be higher than cost of capital. As at 31 December 2011 return on capital employed amounted to 32.0% (as at 31 December 2010: 28.6%)

3.3 Fair value estimation

The nominal value of trade receivables, net of impairment provision for bad and doubtful debts and the nominal value of payables, approximates their fair values. The fair value of financial liabilities for disclosure purposes is estimated by discounting the future contractual cash flows at the current market interest rate that is available to the Group for similar financial instruments.

4. Critical Accounting Estimates and Judgements

The Group makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. Critical estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

(i) Unbilled electricity
Unbilled electricity is an accounting estimate, which is based on the estimate of the electricity supply in technical units (MWh) at low voltage level and on the estimate of the price which will be used for billing of the supply in the future. The estimate of the electricity supply at this voltage level is based on:

- the inputs for ZSE networks (measured amount)
- the supplies at other voltage levels (measured amount)
- the estimate of the network losses
- the estimate of the supply at low voltage level
- the estimate of the tariff price which will be billed in the future for the supplies realized in the current year

The Group has used methodology for the estimate of network losses that is consistent with the methodology used in prior periods based on expert's opinion. If the estimated level of total grid losses was lower by 0.1%, the amount of unbilled distributed and supplied electricity in the balance sheet would be higher by EUR 1,191 thousand (2010: EUR 1,121 thousand) and recorded as revenues with corresponding entry into trade receivables.

(ii) Estimated useful life of network
The useful life of network assets was based on accounting estimates described in Note 2.4. If the estimated useful life of network assets had been shorter by 10% than management's estimates at 31 December 2011, the Group would have recognized an additional depreciation of network assets of EUR 3,887 thousand (2010: EUR 3,645 thousand).

5. Group Structure

The Group structure as of 31 December 2011 has been as follows:

The Group Structure as of 31 December 2011

Name	Country of incorporation	Percentage of shareholding in the ordinary share capital	Principal activities
ZSE Distribúcia, a.s.	Slovakia	100%	Distribution of electricity
ZSE Energia, a.s.	Slovakia	100%	Supply of electricity
Enermont s.r.o.	Slovakia	100%	Construction works
ZSE Development, s.r.o. (previously OTC, s.r.o.)	Slovakia	100%	Meters calibration
ZSE prenos, s.r.o.	Slovakia	100%	Wholesale and retail

The requirement to legally unbundle the distribution business from other commercial activities of integrated electricity companies has been established by the European Directive 2003/54 on common rules for internal market with electricity. The Directive has been transposed into Slovak legislation by the Act on Energy (656/2004) issued in 2004. The Act prescribed legal unbundling by 30 June 2007 at the latest.

ZSE has started preparatory works for unbundling already in early 2005. At the beginning of 2006 a detailed evaluation of possible unbundling models has been performed based on the following major criteria: full compliance with legislation and regulatory requirements; acceptance of shareholders, stakeholders and general public; minimum disruption to customers; no negative impact on quality of provided service, standard solutions implemented within E.ON Group and implementation feasibility and efficiency.

ZSE has also chosen to unbundle distribution as well as supply business into separate subsidiaries. For the distribution business the Company has chosen model of new distribution business subsidiary resulting in transfer of all core activities of distribution to ZSE Distribúcia, a.s. Energy supply business has been transferred to ZSE Energia, a.s. Central services, customer services, network and other services remain in ZSE. These services are provided to the subsidiaries ZSE Distribúcia, a.s. and ZSE Energia, a.s.

Enermont s.r.o. was established on 14 April 2003 and incorporated on 10 June 2003 as a company fully owned by ZSE. On 1 July 2003 ZSE transferred to Enermont s.r.o. part of its business relating to construction of electricity distribution structures.

ZSE Development, s.r.o. (until 4 February 2012: OTC, s.r.o.) (Note 26) was established on 14 April 2003 and incorporated on 2 June 2003 as a private company fully owned by ZSE. On 1 July 2003 ZSE transferred to OTC, s.r.o. part of its business relating to calibration of electricity metering equipment.

ZSE prenos, s.r.o. was established on 9 February 2005 and incorporated on 25 March 2005 as a company fully owned by ZSE. ZSE prenos, s.r.o. is currently dormant.

ZSE Distribúcia, a.s. was established on 20 April 2006 and incorporated in trade register on 20 May 2006 as a company fully owned by ZSE. Since 1 July 2007 the company engages in distribution of electricity in the region of Western Slovakia, when it was unbundled from the Západoslovenská energetika.

ZSE Energia, a.s. was established on 18 August 2006 and incorporated in trade register on 22 September 2006 as a company fully owned by ZSE. Since 1 July 2007 the company engages in supply of electricity mainly in the region of Western Slovakia, when it was unbundled from the Západoslovenská energetika.

Enermont s.r.o., ZSE Development, s.r.o. (until 4 February 2012: OTC, s.r.o.), ZSE prenos, s.r.o., ZSE Distribúcia, a.s. and ZSE Energia, a.s. do not have subsidiaries of their own.

6. Property, Plant and Equipment

Property, Plant and Equipment All amounts are in thousands of Euro unless stated otherwise	Land	Buildings and halls, building sites, network assets	Machinery, power lines, switching stations and similar equipment, vehicles and other assets	Capital work in progress including advances (CIP)	Total
At 1 January 2010					
Cost	14,003	469,977	277,431	75,206	836,617
Accumulated depreciation including impairment charge	–	(198,169)	(134,785)	–	(332,954)
Net book value	**14,003**	**271,808**	**142,646**	**75,206**	**503,663**
Year ended 31 December 2010					
Additions	–	–	–	60,517	60,517
Transfers	328	68,540	24,780	(93,648)	–
Depreciation charge (Note 19)	–	(14,789)	(17,121)	–	(31,910)
Disposals	(3)	(736)	(143)	–	(882)
Impairment (charge)/release (Note 19)	–	–	–	(1,706)	(1,706)
Closing net book value	**14,328**	**324,823**	**150,162**	**40,369**	**529,682**
At 31 December 2010					
Cost	14,328	527,709	304,358	42,075	888,470
Accumulated depreciation including impairment charge	–	(202,886)	(154,196)	(1,706)	(358,788)
Net book value	**14,328**	**324,823**	**150,162**	**40,369**	**529,682**
Year ended 31 December 2011					
Additions	–	–	–	72,518	72,518
Transfers	1,801	72,794	31,539	(106,134)	–
Depreciation charge (Note 19)	–	(16,274)	(18,707)	–	(34,981)
Disposals	(4)	(426)	(91)	–	(521)
Impairment (charge)/release (Note 19)	–	–	–	710	710
Closing net book value	**16,125**	**380,917**	**162,903**	**7,463**	**567,408**
At 31 December 2011					
Cost	16,125	597,674	327,272	8,459	949,530
Accumulated depreciation including impairment charge	–	(216,757)	(164,369)	(996)	(382,122)
Net book value	**16,125**	**380,917**	**162,903**	**7,463**	**567,408**

Impairment charge to Capital work in progress relates to the projects started, where the the finalisation of those assets is uncertain.

Property plant and equipment includes the capitalized interest on debt apportioned to the construction period of qualifying assets as part of their cost of acquisition in the amount of EUR 11,684 thousand (in the year ended 31 December 2010: EUR 11,684 thousand). No borrowing costs were capitalized during 2011 and 2010.

During the year ended 31 December 2011 the Group received from customers fixed assets and cash to finance construction of fixed assets at fair value of EUR 6,216 thousand (during the year ended 31 December 2010: EUR 552 thousand). As at 31 December 2011 the cost and net book value of fixed assets financed through grants and contributions amounts to EUR 61,799 thousand and EUR 31,962 thousand respectively (as at 31 December 2010: EUR 55,583 thousand and EUR 27,603 thousand respectively).

At 31 December 2011 and 2010 no property, plant and equipment was collaterized or pledged. Non-current tangible assets are insured in Ergon Insurance Limited against damages caused by natural disasters and water from exchange up to the amount of EUR 439,241 thousand for buildings and building parts and up to amount of EUR 393,599 thousand for the machinery, equipment, fixture, fittings and other assets (2010: EUR 439,241 thousand and 393,599 thousand respectively).

7. Intangible Assets

Intangible Assets

All amounts are in thousands of Euro unless stated otherwise

	Computer software and other	Assets not yet available for use	Total
At 1 January 2010			
Cost	27,752	1,737	29,489
Accumulated depreciation including impairment charge	(18,698)	–	(18,698)
Net book value	**9,054**	**1,737**	**10,791**
Year ended 31 December 2010			
Additions	–	6,157	6,157
Transfers	1,037	(1,037)	–
Disposals	(55)	–	(55)
Amortisation charge (Note 19)	(2,737)	–	(2,737)
Closing net book value	**7,299**	**6,857**	**14,156**
At 31 December 2010			
Cost	28,929	6,857	35,786
Accumulated depreciation including impairment charge	(21,630)	–	(21,630)
Net book value	**7,299**	**6,857**	**14,156**
Year ended 31 December 2011			
Additions	–	5,397	5,397
Transfers	10,879	(10,879)	–
Disposals	–	–	–
Amortisation charge (Note 19)	(3,979)	–	(3,979)
Closing net book value	**14,199**	**1,375**	**15,574**
At 31 December 2011			
Cost	39,808	1,375	41,183
Accumulated depreciation including impairment charge	(25,609)	–	(25,609)
Net book value	**14,199**	**1,375**	**15,574**

Assets not yet available for use comprise mostly of acquisition of additional software for upgrade and improvement of functionality of the customer and network information system. Assets are expected to be finalized and available for use in 2012.

8. Financial Instruments by Category

The reconciliation of classes of financial instruments with measurement categories under IAS 39 is as follows:

Loans and Receivables

All amounts are in thousands of Euro unless stated otherwise

Assets as per statement of financial position	Loans and receivables	Total
As at 31 December 2011		
Trade receivables (Note 10)	108,470	**108,470**
Trade receivables towards E.ON Group companies (Note 10)	67	**67**
Amounts due from customers to contract work – third parties (Note 10)	1,028	**1,028**
Other receivables and other accrued income (Note 10)	1,834	**1,834**
Other financial asset (Note 11)	10,000	**10,000**
Cash and cash equivalents (Note 11)	124,709	**124,709**
Total	**246,108**	**246,108**
As at 31 December 2010		
Trade receivables (Note 10)	85,670	**85,670**
Trade receivables towards E.ON Group companies (Note 10)	89	**89**
Amounts due from customers to contract work – third parties (Note 10)	5,338	**5,338**
Other receivables and other accrued income (Note 10)	3,270	**3,270**
Cash and cash equivalents (Note 11)	159,057	**159,057**
Total	**253,424**	**253,424**

Other Financial Liabilities – Carried at Amortised Cost

All amounts are in thousands of Euro unless stated otherwise

Liabilities as per statement of financial position	Other financial liabilities – carried at amortised cost	Total
As at 31 December 2011		
Trade payables (Note 14)	79,323	**79,323**
Other accrued liabilities (Note 14)	15,121	**15,121**
Dividends payable (Note 12, 14)	50,000	**50,000**
Other financial liabilities (Note 14)	10,151	**10,151**
Total	**154,595**	**154,595**
As at 31 December 2010		
Trade payables (Note 14)	84,638	**84,638**
Other accrued liabilities (Note 14)	3,501	**3,501**
Total	**88,139**	**88,139**

9. Inventories

Materials and Spare Parts

All amounts are in thousands of Euro unless stated otherwise	As at 31 December	
	2011	2010
Materials and spare parts	1,388	1,726
Total inventories	**1,388**	**1,726**

The inventory items are shown after provision for slow-moving materials of EUR 15 thousand (31 December 2010: EUR 15 thousand).

Movements in provision for slow-moving items for year ended 31 December 2011 are presented below:

Materials and Spare Parts

All amounts are in thousands of Euro unless stated otherwise

	At 1 January 2011	Set-up	Release	At 31 December 2011
Materials and spare parts	15	–	–	15
Total	**15**	–	–	**15**

10. Trade and Other Receivables

Trade and Other Receivables

All amounts are in thousands of Euro unless stated otherwise	As at 31 December	
	2011	2010
Trade receivables not yet due	101,178	73,996
Individually impaired trade receivables	37,394	44,148
Less: Provision for impairment of receivables	(30,102)	(32,474)
Trade receivables – net	108,470	85,670
Trade receivables towards E.ON Group companies not yet due and not impaired	67	89
Amounts due from customers to contract work – third parties	1,028	5,338
Other receivables and other accrued income	1,834	3,270
Total financial assets (Note 8)	**111,399**	**94,367**
Prepayments	3,858	191
VAT receivable (Note 25)	1,572	–
Excise tax receivable (Note 25)	816	73
Total trade and other receivables	**117,645**	**94,631**

The structure of trade receivables and other receivables by maturity is shown in the following table:

The Structure of Trade Receivables

All amounts are in thousands of Euro unless stated otherwise	As at 31 December	
	2011	2010
Receivables within due date	110,353	82,957
Overdue receivables	37,394	44,148
Less: Provision for impairment of receivables	(30,102)	(32,474)
Total trade and other receivables	**117,645**	**94,631**

The analysis of trade receivables that are neither past due nor impaired by their credit quality is as follows:

The Structure of Trade Receivables

All amounts are in thousands of Euro unless stated otherwise	As at 31 December	
	2011	2010
Households and individuals	15,857	10,207
Small and medium businesses	33,978	34,902
Large businesses	51,343	28,887
Trade receivables not yet due	**101,178**	**73,996**

As of 31 December 2011, trade receivables of EUR 37,394 thousand (31 December 2010: EUR 44,148 thousand) were impaired and provided for. The amount of the provision was EUR 30,102 thousand as of 31 December 2011 (31 December 2010: EUR 32,474 thousand). The individually impaired receivables mainly relate to customers, which are in unexpectedly difficult economic situations. It was assessed that a portion of the receivables is expected to be recovered.

The ageing of these receivables is as follows:

The Ageing of Receivables		
All amounts are in thousands of Euro unless stated otherwise	As at 31 December	
	2011	2010
1 to 30 days after due date	6,501	10,025
31 to 60 days after due date	1,736	2,205
61 to 90 days after due date	1,182	1,518
91 to 120 days after due date	680	760
121 to 180 days after due date	1,188	1,550
181 to 360 days after due date	2,127	5,751
Over 360 days after due date	23,980	22,339
Total individually impaired receivables	**37,394**	**44,148**

The movements in the provision for impairment of trade receivables are presented below:

The Movements in the Provision for Impairment of Trade Receivables		
All amounts are in thousands of Euro unless stated otherwise	2011	2010
At the beginning of the year	32,474	34,987
Additional provision for receivables impairment (Note 19)	466	3,502
Unused amounts reversed	(534)	(604)
Receivables written off during the year as uncollectible	(2,304)	(5,411)
At end of the year	**30,102**	**32,474**

Bad debt provision is calculated in the amount of 100% of the value of individual receivables from companies in bankruptcy and receivables subject to court proceedings. Bad debt provision is calculated based on ageing analysis of individual receivables and the type of the customer.

The Group constructs properties for third parties. Amounts recognised in respect of contracts in progress at the balance sheet date are:

All amounts are in thousands of Euro unless stated otherwise	As at 31 December	
	2011	2010
Costs incurred and recognised profits (less recognised losses) to date	2,547	6,817
Less progress billings	(1,519)	(1,479)
Amounts due from/(to) customers for contract work (Note 8)	**1,028**	**5,338**

Amounts due from customers for contract work are neither past due nor impaired and will be invoiced upon achievement of agreed construction contract milestones. Amounts due to customers for contract work are expected to be settled by deliveries of construction services.

The carrying amount of trade and other receivables as of 31 December 2011 and 2010 is not substantially different from their fair value. The maximum exposure to credit risk is limited by the carrying value of receivables. There is no concentration of credit risk with respect to trade receivables as the Group has a large number of customers.

The carrying amounts of all the Group's trade and other receivables are denominated in EUR. The Group does not hold any collateral as security of the receivables.

No receivables have been pledged in favour of a bank or a pledge. There no other restrictions relating to Group's receivables.

11. Cash and Cash Equivalents

Cash and Cash Equivalents		
All amounts are in thousands of Euro unless stated otherwise	As at 31 December	
	2011	2010
Cash at bank and in hand	124,576	158,924
Short term bank deposits	133	133
	124,709	**159,057**

The effective interest rate on short term bank deposits was 0.80% (year ended 31 December 2010: 0.38%) and these deposits have an average maturity of 11 days (year ended 31 December 2010: 3 days). As at 31 December 2011 the restricted cash amounted to EUR 133 thousand (as at 31 December 2010: EUR 133 thousand) and was excluded from cash and cash equivalents for the purposes of the cash flow statement.

The cash and short-term deposits are kept by the Group in 7 banks. The credit quality of cash in the bank and bank deposits can be assessed by external credit ratings (Moody's and Fitch) at 31 December 2011:

Credit Quality of Cash		
All amounts are in thousands of Euro unless stated otherwise	As at 31 December	
	2011	2010
Cash at bank		
Banks rated – A1 (Moody's)	6,040	54,569
Banks rated – A2 (Moody's)	92,020	85,377
Banks rated – Baa (Moody's)	87	2,025
Banks rated – A (Fitch)	25,474	16,265
Not rated banks	955	688
	124,576	**158,924**
Short-term bank deposits		
Banks rated – A2 (Moody's)	133	133
	133	**133**
Total cash in the bank and short-term bank deposits	**124,709**	**159,057**

These balances are neither past due nor impaired.

Other financial assets
Other financial assets represent short-term bonds amounting to EUR 10,000 thousand issued by Tatra-Leasing, s.r.o. which is a member of Tatrabanka Group (Moody's rating A2). Bonds were acquired in February 2011 at par with fixed interest rate of 2% p.a. Bonds were repaid on 2 January 2012.

12. Shareholders' Equity

The total authorized number of ordinary shares is 5,934,594 shares with a par value of EUR 33.19 per share. All authorized shares are issued and fully paid in.

As at 31 December 2011 the total number of 3,026,643 shares (51%) are owned by the National Property Fund of the Slovak Republic, 2,373,838 shares (40%) are owned by E.ON Slovensko, a.s. and 534,113 shares (9%) are owned by European Bank for Reconstruction and Development.

Legal reserve fund is an obligatorily created reserve from profit of the Company in accordance with the Slovak Commercial Code, paragraph 67. The minimum prescribed creation of the Legal reserve fund is specified in paragraph 217 of the Commercial Code and it defines that the Company is obliged to create legal reserve fund in the amount of 10% of its share capital at the time of the incorporation of the Company. This amount must be increased annually by at least 10% from net profit, until the Legal reserve fund achieves 20% of the share capital. Use of this fund is restricted under the Commercial Code only to cover losses of the Company and it is not a distributable reserve. Legal reserve fund amounted to EUR 39,421 thousand as at 31 December 2011 (as at 31 December 2010: EUR 39,421 thousand).

Other funds include a regional development fund which has been set up based on the agreement of Company's Shareholders in 2004 and distribution network recovery fund set up based on the agreement of Company's Shareholders and by initiative of Ministry of Economy of Slovak Republic in 2005, which amounts to EUR 12,481 thousand and EUR 9,958 thousand respectively as at 31 December 2011 (at 31 December 2010: EUR 12,481 thousand and EUR 9,958 thousand). The investment base fund was set up in 2006 and which amounts to EUR 23,028 thousand as at 31 December 2011 (at 31 December 2010: EUR 23,028 thousand). The usage of these funds is limited to the defined purposes.

General Meeting held on 31 May 2011 approved the statutory financial statements for previous accounting period and the distribution of 2010 profit amounting to EUR 95,809 thousand as follows:

Appropriation to the social fund	EUR 1,390 thousands
Dividends	EUR 94,419 thousands

The Extraordinary General Meeting held on 19 December 2011 approved additional payment of dividends amounting to EUR 100,000 thousand, out of which EUR 50,000 thousand was paid during the year 2011, the remaining EUR 50,000 thousand was paid on 27 February 2012 (note 14, 26).

Dividend per share represents EUR 32.76 for the year ended 31 December 2011 (2010: EUR 17.93 per share).

The distributable retained earnings of the parent Company of the Group at 31 December 2011 amounted to EUR 709,506 thousand (31 December 2010: EUR 742,187 thousand). Decision on the use of the 2011 profit of EUR 161,738 thousand will be made by the General Meeting. As at the date of authorisation of these consolidated financial statements for issue, the Board of Directors has not yet proposed the distribution of the 2011 profit.

13. Deferred Revenues

Deferred Revenues		
All amounts are in thousands of Euro unless stated otherwise	As at 31 December	
	2011	2010
Non current		
Contributions – long-term portion (a)	37,647	31,929
Connection fee – long-term portion	31,980	28,354
	69,627	60,283
Current (Note 14)		
Contributions – current portion (a)	1,912	1,678
Connection fee – short-term portion	1,683	1,492
	3,595	**3,170**

(a) Contributions are paid primarily by customers for capital expenditures made on their behalf, and access network assets transferred to the Company by its customers free of charge. The contributions are non-refundable and are recognized in revenue in line with depreciation lives of the related assets.

14. Trade and Other Payables

Trade and Other Payables		
All amounts are in thousands of Euro unless stated otherwise	As at 31 December	
	2011	2010
Trade payables	79,323	84,638
Other accrued liabilities	15,121	3,501
Dividends payable (Note 12, 25)	50,000	–
Other financial liabilities	10,151	–
Financial liabilities (Note 8)	**154,595**	**88,139**
Other payables and accrued expenses		
Deferred revenues – capital expenditure grant (Note 13)	1,912	1,678
Deferred revenues – connection fee (Note 13)	1,683	1,492
Deferred revenues – unbilled electricity	29,854	26,369
Payables to employees	1,907	1,920
Social security	1,181	1,067
Accrued personnel expenses	5,797	4,800
Advance payments	16,795	6,114
VAT payable (Note 25)	–	5,565
Other payables	3,192	1,610
	62,321	**50,615**
	216,916	**138,754**

Out of the total payables at 31 December 2011, overdue trade payables are EUR 367 thousand (at 31 December 2010: EUR 4,003 thousand). All other payables are within due date.

The fair value of trade payables and of other accrued liabilities is not significantly different from their carrying amount.

The carrying value of payables is denominated in the following currencies:

The Carrying Value of Payables

All amounts are in thousands of Euro unless stated otherwise	As at 31 December	
	2011	2010
EUR	216,914	138,749
CZK	2	5
Total trade and other payables	**216,916**	**138,754**

15. Deferred Income Taxes

Deferred income taxes are calculated on temporary differences under the balance sheet liability method using a principal tax rate of 19%.

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax asset against current tax liabilities and when the deferred income taxes relate to the same fiscal authority.

The deferred tax assets / (liabilities) can be analysed as follows:

Deferred Income Taxes

All amounts are in thousands of Euro unless stated otherwise	As at 31 December	
	2011	2010
Deferred tax asset:		
to be recovered after more than 12 months	1,410	1,478
to be recovered within 12 months	3,484	3,172
	4,894	**4,650**
Deferred tax liability:		
to be recovered after more than 12 months	(5,662)	(2,408)
to be recovered within 12 months	(5,627)	(4,709)
	(11,289)	**(7,117)**
Total deferred tax asset/(liability)	**(6,395)**	**(2,467)**

The movements in deferred tax assets and liabilities during the year are as follows:

The Movement in Deferred Tax Assets and Liabilities

All amounts are in thousands of Euro unless stated otherwise	As at 1 January 2011	Credited / (charged) to profit and loss	As at 31 December 2011
Property, plant and equipment	(7,022)	(4,226)	(11,248)
Pension liability and other provisions	2,173	719	2,892
Provisions against bad debts	2,477	(475)	2,002
Other	(95)	54	(41)
Total	**(2,467)**	**(3,928)**	**(6,395)**

The Movement in Deferred Tax Assets and Liabilities			
All amounts are in thousands of Euro unless stated otherwise			
	As at 1 January 2011	Credited / (charged) to profit and loss	As at 31 December 2011
Property, plant and equipment	(3,577)	(3,445)	(7,022)
Pension liability and other provisions	2,021	152	2,173
Provisions against bad debts	2,433	44	2,477
Other	(83)	(12)	(95)
Total	**794**	**(3,261)**	**(2,467)**

16. Pension and Other Provisions for Liabilities and Charges

Pension and Other Provisions for Liabilities and Charges					
All amounts are in thousands of Euro unless stated otherwise					
	Pensions and other staff benefits (a)	Onerous contracts (b)	Litigation (c)	Provision for compensation of deviations (d)	Total
At 1 January 2011	**7,449**	**172**	**700**	**1,644**	**9,965**
Additional provisions	1,019	–	–	–	1,019
Used/paid during year	(305)	–	–	–	(305)
Reversal on unused provisions	–	(172)	–	(1,644)	(1,816)
At 31 December 2011	**8,163**	**–**	**700**	**–**	**8,863**

Pension and Other Provisions for Liabilities and Charges		
All amounts are in thousands of Euro unless stated otherwise	As at 31 December	
Analysis of total provisions	2011	2010
Non-current	7,421	7,024
Current	1,442	2,941
	8,863	9,965

(a) Pension and other staff benefits

The following amounts have been recognized with respect of the defined benefit pension plan and other long-term benefits:

(i) post employment benefits

Post Employment Benefits		
All amounts are in thousands of Euro unless stated otherwise	As at 31 December	
	2011	2010
Present value of unfunded retirement obligations	6,585	6,160
Liability in the balance sheet	**6,585**	**6,160**

The amounts recognised in profit and loss are as follows:

The Amounts Recognised in Profit and Loss		
All amounts are in thousands of Euro unless stated otherwise	Year ended 31 December	
	2011	2010
Current service cost	313	422
Actuarial (gain)/loss	25	(436)
Interest expense	243	221
	581	**207**

Movements in the present value of defined benefit obligation are:

Movements in the Present Value of Defined Benefit Obligation		
All amounts are in thousands of Euro unless stated otherwise	As at 31 December	
	2011	2010
Present value of unfunded retirement obligations at beginning of the year	6,160	6,191
Current service cost	313	422
Interest expense	243	221
Paid	(156)	(238)
Actuarial (gains)/losses	25	(436)
Present value of unfunded retirement obligations at the end of the year	**6,585**	**6,160**

The principal actuarial assumptions and data to determine the pension liability were as follows:

The Principal Actuarial Assumptions and Data to Determine the Pension Liability	
All amounts are in thousands of Euro unless stated otherwise	
Average number of employees at 31 December 2011	1,808
Percentage of employees, who will terminate their employment with ZSE-D prior to retirement (staff turnover)	Approximately 2.89% p.a
Expected salary increases short-term	4.6% p.a.
Expected salary increases long-term	4.1% p.a.
Discount rate	3.6% p.a.

The Principal Actuarial Assumptions and Data to Determine the Pension Liability	
All amounts are in thousands of Euro unless stated otherwise	
Number of employees at 31 December 2010	1,808
Percentage of employees, who will terminate their employment with ZSE prior to retirement (staff turnover)	1.87% p.a.
Expected salary increases short-term	4.6% p.a,
Expected salary increases long-term	4.05% p.a.
Discount rate	4.02% p.a.

(ii) other long-term benefits (life and work awards)

Other Long-Term Benefits		
All amounts are in thousands of Euro unless stated otherwise	As at 31 December	
	2011	2010
Present value of unfunded obligations	1,578	1,289
Liability in the balance sheet	**1,578**	**1,289**

The amounts recognised in profit and loss are as follows:

The Amounts Recognised in Profit and Loss		
All amounts are in thousands of Euro unless stated otherwise	Year ended 31 December	
	2011	2010
Current service cost	306	99
Actuarial (gain)/loss	81	(8)
Interest expense	51	44
Total charge/(credit), included in staff costs	**438**	**135**

Movements in the present value of defined benefit obligation are:

Movements in the Present Value of Defined Benefit Obligation		
All amounts are in thousands of Euro unless stated otherwise	As at 31 December	
	2011	2010
Present value of the obligation at beginning of the year	1,289	1,298
Current service cost	306	99
Actuarial (gain)/loss	81	(8)
Interest expense	51	44
Paid	(149)	(144)
Present value of unfunded retirement obligations at the end of the year	**1,578**	**1,289**

(b) Provision for onerous contracts

Provision for onerous contract related to a long term contract on sales of electricity with the termination date in 2011. Provision has been recognized on future losses arising from the unavoidable costs of meeting the obligations of the Group under the contract. The provision has been released as the relating onerous contract expired in 2011.

(c) Provision for litigation

Provision for litigation relates to the legal case with supplier's employee, who suffered a serious work accident. The provision was set up in the amount of the assumed compensation quantified by Group's lawyer.

(d) Provision for compensation of deviations

Provision for compensation of deviations relates to contractual agreement with Slovenská elektrizačná a prenosová sústava, a.s. (SEPS, a.s.) relating to the compensation of deviations in the transmission network. It relates to a claim raised by SEPS, a.s. with respect of additional settlement of deviations relating to previous years, which the Group is disputing. The Group management re-assessed in the current financial year the probability of potential outflow of Group's resources in respect of this claim and believes that it will not be required to pay any amounts for deviations of previous years. Therefore the provision has been released.

17. Revenues

Revenues include the following:

Revenues		
All amounts are in thousands of Euro unless stated otherwise	Year ended 31 December	
	2011	2010
Electricity sales:		
Sales of electricity to industrial and commercial customers	653,098	635,187
Sales of electricity to residential customers	290,703	277,317
Other	1,054	1,003
Other revenue:		
Revenues for connection works and testing fees	2,411	2,182
Revenue for construction work	7,932	19,160
Other	20,788	14,639
	975,986	**949,488**

Group provides access to the distribution network at regulated prices. Slovakia has implemented the European Union electricity market directive, which resulted in a complete liberalization of the market, whereby all customers including households, became eligible to buy electricity in open market from 1 July 2007.

18. Purchases of Electricity and Related Fees

The following amounts have been charged to cost of sales:

Cost of Sales

All amounts are in thousands of Euro unless stated otherwise	Year ended 31 December	
	2011	2010
Purchases of electricity from:		
Slovenské elektrárne ("SE") (Note 25)	236,177	227,380
Other domestic electricity producers and traders	227,499	216,333
Imports from abroad related to an electricity island	4	16,507
Purchases on the spot market	19,499	23,525
Electricity transmission fees (including system access and ancillary service charges)	178,677	138,878
Other	8,867	21,699
	670,723	**644,322**

19. Operating Expenses

Operating Expenses

All amounts are in thousands of Euro unless stated otherwise	Year ended 31 December	
	2011	2010
Employee benefit costs		
Wages and salaries	32,174	31,417
Pension costs – defined contribution plans	5,344	4,697
Other social costs	12,506	10,914
	50,024	**47,028**
Depreciation and amortisation		
Depreciation (Note 6)	34,981	31,910
Amortisation (Note 7)	3,979	2,737
	38,960	**34,647**

Operating Expenses

All amounts are in thousands of Euro unless stated otherwise	Year ended 31 December	
	2011	2010
Repairs and maintenance of electrical network related assets	11,433	18,327
IT maintenance fees	12,115	14,373
Advisory services	3,527	3,270
Rental costs	4,113	3,137
Other repairs and maintenance	2,221	3,015
Advertising	1,679	1,868
Call centre services	2,460	1,999
Post and telecommunication costs	2,312	1,238
Security services	1,138	1,252
Energotel services	606	836
GIS services	260	686
External services	483	689
Travel expenses	713	764
Audit of financial statements	232	267
Tax consultancy	3	–
Other non-audit services	63	–
Other services	7,333	4,507
Bad debt expense (Note 10)	466	3,502
Impairment of non-current assets (Note 6)	(710)	1,706
Other operating expenses	927	2,907
	51,374	**64,343**

20. Income Tax Expense

A reconciliation between the reported income tax charge and the theoretical amount that would arise using the statutory tax rates is as follows:

Income Tax Expense		
All amounts are in thousands of Euro unless stated otherwise	Year ended 31 December	
	2011	2010
Income before tax	173,985	169,844
Theoretical income tax related to current period at 19%	33,057	32,270
Income tax related to prior periods	(97)	578
Other tax non-deductible items/Income not subject to tax	1,294	977
Income tax expense for the period	**34,254**	**33,825**
The tax charge for the period comprises:		
Deferred tax charge/ (credit) (Note 15)	3,928	3,261
Current tax charge in respect of current period	30,423	29,986
Income tax related to prior periods	(97)	578
Income tax expense for the period	**34,254**	**33,825**

21. Cash Generated from Operations

Cash Generated from Operations			
All amounts are in thousands of Euro unless stated otherwise		Year ended 31 December	
	Note	2011	2010
Profit before tax		173,985	169,844
Adjustments for:			
Depreciation	6, 19	34,981	31,910
Amortisation	7, 19	3,979	2,737
Impairment (release)/charge	6, 19	(710)	1,706
Loss/(Gain) on sale of property and equipment		(1,074)	16
Interest income		(2,268)	(959)
Interest expense		294	268
Other non-cash transactions		–	(268)
Net movements in provisions and deferred revenues		7,948	4,679
Changes in working capital			
Inventories	9	338	(50)
Trade and other receivables		(22,837)	3,504
Trade and other payables		21,982	13,752
Cash generated from operations		**216,618**	**227,139**

Cash Generated from Operations		
All amounts are in thousands of Euro unless stated otherwise	Year ended 31 December	
	2011	2010
Net book amount of disposals (Note 6)	521	937
Gain/(Loss) on disposal of property, plant and equipment	1,074	(16)
Proceeds from disposals	**1,595**	**921**

22. Contingencies

Taxation

Due to the fact that Slovak tax law contains certain provisions allowing for more than one interpretation, as well as the practice, developed in the generally unstable environment by the tax authority of making arbitrary judgements on business activities, Management's interpretation of the Company's business activities may not coincide with the interpretation of these activities by the tax authorities. The fiscal years from 2006 through to 2011 remain open to tax inspection.

23. Commitments

At 31 December 2011, the Group concluded contracts for the purchase of long-term assets totalling EUR 19,813 thousand to be effected after this date (2010: EUR 9,600 thousand).

(i) Capital commitments

Projected capital investments in individual years are presented in the following table:

Projected Capital Investments

All amounts are in thousands of Euro unless stated otherwise	Year ended 31 December	
Rok	2011	2010
2011	–	74,900
2012	99,179	83,700
2013	97,760	84,900
2014	97,282	84,000
2015	96,500	–
Total	**390,721**	**372,500**

(ii) Operating lease commitments – the Group as lessee

The operating lease payments amounted to 4,113 thousand of EUR (2010: EUR 3,137 thousand). These lease payments are recorded as expenses on a straight-line basis over the lease term.

The future aggregate minimum lease payments under non-cancellable operating leases are due as follows:

Minimum Lease Payments under Non-Cancellable Operating Leases

All amounts are in thousands of Euro unless stated otherwise	Year ended 31 December	
	2011	2010
No later than one year	2,651	4,192
Later than one year and no later than five years	4,749	8,834
Later than five years	695	2,477
	8,095	**15,503**

24. Earnings per Share

(i) Basic

Basic earnings per share are calculated by dividing the profit by the weighted average number of ordinary shares in issue during the year.

Earnings per share are calculated as follows:

Basic Earnings per Share

All amounts are in thousands of Euro unless stated otherwise	2011	2010
Profit for the year	139,731	136,019
Weighted average number of ordinary shares in issue	5,934,594	5,934,594
Basic earnings per share (EUR per share)	**23.545**	**22.920**

(ii) Diluted

Diluted earnings per share is calculated by adjusting the weighted average number of ordinary shares outstanding to assume conversion of all dilutive potential ordinary shares. Company has no potential ordinary shares as of 31 December 2011 and 2010, and diluted earnings per share are the same as basic earnings per share.

25. Related Party Transactions

During the periods presented in these financial statements, the Company had transactions with following related parties:

(i) Shareholders

- Slovak Republic represented by National Property Fund
- E.ON Slovensko, a.s.
- EBRD

(ii) Entities under common control with E.ON Slovensko, a.s. (members of E.ON Group)

- E.ON Sales & Trading, AG
- E.ON Bayern AG
- E.ON Česká republika
- E.ON Hungaria
- E.ON IS Czech Republic, s.r.o
- E.ON Elektrárne
- E.ON Energiakereskedő Kft
- E.ON Energie, AG
- E.ON Energy Trading, AG
- E.ON Energie, Czech Republic
- E.ON Engineering GmbH Gelsenkirchen
- E.ON Energy Trading SE, Bratislava
- E.ON Energy Trading SE
- E.ON Energie Human Res. Int. Munich
- E.ON Energie BSC, Germany
- E.ON Inhouse Consulting GmbH, Munich
- E.ON IT Hannover
- E.ON Kernkraft GmbH
- E.ON Risk Consulting, Germany
- E.ON Hungary
- E.ON Bulgaria
- E.ON Energie Romania

(iii) Government related entities

The Slovak Government influences the financial and operating policy decisions of the Company through its ownership of 51% of the shares of the Company by the National Property Fund of the Slovak Republic subject to arrangements agreed in the Shareholders Agreement. Therefore the Slovak Government and the companies controlled, jointly controlled or significantly influenced by the Slovak Government are classified as related parties of the Company ("Government related entities").

The Company routinely provides distribution services to the Slovak Government and its related entities as part of its normal business activities. The Company also purchases services and goods from Government related entities in the normal course of business.

These consolidated financial statements disclose summarized significant operations with government bodies and entities:

Related Party Transactions

All amounts are in thousands of Euro unless stated otherwise	Year ended 31 December	
	2011	2010
Payment of dividends to related parties*		
(i) Shareholders		
National Property Fund (NPF)	73,654	54,265
E.ON Slovensko, a.s.	57,768	42,561
Payment of dividends to other shareholders	12,997	9,576
	144,419	**106,402**

*) The Company has declared distribution of dividends amounting to EUR 194,419 thousand (Note 12). As of 31 December 2011, EUR 50,000 thousand, were disclosed as dividends payable (Note 14, Note 26).

Related Party Transactions – Sales

All amounts are in thousands of Euro unless stated otherwise	Year ended 31 December	
	2011	2010
(i) Shareholders		
E.ON Slovensko, a.s.	1,047	569
	1,047	**569**
(ii) Entities under common control with E.ON Slovensko and E.ON AG		
E.ON Elektrárne s.r.o.	166	66
E.ON Energie Human Resources, Munich	46	–
Bioplyn Ladzany s.r.o	3	–
Bioplyn Cetín s.r.o	4	–
Bioplyn Hont s.r.o	2	–
E.ON Energie AG	9	2
E.ON Energy Trading AG	48	–
E.ON Energie BSC, Mníchov	–	82
E.ON Bulgaria EAD	–	7
E.ON Energie, a.s. České Budějovice	2	
E.ON IS Czech Republic	–	28
	280	**185**
(iii) Associates		
E.ON IT Slovakia spol. s r.o.	232	236
Energotel, a.s., Bratislava	1,187	1,406
	1,419	**1,642**
(iv) Government related entities		
SEPS, a.s.	693	7,615
OKTE, a.s.	3,277	–
Železnice Slovenskej republiky, a.s.	11,302	21,205
Stredoslovenská energetika, a.s.	214	82
Východoslovenská energetika, a.s.	21	1
SVP, š.p.	4	2
Slovenské elektrárne, a.s.	391	325
	15,902	**29,230**
Total	**18,648**	**31,626**

Related Party Transactions – Purchases and Expenses		
All amounts are in thousands of Euro unless stated otherwise	Year ended 31 December	
	2011	2010
(i) Shareholders		
E.ON Slovensko, a.s.	10	31
	10	**31**
(ii) Entities under common control with E.ON Slovensko and E.ON AG		
E.ON AG	40	–
E.ON Energie AG	–	9
E.ON Česká republika – purchase of electricity	6	19,599
E.ON Inhouse Consulting GmbH, Munich	100	49
E.ON Energie Human Res. Int., Munich	1,063	903
E.ON Risk Consulting, Germany	101	70
E.ON Energy Trading SE	32,389	–
Bioplyn Cetín, s.r.o.	772	–
E.ON Elektrárne s.r.o.	6	–
E.ON Bayern AG	–	12
	34,477	**20,642**
(iii) Associates		
EFR CEE Kft.	288	230
E.ON IT Slovakia spol. s r.o. – IT services	18,122	21,678
SPX, s.r.o.	6	–
Energotel, a.s., Bratislava	1,437	1,638
	19,853	**23,546**
(iv) Government related entities		
Slovenské elektrárne, a.s., Bratislava (Note 18) – purchase of electricity	236,177	227,380
SEPS, a.s. – transmission services	145,999	141,487
OKTE, a.s.	19,200	–
Západoslovenská vodárenská spoločnosť, a.s.	–	41
Stredoslovenská energetika, a.s. – purchase of electricity	6,073	5,319
Stredoslovenská energetika, a.s. – distribution cost	6,990	5,837
Východoslovenská energetika, a.s.	73	12
Východoslovenská distribučná, a.s – distribution cost	9,095	4,685
SVP, š.p.	947	508
Bratislavská teplárenská, a.s.	7,496	–
SE Predaj, s.r.o.	6,472	–
	438,522	**385,269**
(v) Taxes		
Income tax (Note 20)	30,326	30,564
Property and motor vehicle tax	544	537
	30,870	**31,101**
Total	**523,732**	**460,589**

The Group purchased from E.ON IT IT services and acquisition of intangible assets. The services from E.ON IT, s.r.o. are provided based on frame contract concluded for indefinite period with cancellation notice of 12 months. The amounts of services to be provided to the Group under such arrangements are expected in 2012 to be on the same level as in year 2011.

There are no other purchase or sales commitments with related parties as of 31 December 2011 other than disclosed above.

Related Party Transactions – Receivables

All amounts are in thousands of Euro unless stated otherwise	As at 31 December	
	2011	2010
(i) Shareholders		
E.ON Slovensko, a.s.	42	8
	42	**8**
(ii) Entities under common control with E.ON Slovensko and E.ON AG		
E.ON Energie AG	16	7
E.ON IT Hannover	–	19
E.ON Elektrárne s.r.o.	–	26
E.ON Bulgaria EAD	–	29
E.ON Elektrárne s.r.o.	40	–
E.ON Energy Trading SE	3	–
	59	**81**
(iii) Associates		
E.ON IT Slovakia spol. s r.o.	15	43
Energotel, a.s., Bratislava	116	137
	131	**180**
(iv) Government related entities		
SEPS, a.s.	5	627
OKTE, a.s.	528	–
Stredoslovenská energetika, a.s.	14	8
Železnice Slovenskej republiky, a.s.	2,220	1,723
Slovenské elektrárne, a.s.	24	7
	2,791	**2,365**
(v) Taxes		
Excise tax receivable (Note 10)	816	73
VAT receivable (Note 10)	1,572	–
Income tax receivable	–	1,464
	2,388	**1,537**
Total	**5,411**	**4,171**

Related Party Transactions – Payables		
All amounts are in thousands of Euro unless stated otherwise	As at 31 December	
	2011	2010
(i) Shareholders – trade payables		
E.ON Slovensko, a.s.	12	36
	12	**36**
Shareholders – dividends payable		
National Property Fund (NPF)	25,500	–
E.ON Slovensko, a.s.	20,000	–
Other shareholders	4,500	–
	50,000	**–**
(ii) Entities under common control with E.ON Slovensko and E.ON AG		
E.ON Energie AG	–	6
E.ON České Budejovice	2	634
Bioplyn Cetín, s.r.o.	45	–
E.ON Bayern AG	–	6
E.ON Energy Trading SE	2,738	903
E.ON Energie Human Res. Int., Munich	1,052	
E.ON Risk Consulting GmbH	15	–
	3,852	**1,549**
(iii) Associates		
E.ON IT Slovakia spol. s r.o. – liabilities from cash-pooling	3,220	314
E.ON IT Slovakia spol. s r.o. – trade payables	1,809	145
Energotel, a.s., Bratislava	474	53
	5,503	**512**
(iv) Government related entities		
Slovenské elektrárne, a.s. Bratislava	24,217	23,324
Stredoslovenská energetika, a.s.	284	545
Stredoslovenská energetika Distribúcia, a.s.	155	124
Východoslovenská distribučná, a.s.	295	101
SEPS, a.s.	8,205	11,976
SE Predaj, s.r.o.	665	–
SVP, š.p.	217	92
Západoslovenská vodárenská spoločnosť, a.s.	–	3
Bratislavská teplárenská, a.s.	1,721	–
	35,759	**36,165**
(v) Taxes		
Income tax payable	364	–
VAT tax payable (Note 14)	–	5,565
	364	**5,565**
Total	**95,490**	**43,827**

(vi) Key management personnel of the entity or its parent

- Members of the Board of Directors
- Members of the Supervisory Board
- Divisional directors

Related Party Transactions		
All amounts are in thousands of Euro unless stated otherwise	Year ended 31 December	
	2011	2010
Board of directors and other key management personnel		
Salaries and short-term employee benefits	1,802	1,392
Pension costs – defined contribution plans	221	73
Total	**2,023**	**1,465**
Supervisory board		
Salaries and short-term employee benefits	323	565
Pension costs – defined contribution plans	93	35
Total	**416**	**600**

26. Events After the End of the Reporting Period

After 31 December 2011 following matters occurred:

- On 4 February OTC, s.r.o. has been renamed to ZSE Development, s.r.o. and changed its registered address to Čulenova 6, Bratislava.
- The Company has paid out on 27 February 2012 the dividends approved by the extraordinary General meeting (Note 12).

After 31 December 2011, no other significant events have occurred that would require recognition or disclosure in the 2011 financial statements.

Ing. Andrej Devečka
Member of the Board of Directors
Written record of members of entity´s statutory body

Ing. Peter Procházka
Member of the Board of Directors
Written record of members of entity´s statutory body

Ing. Boris Németh
Written record of member of entity responsible for preparation of financial statement

Ing. Katarína Mészárosová
Written record of member of entity responsible for accounting

10. Independent Auditor's Report

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INDEPENDENT AUDITOR'S REPORT

To the Shareholders, the Supervisory Board and the Board of Directors of Západoslovenská energetika, a.s.

We have audited the accompanying consolidated financial statements of Západoslovenská energetika, a.s. and its subsidiaries, which comprise the consolidated statement of financial position at 31 December 2011, and the consolidated statements of comprehensive income, changes in equity and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's responsibility for the consolidated financial statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with International Financial Reporting Standards as adopted by the European Union 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 consolidated 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 about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal controls relevant to the entity's preparation and fair presentation of the consolidated 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 controls. 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 consolidated financial statements.

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

Opinion

In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of Západoslovenská energetika, a.s. and its subsidiaries at 31 December 2011 and their financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union.

PricewaterhouseCoopers Slovensko, s.r.o.
SKAU licence No.: 161

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

Ing. Eva Petrýdesová
SKAU licence No.: 934

21 March 2012

Our report has been prepared in Slovak and in English languages. In all matters of interpretation of information, views or opinions, the Slovak language version of our report takes precedence over the English language version.

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The company's ID (IČO) No. 35739347.
Tax Identification No. of PricewaterhouseCoopers Slovensko, s.r.o. (DIČ) 2020270021.
VAT Reg. No. of PricewaterhouseCoopers Slovensko, s.r.o. (IČ DPH) SK2020270021.
Spoločnosť je zapísaná v Obchodnom registri Okresného súdu Bratislava 1, pod vložkou č. 16611/B, oddiel: Sro.
The company is registered in the Commercial Register of Bratislava 1 District Court, ref. No. 16611/B, Section: Sro.

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ZSE 05/2012