

annual report 2000



Ladies and Gentlemen,  
Dear business partners,

The economic results of Západoslovenské energetické závody, š. p., which were achieved last year, manifest the long-standing stable development of the company. We successfully managed to observe the principal mission of our enterprise — the reliable distribution of electric power and heat to our customers and providing the respective services.

The operating economic result was manifested very positively in the achieved results, which was positively affected by the increased revenues from electric power sales and by economical measures taken in the sphere of production consumption. Moreover, the sale to bulk customers was increased to great extent. In the sphere of the financial economic result we suffered loss, which was effected by the negative development of crown value to foreign currencies and by the increased interest rates expenses which resulted from the growth of interest rates on the international banking markets. The loss in the sphere of the extraordinary economic results was caused by entering the adjustments and reserves to doubtful receivables and to financial investment of the company Paroplynový cyklus, a. s., Bratislava, relating to the former accounting periods.

It is very important to have the solvent clients in order to keep the financial stability of the enterprise. In the last year 2000 the ability to pay grew worse substantially, which was manifested by the increase of the overdue receivables. The biggest increase of receivables was registered in the sale of electric power to bulk customers.

In spite of the very difficult situation the enterprise maintained its credit and the high discipline of payments toward its suppliers. We managed to keep the relations with the financial institutions at the traditionally high level, and it was acknowledged that the enterprise Západoslovenské energetické závody is a reliable partner. The due loan repayments of principals and interests were settled in the terms stipulated in contracts.

We paid our careful attention to increasing the protection of the environment and to decreasing the negative influence on the environment in the sphere of the water industry and sewage industry, air protection, protection of nature and countryside.

We fulfilled all the commitments resulting from the collective agreement in relation to our employees. It is necessary to say that the facilities contained in the agreement exceed the standard conditions in comparison with the present economic situation in other industries.

The effectual economic results of the year 2000 established the high credit of ZSE on the Slovak market, for which our recognition and acknowledgement go to you, dear colleagues — employees and our business partners. I wish we could ensure the economic growth of our enterprise by the good co-operation also in this year, which will be very demanding, due to the expected historical changes on the electric power market.



Ing. Lubomír Maco

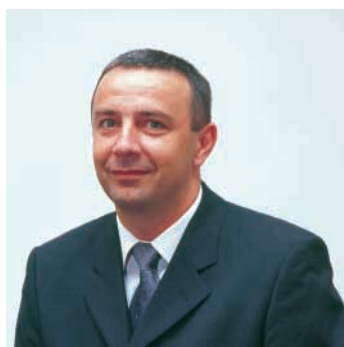
The Director of the State Enterprise



■ *Ing. Lubomír Maco*,  
Director of State Enterprise



■ *Ing. Andrej Devečka*, Managing Director of Operation  
and Development of Electricity Systems (ES)



■ *Ing. Anton Hlavatý*, Managing Director  
of Economy and Trade



■ *Ing. Jozef Kovačovič*, Managing Director of Trade  
and Combined Heat and Power (CHP) Operation

# MISSION OF ENTERPRISE

On the basis of our experience with the Slovak market for nearly eighty years we would like to deal in electricity, to provide electricity and services to our clients:

- not only in the region of West Slovakia,
- on the long-term basis,
- reliably,
- at acceptable prices,
- in the way respecting the environment,
- in accordance with principles established in EU.

From the long-term point of view it means —  
we shall become an effectual company, attractive for shareholders and population, thanks to:

- customers' satisfaction,
- fairness, will and knowledge of employees,
- successful control of changes.

## SCOPE OF ACTIVITIES

- Západoslovenské energetické závody, state enterprise Bratislava, (ZSE, š. p.) was established by the Ministry for Economy of the Slovak Republic on the 3<sup>rd</sup> September 1990.
- The activities of the enterprise are represented by supplies of electric power and heat in the region of West Slovakia and in the city of Bratislava — the capital of the Slovak Republic. The total area covered by the supplies represents 14 928 km<sup>2</sup>.

### BASIC ACTIVITIES:

- purchase, distribution and sale of power and heat, including services connected with supply, consumption or utilization of power and heat,
- heat generation,
- electric power generation,
- engineering in investment construction, designing the electric distribution systems, transformer stations, 110 kV distribution systems, industrial installations,
- designing investment constructions,
- providing software, automatized data processing,
- inspection of operating boilers, gas equipment, electric equipment and lifting equipment,
- repair and calibration of measuring devices,
- construction and mounting,
- engineering of high voltage distribution systems (hv),
- research and developing specialized activity in the framework of basic activities,
- purchase and sale of goods in the scope of free trade,
- providing telecommunication services out of public voice telephone service,
- providing non-public telecommunication services by means of land satellite stations and VSAT networks.

The activities of ZSE, š. p., are carried out on the area of the city of Bratislava, the capital of the Slovak Republic and on the territories of 4 regions (Bratislava, Trnava, Trenčín, Nitra).

### Management of the Company

- Ing. Lubomír Maco, Director of State Enterprise
- Ing. Andrej Devečka, Managing Director of Operation and Development of Electricity Systems (ES)
- Ing. Anton Hlavatý, Managing Director of Economy and Trade
- Ing. Jozef Kovačovič, Managing Director of Trade and Combined Heat and Power (CHP) Operation

### Supervisory Board of ZSE, š. p.

- Ing. Ondrej Studenec, Ministry for Economy of the Slovak Republic
- Milan Buzinkay, Association of Trade Union Organizations in ZSE, š. p. Bratislava
- Ing. Emil Baxa, Západoslovenské energetické závody, š. p.
- Ing. Peter Benčurik, Ministry for Economy of the Slovak Republic
- Ján Dohňanský, Slovenské elektrárne, a. s. Bratislava
- prof. Ing. František Janíček, PhD., Slovak Technical University, FEI, Bratislava
- Ing. Emil Krondiak, Západoslovenské energetické závody, š. p.
- Ing. Ján Londák, Západoslovenské energetické závody, š. p.
- PhDr. Matej Ruttkay, CSC., Ministry for Economy of the Slovak Republic

## ORGANIZATIONAL STRUCTURE OF THE ENTERPRISE:

- The Management of the state enterprise,
- District plants (Bratislava, Trnava, Nitra, Dunajská Streda) subordinate directly to the director of the state enterprise,
- Heating plants (Heating Plant I Bratislava, Heating Plant II Bratislava, Heat Production and Distribution Plant Trnava and Heat Distribution Plant Bratislava) subordinate to the managing director of trade and operation of heating systems,
- Other plants (Construction and Assembly Plant Nitra — subordinate to the head of the investment division, Transformer Repair Shop and Calibration Plant Hlohovec — subordinate to the director of the division of the quality management and control, Plant for Operation and Maintenance of Transmission Plants Bratislava — subordinate to the managing director of operation and development of electric systems).

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## CHARACTERIZATION OF THE STATE ENTERPRISE MANAGEMENT

The management of the state enterprise consists of the specialized boards of management. The management of the state enterprise attends to the activities of control, development, administration, inspection and those activities, that are efficient and economical to be attended by one centre, due to their special character, or those that have the enterprise-wide function and the distribution of labour to the lower levels of management is not efficient and economical.

## CHARACTERIZATION OF THE DISTRICT PLANTS

The district plants perform the co-ordination and control of the operation plants in the given district. They execute the distribution of electric power, trading activities and services to customers, and control the performance of economic, transport, social services and activities of the economic administration.

## OPERATION ADMINISTRATIONS

They operate high voltage and low voltage networks and their maintenance in continuous time cycles. They make maintenance, inspection, repairs of transformer stations, switching stations and operate them. In the construction-assembly activity they build up new equipment for the electricity distribution stations for the own enterprise and for external customers. They also do the re-constructions and repairs of the equipment.

## TRADING OFFICES

Trading offices make publicity and execute the trading policy with regard to marketing. They are in charge of the contractual contacts with customers. They execute the encashment of non-domiciled invoices.

## CHARACTERIZATION OF THE HEATING PLANTS

The main activity of the heating plants represents the production and supply of heat by means of carrying medium — steam or hot water —, whereby also the electric power is produced. They also make repairs and maintenance of the power-supply equipment including the reserved equipment.

Heat Distributing Plant Bratislava purchases the thermal energy from the plants located in Bratislava and distributes it throughout the area of the capital of the Slovak Republic. It also does measuring, reading and invoicing to customers, as well as repairing the heating networks.

## CHARACTERIZATION OF OTHER PLANTS

### CONSTRUCTION AND ASSEMBLY PLANT NITRA

The plant builds up the distribution equipment for the own enterprise and for external customers and it specializes on some major repairs of the equipment for the distribution of electric power.

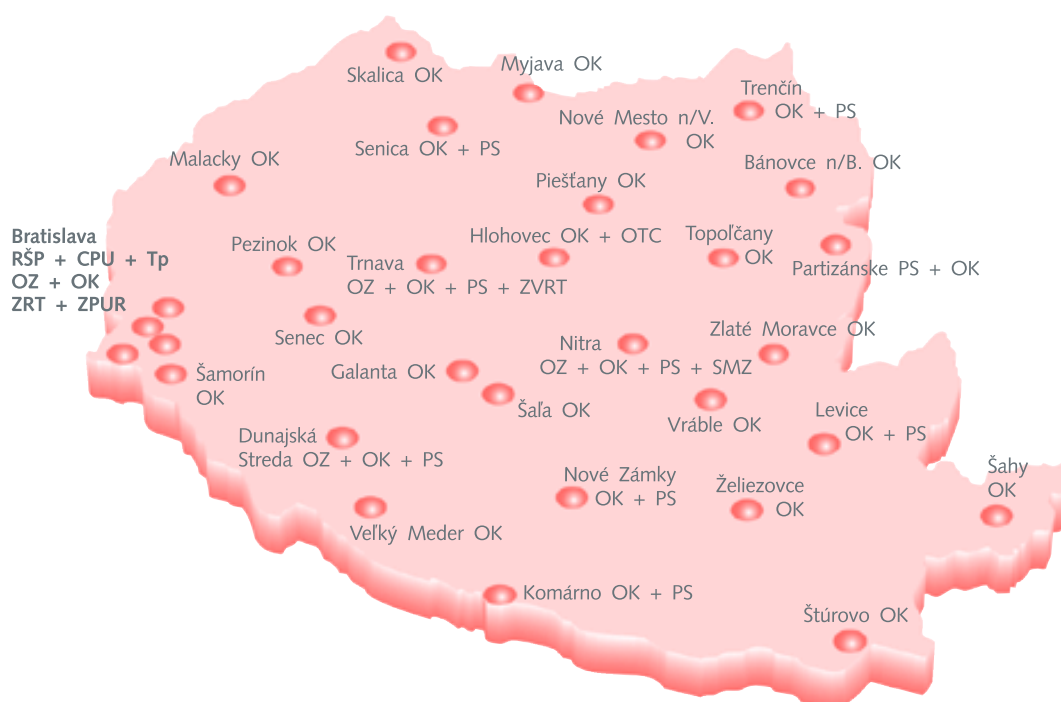
### TRANSFORMER REPAIR SHOP AND CALIBRATION PLANT HLOHOVEC

The plant executes inspection and repairs of its own transformers and external electric supply meters, time switches, (switch clocks) and measuring sets. It liquidates physically and morally worn out transformers and makes filtrations of the transformer oils. It makes adjustments, repairs and testing of instruments for mass remote control, measuring instruments, as well as testing of protecting facilities. It makes the mass replacement of electric supply meters for customers in the selected areas.

### PLANT FOR OPERATION AND MAINTENANCE OF TRANSMISSION PLANTS BRATISLAVA

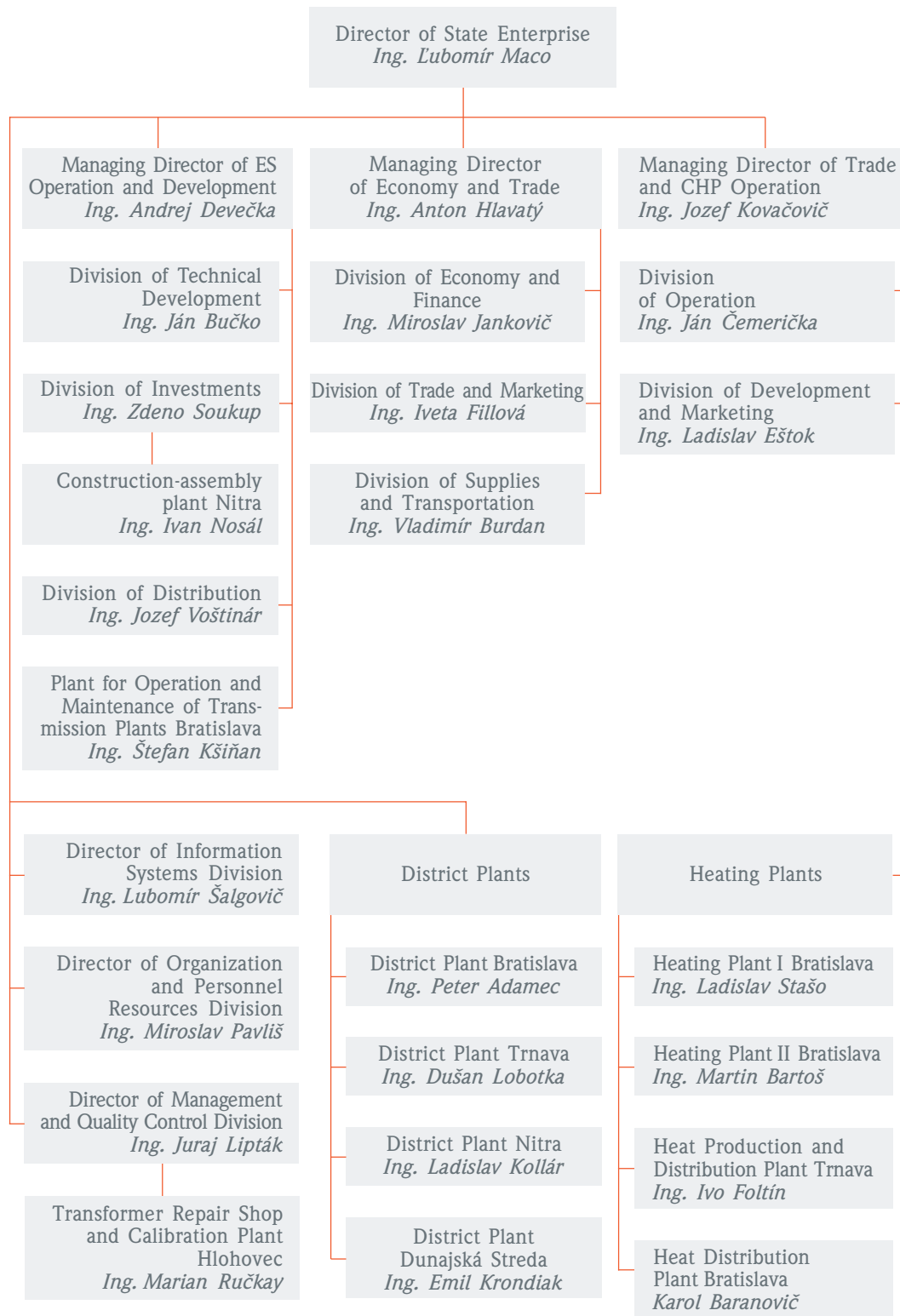
The plant carries out operation and maintenance, inspections of the transformer stations and distribution system. It controls, operates and makes maintenance of the equipment of the control technology, operation and maintenance of extra high voltage and very high voltage networks.

## GEOGRAPHICAL LAYOUT



RŠP	Management of State Enterprise	ZVRT	Heat Production and Distribution Plant
OZ	District Plant	ZRT	Heat Distribution Plant
OK	Trading Office	SMZ	Construction and Assembly Plant
PS	Operation Administration	OTC	Transformer Repair Shop and Calibration Plant
CPU	Computing Centre	ZPUR	Plant for Operation and Maintenance of Transmission Plants
Tp	Heating Plant		

ORGANIZATION CHART OF ZSE, š. p.



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# STRUCTURE OF SOURCES AND USE OF ELECTRIC POWER

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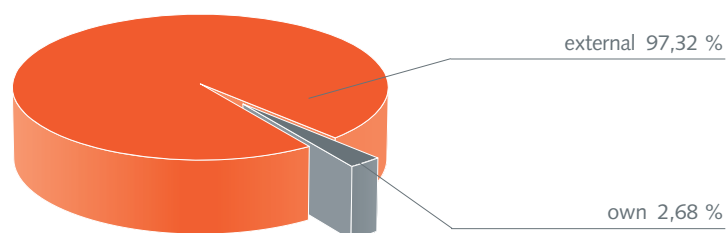
<i>Sources of Electric Power in GWh 2000</i>		<i>Use of Electric Power in GWh</i>	
Heating plants of ZSE, š. p.	196	Supply to bulk customers	3 676
Hydropower plants	5	Supply to retail customers entrepreneurs	919
Own sources	201	Supply to retail customers population	2 239
Purchase from Slovenské elektrárne, a. s., (SE, a. s.) and Stredoslovenské energetické závody, š. p., (SSE, š. p.)	7 239	Total supply to retail customers	3 158
Purchase from industry and private entrepreneurs	31	Supply of SSE, š. p., abroad	1
Purchase from abroad	2	Own consumption	51
External sources	7 272	Total effective supply of electric power	6 886
<b>SOURCES OF ELECTRIC POWER: 7 473</b>		Losses	587
		<b>TOTAL USE OF ELECTRIC POWER: 7 473</b>	

The total volume of the purchased electric power for the period of the year 2000 was higher by 1,34 % in comparison with the year 1999. The biggest quantity of the purchased electric power was bought from Slovenské elektrárne, a. s., and represented 96,86 % share from the total quantity of the purchased electric power.

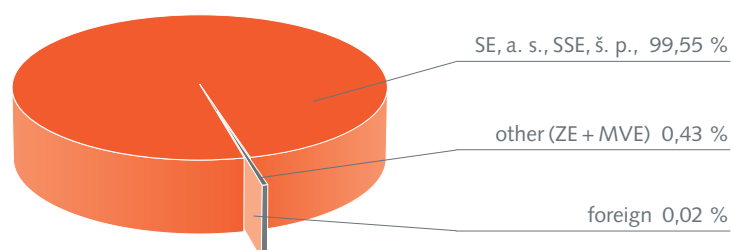
The warmer climatic conditions in the end of the year 2000 stopped very positive trend in the results of the three quarters of the year.

The purchase of the electric power during the year 2000 can be characterized by the higher quantity at the relatively lower performance. It was caused by the increase of electric power sales at bulk customers rates by 7,32 %, whereas the performance was increased only by 1,52 % in comparison with the year 1999. Due to reasonable prices the purchase of additional supplies was increased, especially during summer period.

## 1. Structure of electric power sources 2000



## 2. Structure of external sources of electric power 2000



In the year 2000 the biggest share in the increase of sales at bulk customers rates was represented by the rates A1 by 14,14 % and A2 by 54,33 %, but in spite of the price increase of electric power at these rates since February 2000, the average selling prices for the period from February till December did not reach even the level of the purchase price of electric power contracted with Slovenské elektrárne, a. s., in consequence of which the sales margins in both rates were minus.

Another increase in sales at bulk customers rates, concentrated to the period of May till August 2000, was at the rate B11, because extraordinary dry summer required the special schedule of the supply of electric power for irrigation purposes.

The change of the structure in sales at bulk customers rates induced the increase of the average selling price only by 54 SKK/MWh, i. e. by 2,81 % in comparison with the last year, whereas within the period the prices were substantially increased twice, in July 1999 and in February 2000.

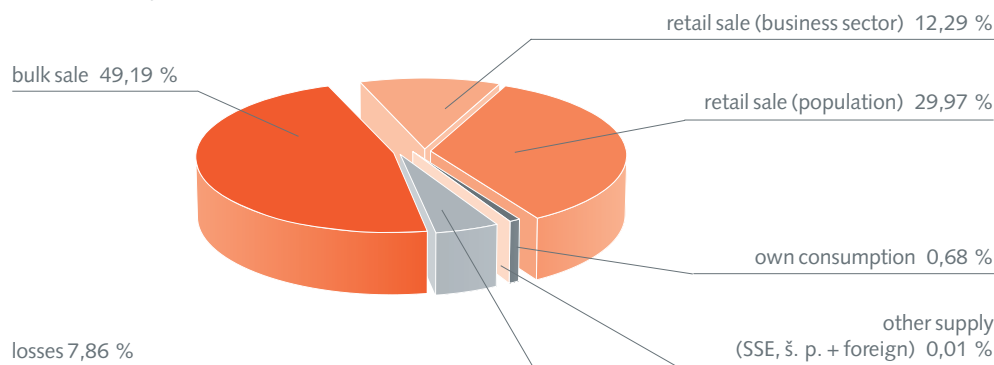
It is not possible to compare the sales of electric power at retail rates (population and business sector) for the period of 2000 with the period of 1999 because in the year 1999 two price reforms were carried out, and in February 2000 the prices for population and entrepreneurs were increased. These facts were connected with extraordinary deductions. Besides, at the price change in July 1999 the clients with the BS and BSN rates for entrepreneurs were transferred to the rates for household, and in the year 2000 the rate N for employees of power industry was annulled.

In the operation of electric systems we maintain to adhere to technical parameters within the tolerances stated by standard, dispatching sections got power failures under control in order to ensure the continuous supply of electric power in accordance with contracts.

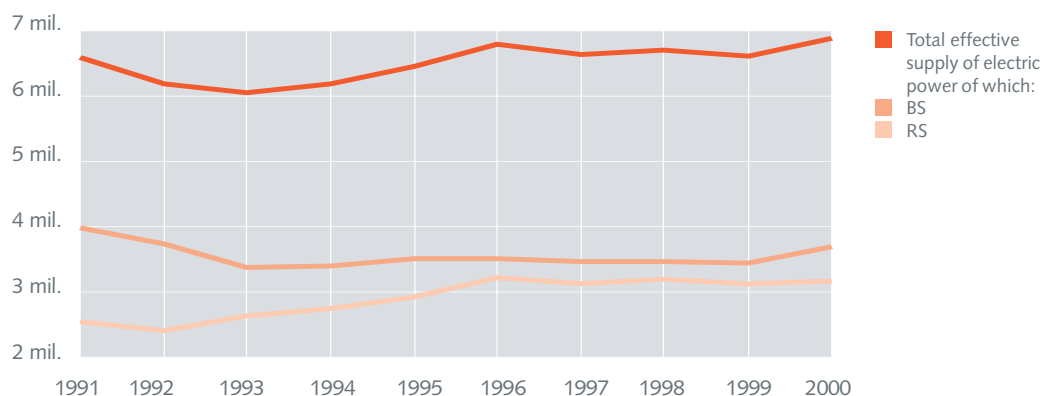
When drafting the plan of purchase and sale of electric power for the year 2001, we came out from the price level valid from 1<sup>st</sup> February 2001. In the year 2001 we expect the increase in purchase of electric power from Slovenské elektrárne by 3,5 % in comparison with the actual figures of the year 2000. The volume of the purchased electric power for the year 2001 amount to 7708 GWh, which represents the increase by 3,2 % in comparison with the actual figures of the year 2000.

In the supply to bulk customers the increase by 6,9 % is expected, whereas the supply to retail customers should fall by 0,1 %.

### 3. Structure of electric power use 2000



### 4. Development of effective supply of electric power in MWh



# STRUCTURE OF SOURCES AND USE OF THERMAL POWER

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## Sources of Heat in heating units 2000

Own sources	4 661
External sources	2 689
<b>TOTAL HEAT SOURCES:</b>	<b>7 350</b>

## Use of Heat in heating units

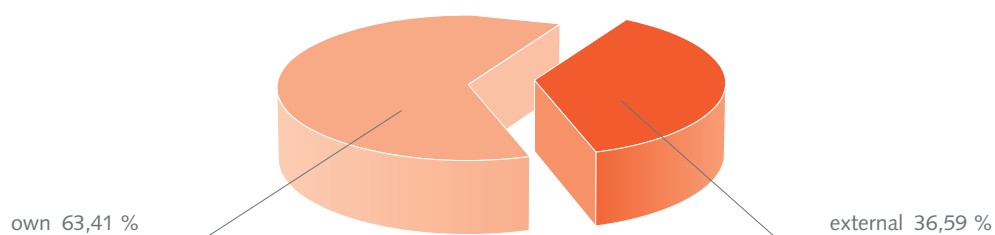
Supply to customers	6 585
Own consumption	98
Effective heat supply	6 683
Losses	667
<b>TOTAL HEAT USE:</b>	<b>7 350</b>

The supply of heat from own sources was lower by 18,4 % in comparison with the last year. In the year 2000 the increase in the purchase of heat from external sources by 12,0 % in comparison with the year 1999 was caused by the increase of the purchase of heat from Paroplynový cyklus Bratislava by 27,0 %.

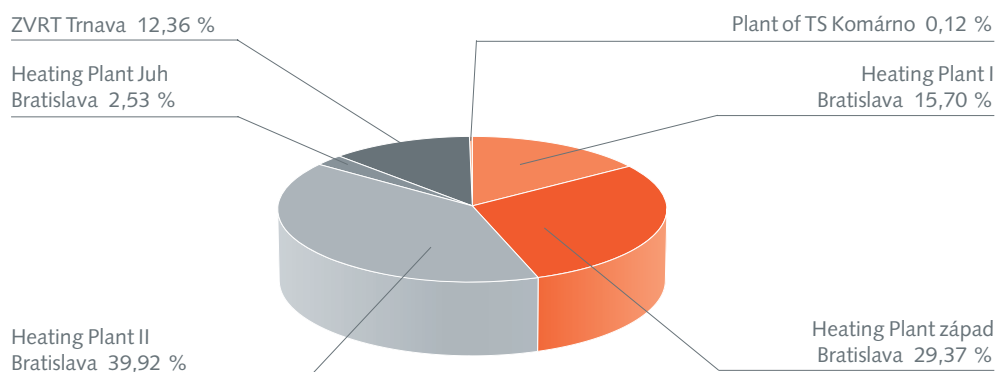
The purchase of heat from Atómové elektrárne Jaslovské Bohunice was lower by 5,9 % in comparison with the year 1999. The total quantity of the purchased heat energy was lower by 9,42 % in comparison with the year 1999.

The reason for the decrease of the heat energy sold was mainly the substantial decrease in heat consumption of the industrial customers by 11,8 %, which is of permanent status, and in comparison with the year 1995 the lower supply by 55 % was recorded. The quantity of the heat supplied from the heat distribution plants was mainly affected by climatic conditions. In comparison with the year

### 1. Structure of heat sources 2000



### 2. Structure of own heat sources 2000



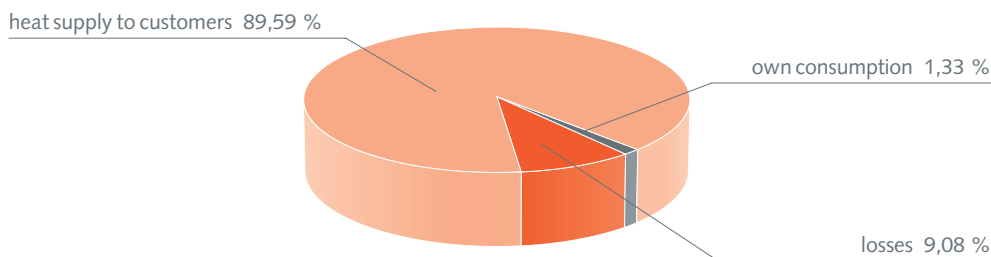
1999 the quantity was lower by 9,1 %, because the average temperature during the heating period was higher almost by 1,5 °C. The effective heat supply was decreased by 9,91 % in comparison with the last year.

The losses of heat in the distribution systems without direct supplies in the relative formulation achieved the value of 10,39 %, which represented the increase by 0,54 % in comparison with the last year.

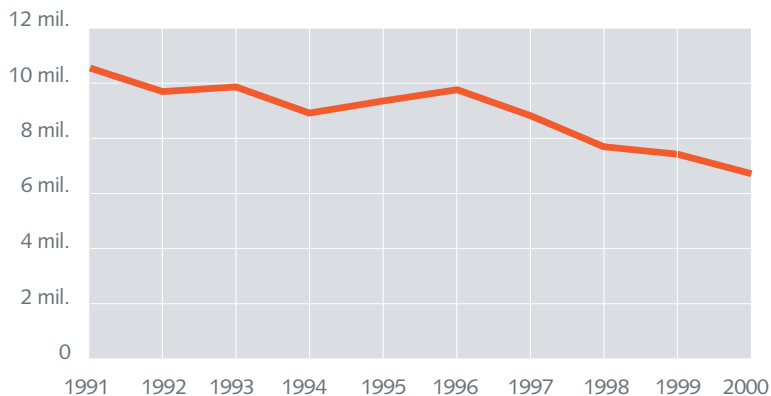
In Trnava the supply of heat was decreased by 10,6 % in comparison with the last year. By the gradual re-construction of the steam grid to the hot-water one, the supply of heat to the steam grid has substantially been decreased. In comparison with the last year the supply of heat to the steam grid was decreased by 17,6 %. The supply of heat to the hot-water grid was, despite its expanding, lower by 5,9 %.

The plan of the heat purchased for the year 2001 is based on the volume of 7890 heating units, which represents the expected increase by 7,35 % in comparison with the actual figures of the year 2000. In sales of heat the increase by 7,36 % is planned in comparison with the actual figures of the year 2000, at the volume of the effective supply of 7175 heating units.

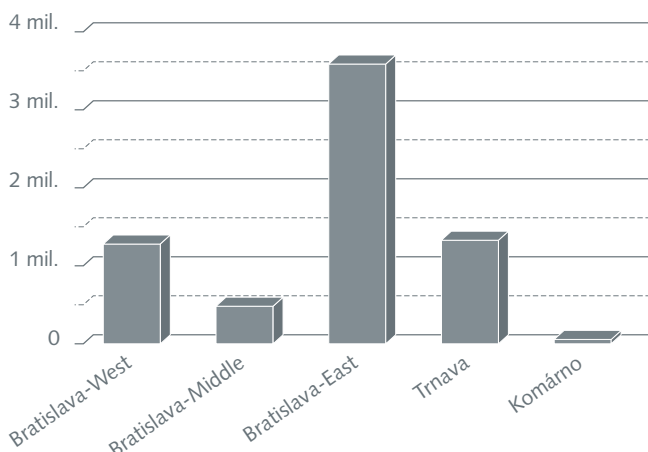
### 3. Structure of heat use 2000



### 4. Development of effective heat supply in GJ



### 5. Effective heat supply in GJ according to locations 2000



# ECONOMY

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## CREATION OF PROFIT OR LOSS

The last year results of Západoslovenské energetické závody, š. p. show that the Management of enterprise managed to solve the basic problems, to maintain the trends of stabile development and to close the yearly economy of the enterprise successfully.

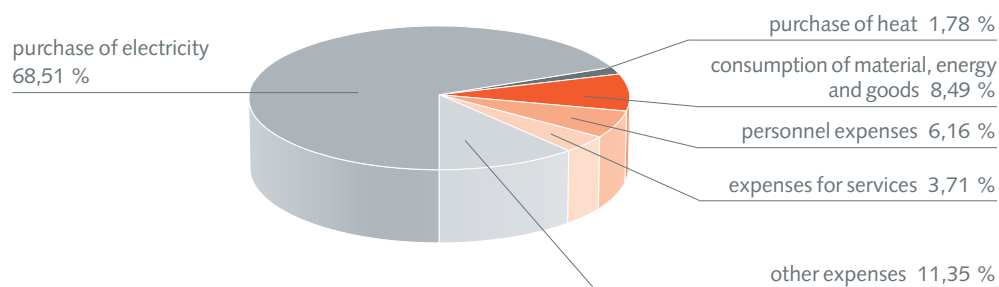
Following the audited results, Západoslovenské energetické závody, š. p. Bratislava achieved the profit before tax in amount of SKK 321 220 thousand as of 31<sup>st</sup> December 2000. The profit after tax represented the amount of SKK 109 208 thousand, which was an increase by SKK 39 880 thousand in comparison with the last year. The total revenues represented SKK 17 750 512 thousand and the total expenses amounted to SKK 17 641 304 thousand; the revenues as well as the expenses were increased by about 19 % in comparison with the previous year.

The operating economic results in amount of SKK 926 446 thousand affected the achieved profit or loss very positively. The operating economic results were positively influenced by the economical measures taken in the production consumption.

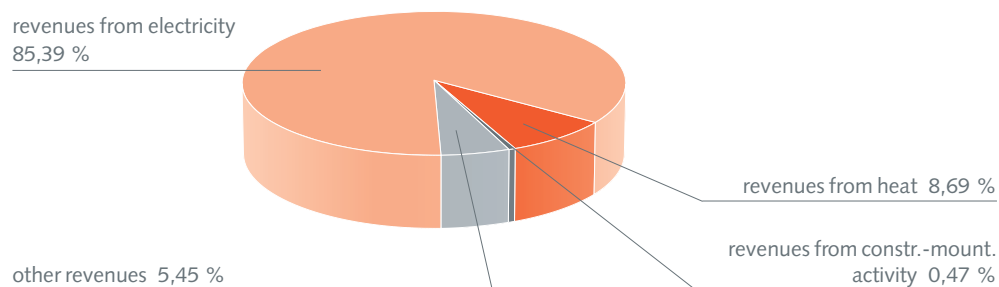
The effectual profit or loss of Západoslovenské energetické závody, š. p. Bratislava for the year 2000 was considerably affected by the price increase of electric power in February 2000. The revenues from electric power amounted to SKK 15 082 million, which was an increase by 25 % in comparison with the year 1999.

In the financial economic results we suffered a loss in amount of SKK 312 037 thousand. The amount was higher by SKK 31 027 thousand in comparison with the same term of the year 1999. The loss from financial transtactions was caused by the increased interest expenses connected with drawing the revolving loan, which arose from the growth of interest rates on

### 1. Structure of expenses 2000



### 2. Structure of revenues 2000



the international banking markets. The increased interests on short-term loans also affected the financial results, however in a negative way, as we had to make use of loan facilities, due to the unfavourable situation in the collection of debts.

The loss in extraordinary economic result was caused by booking the adjustments and reserves to doubtful receivables and to financial investments in the company Paroplynový cyklus, a. s. Bratislava, related to previous accounting periods.

From the point of view of calculation, the profit from production, distribution and sale of electric power in amount of SKK 554 549 thousand was considerably increased in comparison with 1999, mainly due to the positive level of the average purchase price and the structure of sales.

The profit or loss for the heat in amount of SKK 34 330 thousand was decreased by 24,39 % in comparison with the last year, which was mainly caused by the decrease of the heat supplies.

In evaluation Top 200 of the non-financial companies of the Slovak Republic in the weekly TREND, Západoslovenské energetické závody, š. p. Bratislava was ranked at the 9<sup>th</sup> place, following the revenues for 2000, and at the 13<sup>th</sup> place, following the profit before tax, which again proved its stabile position among the biggest non-financial companies in the Slovak Republic.

In the year 2001 the enterprise will face the very important task — the restructuralization of organization, property and economy based on the Decree of the Government of the Slovak Republic.

The main aspects directing the process of the preparation of the plan for 2001 were as follows:

- positive economic results and maintaining the financial stability of the enterprise, with the reliable supplies of electric power and heat
- maintaining the stabile position on the Slovak market
- preparation and realization of the restructuralization, transformation and privatization of the enterprise, satisfied clients.

The plan for 2001 assumes the creation of profit before tax in amount of SKK 292,8 million.

## INVESTMENT ACTIVITIES

The increased demands on the quality of the services provided call for the permanent investments to electricity and heat systems.

To maintain the financial stability of the enterprise, we have had to restrict the amount of finance to investments, recently. Despite the restricted sources we carried out the re-construction and building of transmission plants, transformer stations, piping, optical telecommunication lines, dispatching technology. The constructions of high voltage and low voltage distribution systems were designed.

In the year 2000 the investments amounting to SKK 893 million were made, which represented the decrease by SKK 55,6 million in comparison with the last year.

The investments to renovation and expansion of electricity system amounting to SKK 651 million were made, which represented the decrease by 7 % in comparison with the last year.

From the total volume, the investments amounting to SKK 320 million were made in own overhead.

We made investments in amount of SKK 138 million to heating systems, which represented the decrease by 0,6 % in comparison with the last year.

In the heating investment activities we made the investments to re-constructions of steam systems to hot-water systems, in order to decrease the energy requirements of the heat supplies to customers.

The main feasibility condition to invest was to ensure the high quality of electricity and heat supplies and the increased protection of environment.

The biggest constructions of electricity systems (ES) are as follows:

■ Transformer station of 110/22 kV Podujanské Biskupice	SKK 130 370 thousand
■ Transformer station of 22 kV Piešťany	SKK 57 330 thousand
■ Transmission Plant of 110 kV Bošáca II	SKK 19 111 thousand
■ Data collection for dispatching centres	SKK 17 120 thousand
■ Liquidation of waste water, Transformer station Križovany	SKK 6 354 thousand

The biggest constructions of heating systems (HS) are as follows:

■ Hot-water piping Kollárova, Trnava	SKK 13 296 thousand
■ Hot-water piping, interconnection Bajkalská—Heating Plant I Bratislava	SKK 10 928 thousand
■ Re-construction of the building of Heat Production and Distribution Plant Trnava	SKK 8 659 thousand
■ Hot-water piping Grösslingová, Bratislava	SKK 8 510 thousand
■ Secondary line-up of the object Sekurisova, Bratislava	SKK 7 419 thousand

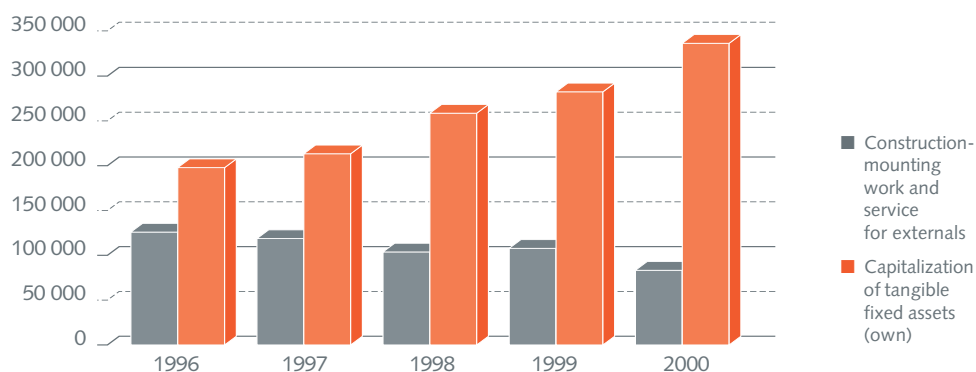
The total acquisition plan for 2001 referring to tangible and intangible fixed assets was approved in the total amount of SKK 1100 million as follows:

- investment to electricity systems in the amount of SKK 650 million,
- investment to heating systems in the amount of SKK 150 million,
- information systems and technology acquisition in the amount of SKK 150 million.

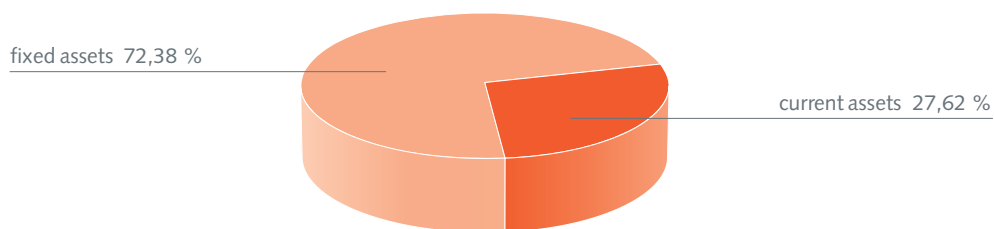
The structure of the main investments during future periods approved by the Supervisory Board of the state enterprise is as follows:

<i>Description of Investment</i>	<i>thousands of SKK</i>
Re-construction of Transformer Station Podunajské Biskupice	90 090
Re-construction of Transformer Station Stupava	72 000
Construction of high voltage lines Zlaté Moravce—Vráble	44 100
Secondary system and heat take-off station (OST) Bratislava	28 400
Boiler K1 in Trnava	16 000
Interconnection of heat distribution Bajkalská—HP I	14 375
Cogeneration unit HP I	14 000
<b>Total</b>	<b>278 965</b>

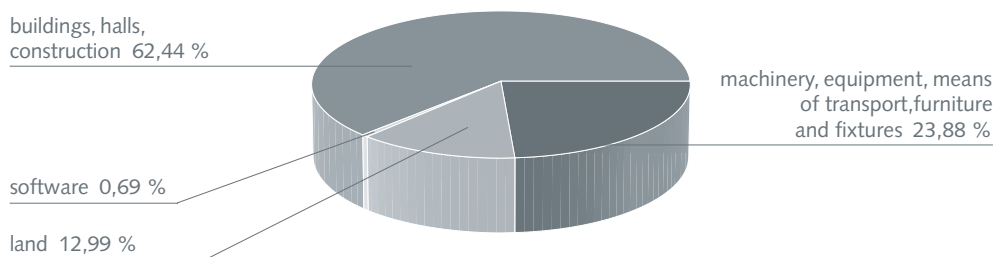
### 3. Revenues from construction-mounting activity in thousands of SKK



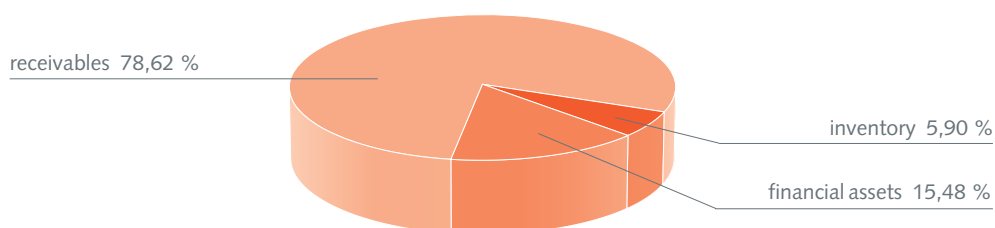
#### 4. Structure of assets 2000



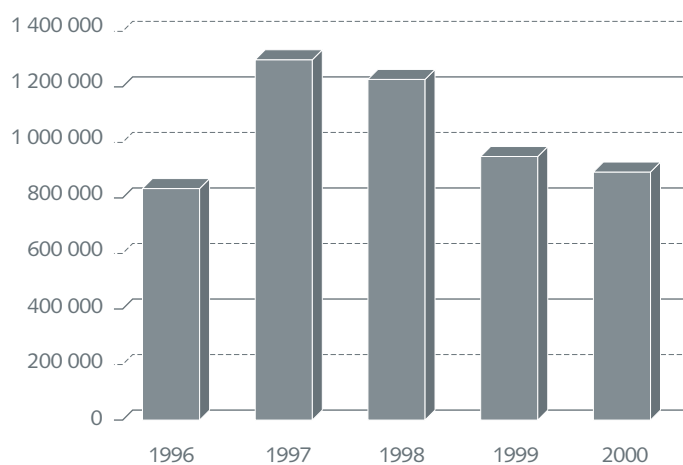
#### 5. Structure of tangible and intangible fixed assets 2000



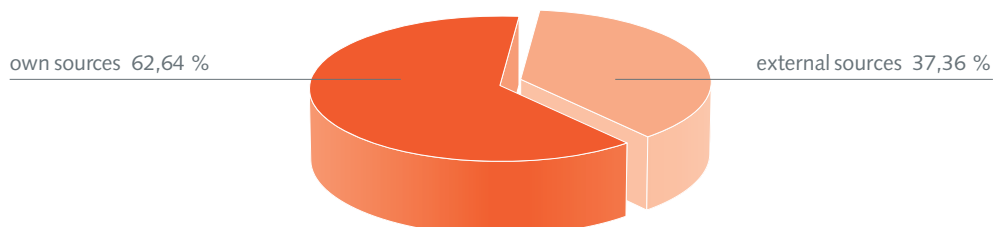
#### 6. Structure of current assets 2000



#### 7. Investment activity in thousands of SKK



#### 8. Capital structure 2000





## FINANCING

As of 31<sup>st</sup> December 2000 the total assets of the enterprise amounting to SKK 11 026 million were increased by SKK 337,3 million in comparison with the beginning of 2000, whereas the receivables from trade were decreased by SKK 33 million.

In the sphere of customers' payment discipline the unsatisfactory situation continued (especially Železnice SR, health organizations), which caused the increase of overdue receivables by SKK 226,9 million in comparison with the beginning of the year. As of 31<sup>st</sup> December 2000 the overdue receivables amounted to SKK 1507 million and their breakdown was as follows:

- receivables for heat amounting to SKK 184 million (the decrease by SKK 55 million)
- receivables for electricity amounting to SKK 1288 million (the increase by SKK 334 million)
- other receivables amounting to SKK 34 million (the decrease by SKK 52 million).

For the sake of objective and true presentation of the balance of assets, already in the year 1998 we implemented the new, more strict system of the creation of adjustments and reserves to single item of assets. In the year 2000 the process was already finished by creation of additional adjustments and reserves also to previous years. The amount of adjustments and reserves created in such a way presents the fair value of current assets of the enterprise and eliminates the possible risks in this field.

In the course of the last year we managed to maintain the relations with bank institutions on the traditionally high level and to prove again that the enterprise Západoslovenské energetické závody is the top client and the top partner.

The bank loans in amount of SKK 2027,6 million were decreased by 9,7 % in comparison with the beginning of the year and the no use of new bank loans was made. The breakdown of the loan resources of settlement comprised the drawing of short-term external resources, namely the bank overdraft with Tatra Banka, a. s. In November 2000 we prematurely paid off the principal of the revolving loan in amount of DEM 10 million, by which the loan was decreased to the amount of DEM 90 million. In November we also settled the advance payment for the supply of electric power by 3 promissory notes in total amount of SKK 250 million.

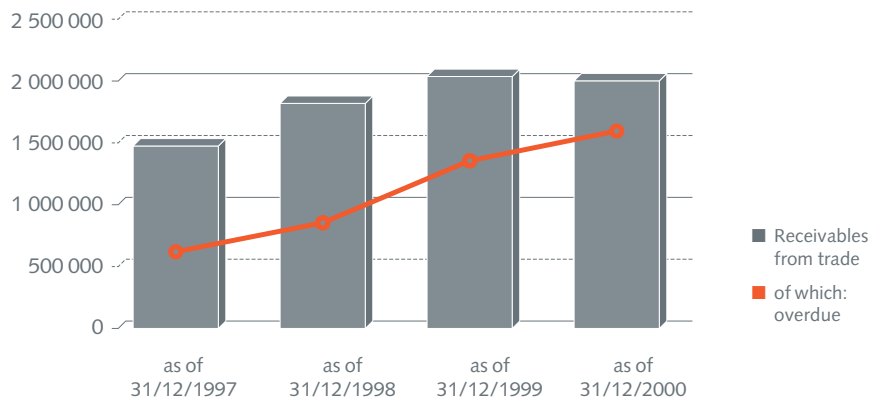
In the connection with the restructuralization of the credit portfolio we had some discussions with the Slovak commercial banks during the year 2000, the agenda of which was to fix the preliminary conditions for providing credit facilities. Based on the mentioned discussions and on the development in relation to the syndicate of the foreign banks we decided to replace the loan in foreign currency by the loan in Slovak crowns.

It is necessary to point out that in spite of the unfavourable development in the collection of receivables we managed to maintain the financial stability of the enterprise and to observe the determining commitments within maturity dates, and so to keep the correct relations with our business partners, despite the fact that the expenses of the enterprise were increased, because of making use of external resources.

### *Receivables and payables from trade in thousands of SKK*

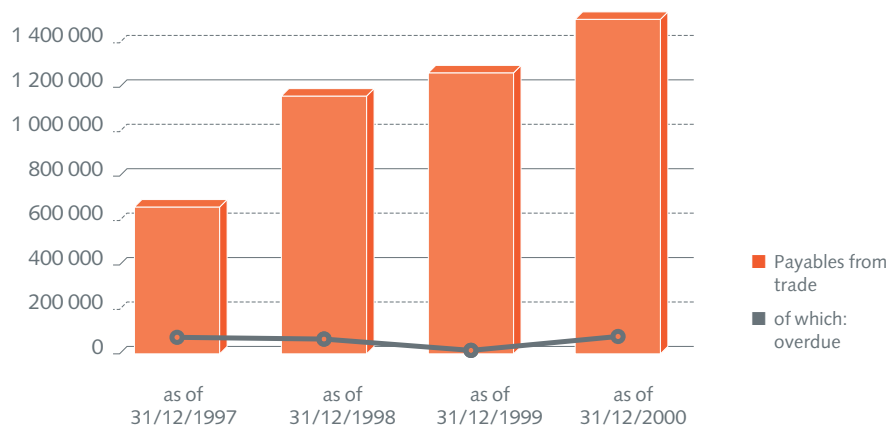
	<i>as of 31/12/1997</i>	<i>as of 31/12/1998</i>	<i>as of 31/12/1999</i>	<i>as of 31/12/2000</i>
Receivables from trade	1 392 850	1 717 893	1 922 736	1 889 554
overdue	585 542	806 812	1 279 798	1 506 672
Payables from trade	661 130	1 160 573	1 265 182	1 505 956
overdue	74 961	64 727	16 733	78 319

## 9. Receivables from trade in thousands of SKK



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## 10. Payables from trade in thousands of SKK



### Financia ratios:

	1997	1998	1999	2000	gap???
<b>1. Ratios of liquidity</b>					
Disposable liquidity (0,2—0,6)	0,40	0,09	0,28	0,21	-0,07
Current liquidity (1—1,5)	2,31	1,45	1,56	1,28	-0,28
<b>2. Ratios of activity</b>					
Rotation of stock period	6,87	6,36	4,98	3,36	-1,62
Collection period (return) of receivables from trade	35,35	42,20	46,27	40,13	-6,14
Pay-off period of payables from trade	20,30	28,82	36,38	34,75	-1,63
<b>3. Ratios of liability</b>					
Rate of liability (from loans balance in %)	21,18	20,53	21,01	18,39	-2,62
Rate of liability (from borrowed capital in %)	31,18	35,70	37,21	37,36	0,15
Rate of financial independence	45,30	55,52	59,27	59,65	0,38

## STRUCTURE OF EMPLOYEES

In the year 2000 the average number of employees in the amount of 3636 was lower by 51 employees in comparison with 1999. The decrease was mainly caused by the measures taken in the regulation of employment, i. e. by fixing the employment limits for individual organization sections and the restriction to take in external employees as regular employees.

<i>Number of employees</i>	<i>as of 31/12/1999</i>	<i>as of 31/12/2000</i>	<i>Share (%) 2000</i>
Ending number of employees	3 638	3 617	100,0
a) according to sex			
— female	865	851	23,5
— male	2 773	2 766	76,5
b) in productive age	3 594	3 583	99,1
in after-productive age	44	34	0,9
c) accordint to education			
— university	390	400	11,0
— high school	1 618	1 648	45,6
— secondary school	1 500	1 451	40,1
— primary school	130	118	3,3

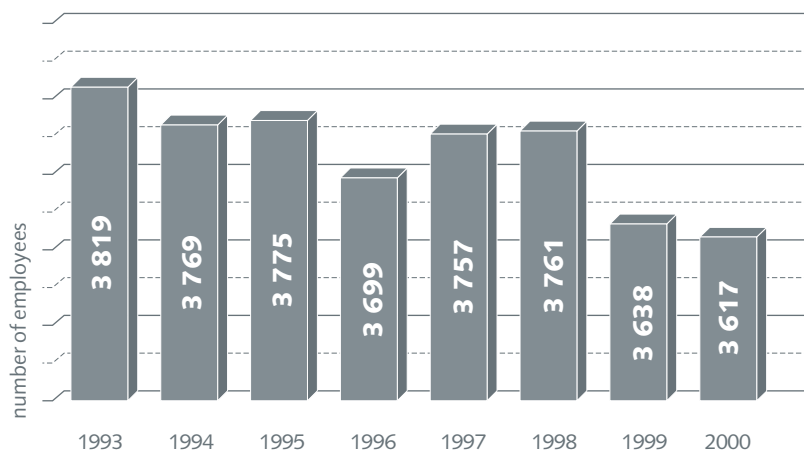
In comparison with 1999 we can observe the increased share of the high school (1,1 %) and the university graduates (0,4 %) and at the same time the decreased share of the employees with secondary and primary school education.

<i>Age of employees</i>	<i>18—30</i>	<i>31—40</i>	<i>41—45</i>	<i>46—50</i>	<i>51—55</i>	<i>56—60</i>	<i>61—65</i>	<i>older than 65</i>	<i>total</i>
Classification									
TAE	225	453	303	294	210	60	5	1	1 551
Workers	385	687	330	300	256	91	15	2	2 066
<b>Total</b>	<b>610</b>	<b>1 140</b>	<b>633</b>	<b>594</b>	<b>466</b>	<b>151</b>	<b>20</b>	<b>3</b>	<b>3 617</b>

Note TAE — technical-administration employees

In the year 2000 the average age of an employee in ZSE was 41 years. 31 % of ZSE employees were ranged at age of 31 — 40 years.

### 11. Ending number of employees as of 31<sup>st</sup> December



# PROFIT AND LOSS STATEMENT

<i>(thousands of SKK)</i>	1998	1999	2000
Revenues from goods sold	22 487	15 190	7 567
Cost of goods sold	19 392	12 787	6 428
<i>Gross margin</i>	3 095	2 403	1 139
<i>Operational income</i>	13 429 897	14 344 511	17 331 260
Revenues from finished products and services	13 039 397	13 931 222	16 879 242
Changes in inventory	-55	-2 705	-2 727
Capitalization (of own work)	390 555	415 994	454 745
<i>Consumption from operation</i>	11 515 154	12 154 502	14 546 024
<i>Value added</i>	1 917 838	2 192 412	2 786 375
Personnel expenses	907 115	973 717	1 087 290
Taxes and fees	19 782	17 545	18 612
Other operational revenues	122 510	177 324	229 111
Other operational expenses	41 072	26 097	52 213
Amortization of intangibles and depreciation of tangibles	595 660	633 831	703 080
Settling of reserves, adjustments and accruals of operational revenues	24 967	140 917	70 967
Creation of reserves, adjustments and accruals of operational expenses	77 233	311 885	295 812
Transfer of operational revenues	—	—	—
Transfer of operational expenses	—	—	—
<i>Net operating results</i>	424 453	547 578	929 446
Financial revenues	36 825	107 880	81 584
Financial expenses	251 227	449 252	352 197
Settling of reserves and adjustments to financial revenues	31 366	62 059	1 697
Creation of reserves and adjustments to financial expenses	62 059	1 697	43 121
Transfer of financial revenues	—	—	—
Transfer of financial expenses	—	—	—
<i>Net result from financial activities</i>	-245 095	-281 010	-312 037
Due income tax on normal activity	116 098	171 503	404 185
Deferred income tax on normal activity	6 546	6 220	-726
<i>Net result from normal activities</i>	56 714	88 845	213 950
Extraordinary revenues	7 248	27 832	28 326
Extraordinary expenses	39 657	82 761	324 516
Due income tax on extraordinary activity	-21 799	-35 412	-191 448
Deferred income tax on extraordinary activity	—	—	—
<i>Net result from extraordinary activities</i>	-10 610	-19 517	-104 742
<b>Net income (net loss) for the accounting period</b>	<b>46 104</b>	<b>69 328</b>	<b>109 208</b>

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## BALANCE SHEET

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<i>Assets (thousands of SKK)</i>	<b>1998</b>	<b>1999</b>	<b>2000</b>
Stock subscription receivable	—	—	—
<b>Fixed assets</b>	<b>7 583 863</b>	<b>7 900 873</b>	<b>7 980 687</b>
Intangible assets	81 510	81 559	74 817
Tangible assets	6 995 384	7 312 926	7 557 124
Financial investment	506 969	506 388	348 746
Shareholding and deposits in companies in the group	399 908	399 300	184 602
Other financial investment	107 061	107 088	164 144
<b>Current assets</b>	<b>2 220 930</b>	<b>2 624 541</b>	<b>2 523 159</b>
Inventory	221 165	170 299	148 757
Long-term receivables	6 197	2 375	2 871
Short-term receivables	1 872 513	2 005 877	1 980 803
Financial accounts	121 055	445 990	390 728
Other assets	456 435	163 339	522 650
<b>Total assets</b>	<b>10 261 228</b>	<b>10 688 753</b>	<b>11 026 496</b>
<i>Liabilities (thousands of SKK)</i>	<b>1998</b>	<b>1999</b>	<b>2000</b>
<b>Shareholders' equity</b>	<b>6 598 065</b>	<b>6 711 122</b>	<b>6 906 077</b>
Basic capital	4 493 615	4 497 077	4 497 077
Capital funds	224 559	276 267	374 284
Funds created from profit	1 095 389	1 092 623	1 093 317
Retained earnings/losses of previous years	738 398	775 827	832 761
Profit and loss for the accounting period	46 104	69 328	109 208
<b>Liabilities</b>	<b>3 515 120</b>	<b>3 814 975</b>	<b>3 973 633</b>
Legal reserves	74 237	145 049	—
Other reserves	61 460	260	195 496
Long-term liabilities	41 706	13 997	36 734
Short-term liabilities	1 230 705	1 409 651	1 713 765
Bank loans and notes	2 107 012	2 246 018	2 027 638
Long-term bank loans	2 071 718	2 242 178	1 688 138
Short-term bank loans and notes	35 294	3 840	339 500
Other liabilities	148 043	162 656	146 216
<b>Total liabilities</b>	<b>10 261 228</b>	<b>10 688 753</b>	<b>11 026 496</b>

# NOTES TO THE FINANCIAL STATEMENTS AS OF 31<sup>ST</sup> DECEMBER 2000

(amounts in thousands of Slovak crowns — thousands of SKK)

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## 1. BASIS OF PRESENTATION AND GOING CONCERN

The financial statements of the enterprise consisting of the balance sheet as of 31<sup>st</sup> December 2000, the related profit and loss account, and notes including the cash-flow statement, for the year then ended, are presented in accordance with the Act on Accounting and accounting procedures for entrepreneurs in the Slovak Republic.

These financial statements have been prepared by the Management of the enterprise and have been proposed for the approval of the Ministry of Economy of the Slovak Republic.

These financial statements have been presented following the assumption that the enterprise will continue as a going concern.

The financial statements of the previous year was approved at the Meeting of the Supervisory Board held on 7<sup>th</sup> April 2001.

## 2. INTANGIBLE FIXED ASSETS

The variations of intangible fixed assets during 2000 are summarised as follows (in thousands of SKK):

	<i>Balance at 31/12/1999</i>	<i>Additions</i>	<i>Disposals</i>	<i>Transfers</i>	<i>Balance at 31/12/2000</i>
Software	168 384	989	-495	27 271	196 150
Patents, rights and royalties	—	—	—	2 367	2 367
Small and other intangibles	—	—	—	21	21
Intangibles in progress	31 315	24 190	—	-27 062	28 442
Total acquisition cost	<b>199 699</b>	<b>25 179</b>	<b>-459</b>	<b>2 597</b>	<b>266 980</b>
Software	-118 140	-34 061	494	—	-151 706
Patents, rights and royalties	—	-450	—	—	-450
Small and other intangibles	—	-7	—	—	-7
Accumulated depreciation	-118 140	-34 518	495	—	-152 163
Net book value	<b>81 559</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>74 817</b>

The difference in transfers of SKK 2597 thousand represents the re-classification between tangible and intangible assets.

### 3. TANGIBLE FIXED ASSETS

The variations of tangible fixed assets during 2000 are summarised as follows (in thousands of SKK):

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	<i>Balance at 31/12/1999</i>	<i>Additions</i>	<i>Free of charge transfer</i>	<i>Gifts</i>	<i>Transfers</i>	<i>Disposals</i>	<i>Balance at 31/12/2000</i>
<i>Buildings, halls and constructions</i>	8 795 657	4 985	916	38 827	431 954	-39 866	9 232 473
<i>Machinery and equipment</i>	4 710 086	-6 194	3 863	21 288	455 008	-61 891	5 134 548
<i>Means of transport</i>	336 543	—	—	—	26 121	-6 652	356 012
<i>Inventár</i>	31 339	—	—	—	172	-33	31 478
<i>Small value tangible assets</i>	—	41	—	—	7 066	—	7 107
<i>Land</i>	876 366	879	—	—	935	-1 732	876 448
<i>Artwork</i>	1 399	—	—	—	—	—	1 399
<i>Tangible in progress</i>	911 699	866 446	—	2 832	-923 853	—	857 124
<i>Advances for tangibles</i>	9 902	16 023	—	—	—	-24 485	1 440
<i>Total acquisition cost</i>	<b>15 672 991</b>	<b>894 568</b>	<b>4 779</b>	<b>62 947</b>	<b>-2 597</b>	<b>-134 659</b>	<b>16 498 029</b>
<i>Buildings, halls and constructions</i>	-4 809 666	-250 334	-916	—	—	39 866	-5 021 050
<i>Machinery and equipment</i>	-3 282 375	-387 253	-3 863	—	—	31 891	-3 611 600
<i>Means of transport</i>	-250 496	-42 518	—	—	—	6 652	-286 362
<i>Furniture and fixtures</i>	-17 528	-3 400	—	—	—	33	-20 895
<i>Small value tangible assets</i>	—	-998	—	—	—	—	-998
<i>Accumulated depreciation</i>	<b>-8 360 065</b>	<b>-684 503</b>	<b>-4 779</b>	<b>—</b>	<b>—</b>	<b>108 442</b>	<b>-8 940 905</b>
<b>Net book value</b>	<b>7 312 926</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>7 557 124</b>

The additions to tangible fixed assets include realized exchange rate differences for the year 2000 amounting to SKK 33 292 thousand and interest costs on the capital borrowed amounting to SKK 11 116 thousand.

As of 31<sup>st</sup> December 2000 the cumulative realized exchange rate differences and the cumulative interest capitalized in tangible fixed assets amount to SKK 73 775 thousand and SKK 46 954 thousand, respectively.

The difference in transfers of SKK 2 597 thousand represents re-classification between tangible and intangible fixed assets.

The enterprise has received some fixed assets as gifts in the amount of SKK 62 947 thousand. The effect of these gifts received has been booked, following the accounting legislation in the Slovak Republic, through the caption Capital Funds in the equity section of the accompanying balance sheet.

In accordance with the Act No. 278/93 of the Code some fixed assets in the amount of SKK 4 779 thousand have been transferred to the enterprise free of charge. Following the accounting legislation in the Slovak Republic, they have been booked against accumulated depreciation.



#### 4. FINANCIAL INVESTMENT

The variations of financial investment during 2000 are summarised as follows (in thousands of SKK):

	<i>Balance at 31/12/1999</i>	<i>Additions</i>	<i>Disposals</i>	<i>Transfers</i>	<i>Balance at 31/12/2000</i>
Majority shareholdings	396 900	—	—	—	396 900
Substantial shareholdings	3 608	—	3 608	—	—
Other securities and deposits	97 393	67 000	—	—	164 393
Intergroup loans	—	—	—	—	—
Other loans and financial investmens	35 925	—	9 925	—	26 000
<b>Total acquisition cost</b>	<b>533 826</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>587 293</b>
Majority shareholdings	-1 208	-212 298	1 208	—	-212 298
Substantial shareholdings	—	—	—	—	—
Other securities and deposits	-230	-249	230	—	-249
Intergroup loans	—	—	—	—	—
Other loans and financial investments	-26 000	—	—	—	-26 000
<b>Total provisions</b>	<b>-27 438</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>-238 547</b>
<b>Net book value</b>	<b>506 388</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>348 746</b>

The main movements in the financial investments accounts in 2000:

- Disposal of SKK 9925 thousand — state bonds repayment,
- Disposal of SKK 3608 thousand — sale of shares of the company Energoinfo, a. s.
- Addition of SKK 67 000 thousand — acquisition of shares of the company Globtel, a. s.

The breakdown of majority shareholdings and deposits held by the enterprise as of 31<sup>st</sup> December 2000 is as follows (in thousands of SKK):

<i>Auditor</i>	<i>Owned [%]</i>	<i>Share capital</i>	<i>Not compen- sated loss</i>	<i>Net income</i>	<i>Total equity</i>	<i>Net book value</i>
<i>Paroplynový cyklus Bratislava, a. s. <sup>(1)</sup></i>						
Price Waterhouse- Coopers, Bratislava	66	600 000	-404 738	132 288	343 826	226 925
<i>Nitrianska paroplynová spoločnosť, a. s. <sup>(1)</sup></i>						
Rentabil Bratislava	90	1 000	—	-36	973	876
<b>Total</b>						<b>227 801</b>

<sup>(1)</sup> Information derived from the last available financial statements dated 31<sup>st</sup> December 2000.

Paroplynový cyklus Bratislava, a. s. recorded accumulated losses of SKK 404 738 thousand as of 31<sup>st</sup> December 2000, which were caused mainly by the start-up problems related to the power plant of the company and by almost a one-year delay in launching the project. Taking into consideration the possibility to deduct losses for the purposes of the income tax, as well as potential future revenues resulting from contractual penalties, the management of the enterprise believes that these losses will, to a significant extent, be compensated within the following two to four accounting periods. The projection of the future cash-flow of the enterprise incorporates such an assumption. Západoslovenské energetické závody, štátny podnik, as the shareholder of this company, is taking necessary steps to increase the registered capital of Paroplynový cyklus, a. s. Bratislava, by contribution made by a strategic partner.

## 5. INVENTORIES

The breakdown of inventories as of 31<sup>st</sup> December 2000 is as follows:

	<i>thousands of SKK</i>
Raw materials	164 832
Work in process	426
Goods	668
Advance for inventories	2 883
<b>Total</b>	<b>168 809</b>

The variations during 2000 in the different accounts used to adjust the value of inventories to their fair values are summarized as follows:

	<i>Adjustments</i>
Beginning balance	17 391
Additions	20 052
Disposals	<b>-17 391</b>
Ending balance	20 052

The adjustments were calculated based on the turnover of the items in stock during the year as well as by individual analysis of the items.

## 6. RECEIVABLES

The breakdown of receivables as of 31<sup>st</sup> December 2000 is as follows:

	<i>thousands of SKK</i>
Trade receivables	2 496 590
Intercompany receivables and receivables from other related parties	13 650
Tax receivables	90 038
Other receivables	3 631
<b>Total</b>	<b>2 603 909</b>

Out of the total amount of receivables (both long and short-term) as of 31<sup>st</sup> December 2000 the overdue receivables amount to SKK 1 506 672 thousand.

The creation of the provision for doubtful receivables has been made based upon the individual assessment of the collectibility of the receivable balances.

The variations during 2000 in the different accounts used to adjust the value of the receivables to their fair values are summarized as follows (in thousands of SKK):

	<i>Adjustments</i>	<i>Legal reserves</i>
Beginning balance	307 398	145 049
Additions	369 284	—
Disposals or release	<b>-53 576</b>	<b>-145 049</b>
<b>Ending balance</b>	<b>623 106</b>	<b>—</b>

The release of legal reserve of SKK 145 049 thousand is due to re-classification of creation of adjustment to receivables from debtors in bankruptcy.

## 7. SHAREHOLDER'S EQUITY

The variations in 2000 on the account of shareholder's equity are summarized as follows (in thousands of SKK):

	<i>Share capital</i>	<i>Capital funds</i>	<i>Funds created from profit</i>	<i>Retained earnings</i>	<i>Profit/loss for the year equity</i>	<i>Total</i>
Balance at 31/12/1999	4 497 077	276 267	1 092 623	775 827	69 328	6 711 122
Contribution to funds from profit	—	—	3 466	—	-3 466	—
Contribution to social fund	—	—	—	—	-8 928	-8 928
Transfer to retained earnings	—	—	—	56 934	-56 934	—
Increase of basic capital	2 772	—	-2 772	—	—	—
Increase of capital funds	—	98 067	—	—	—	98 067
Decrease of capital funds	—	-50	—	—	—	-50
Decrease of funds from profit	—	—	—	—	—	-2 772
Net income 2000	-2 772	—	—	—	109 208	109 208
<b>Balance as of 31/12/2000</b>	<b>4 497 077</b>	<b>374 284</b>	<b>1 093 317</b>	<b>832 761</b>	<b>109 208</b>	<b>6 906 647</b>

The Management of the enterprise has presented the following proposal of distribution of the result for 2000 to the Supervisory Board:

	<i>thousands of SKK</i>
Retained earnings (loss)	96 748
Funds created from profit	5 460
Social fund	7 000
<b>Total 2000 profit</b>	<b>109 208</b>

### SHARE CAPITAL

The enterprise is fully owned by the State. The share capital is not divided into shares. In 2000 the increase of the basic capital of the enterprise represents a reversal of the decrease of the basic capital accounted for, following the Decree of the Ministry of Finance of the Slovak Republic No. 65/261/1993, based on which any loss made in the sale of flats at regulated prices by a state organisation should be accounted for as a decrease in the basic capital of the entity. The loss made in the sale of flats in 2000 was accounted for as a decrease in the funds created from profit in the total amount of SKK 2 773 thousand.

## CAPITAL FUNDS

Following the accounting legislation in the Slovak Republic, the enterprise has increased its capital funds in the amount of gifts received during the fiscal year (either through fixed assets or cash contributions) totalling to SKK 98 067 thousand.

## RESTRICTED RESERVES

The caption Funds created from profit includes restricted reserves, such as the Legal reserve funds, amounting to SKK 1 093 317 thousand. The use of the balances of these reserves is restricted under the Commercial Code in force in the Slovak Republic.

## 8. BANK LOANS

The breakdown as of 31<sup>st</sup> December 2000 of the bank loans (long-term and short-term) is as follows (in thousands of SKK):

	<i>Short-term</i>	<i>Long-term</i>
Bank loans received	339 500	1 688 138
<b>Total</b>	<b>339 500</b>	<b>1 688 138</b>

The breakdown, by due dates and currencies, of debts with banks and short-term notes as of 31<sup>st</sup> December 2000 is as follows (converted in thousands of SKK):

<i>Due in</i>	<i>DEM</i>	<i>SKK</i>	<i>Total</i>
2001	337 500	2 000	339 500
2002	1 687 050	1 088	1 688 138
<b>Total</b>	<b>2 024 550</b>	<b>3 088</b>	<b>2 027 638</b>

The enterprise has an undrawn overdraft facility of SKK 400 000 thousand as of 31<sup>st</sup> December 2000.

The breakdown by individual loan is the following:

	<i>Type of loan</i>	<i>Maturity</i>	<i>Currency agreed</i>	<i>Interest rate</i>	<i>Short-term</i>	<i>Long-term</i>	<i>Total debt</i>
VÚB	Investment loan	30/6/02	SKK	8,80 %	2 000	1 088	3 088
Credit							
Suisse	Long-term	7/8/02	DEM	5,55 %	337 500	1 687 050	2 024 550
First							
Boston	revolving loan						
<b>Total</b>					<b>339 500</b>	<b>1 688 138</b>	<b>2 027 638</b>

The interest rate borne by long-term revolving loan provided by Credit Suisse First Boston is calculated based on LIBOR plus fixed interest rate.

Long-term debt is mainly represented by a syndicated loan of DEM 90 million granted by banks represented by Credit Suisse First Boston. The enterprise must fulfil strict covenants comprising the following (based on consolidated financial statements prepared in accordance with International Accounting Standards):

- Borrowings to Tangible Net Worth cannot exceed 50 %
- Tangible Net Worth has to be more than SKK 6 billion
- Earnings before tax, depreciation and amortisation have to exceed the amount of interest expense ten times.

The enterprise fulfils all the loan covenants required by bank represented by Credit Suisse First Boston.

## 9. BALANCES AND TRANSACTIONS WITH RELATED PARTIES

	<i>Receivable</i>	<i>Payable</i>
Trade balances		
Slovenské elektrárne, a. s.	11 213	713 732
Paroplynový cyklus Bratislava, a. s. <sup>(1)</sup>	1 986	53 937
Nitrianska paroplynová spoločnosť, a. s. <sup>(1)</sup>	451	—
Total	13 650	767 669
Other balances — bills of exchange	Received	Issued
Paroplynový cyklus Bratislava, a. s. <sup>(1)</sup>	255 203	—
Slovenské elektrárne, a. s.	—	250 000
<b>Total</b>	<b>268 853</b>	<b>1 017 669</b>

<sup>(1)</sup> Majority shareholding

The trade balances shown above are included in the caption Intercompany receivables and receivables from other related parties (see note 6) and Intercompany payables and payables to related parties. The balance of SKK 255 203 thousand in Other balances represents the enterprise's loan from bills of exchange purchased from Paroplynový cyklus Bratislava, a. s., and the balance of SKK 250 000 thousand represents the bill of exchange issued for the company Slovenské elektrárne, a. s. Bratislava.

The summary of the transactions of the enterprise with companies in the group and other related parties during 2000 is as follows:

<i>Description</i>	<i>Revenues</i>	<i>Expenses</i>
Trade transactions		
Slovenské elektrárne, a. s.	59 602	12 043 385
Paroplynový cyklus Bratislava, a. s. <sup>(1)</sup>	7 220	262 652
Total	66 822	12 306 037
Financial transactions		
Paroplynový cyklus Bratislava, a. s. <sup>(1)°</sup>	23 404	—
Total	23 404	—
<b>Total</b>	<b>90 226</b>	<b>12 306 037</b>

<sup>(1)</sup> Majority shareholdings

## 10. COMMITMENTS

On 10<sup>th</sup> November 1999 the enterprise concluded the Contract for heat delivery and take-off ("the framework contract") with the company Paroplynový cyklus, a. s. Bratislava. The framework contract was concluded for a certain period until replaced by a 25-year framework contract for heat delivery and take-off. The subjects of the contract are the agreed heat volumes to be annually delivered by Paroplynový cyklus, a. s. Bratislava, and take off by the enterprise and the fee for non-observance of the heat volume to be taken off. Based on the framework contract, the contractual parties are bound to conclude annual contracts for heat delivery and take-off, in which they will decide in detail on the definition and way of taking off the heat volume and on commercial and technical conditions of deliveries. For 2000 the annual contract was not concluded. In 2000 the enterprise did not take off the heat volume of 2 600 heating units, as agreed in the framework contract. Due to this fact, there might arise a commitment for the enterprise, since it may be charged the fee for non-observance of the agreed heat volume to be taken off.

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## 11. REVENUES AND EXPENSES

### a) Net revenues

The breakdown of net sales as of 31<sup>st</sup> December 2000 by line of activity is as follows:

	<i>thousands of SKK</i>
Sale of electricity	15 082 333
Sale of heat	1 542 331
Services provided	95 686
Sale of goods	7 567
Other revenues	158 892
<b>Total</b>	<b>16 886 809</b>

### b) Personnel expenses

The breakdown of personnel expenses as of 31<sup>st</sup> December 2000 is as follows (in thousands of SKK):

	<i>Management</i>	<i>Employees</i>
Wages and salaries	7 017	767 759
Bonuses paid	—	453
Social security	1 124	297 568
Other social expenses	50	31 319
<b>Total</b>	<b>8 191</b>	<b>1 079 099</b>

**c) Financial revenues and expenses**

The breakdown of financial revenues and expenses as of 31<sup>st</sup> December 2000 is as follows (in thousands of SKK):

	<i>Revenues</i>	<i>Expenses</i>
Revenues from financial investments	12 863	13 532
Interest	38 028	121 394
Realised exchange rate differences	30 693	169 344
Unrealised exchange rate differences	260	42 827
Adjustment to financial investments	1 437	246
Others	—	47 926
<b>Total</b>	<b>83 281</b>	<b>395 317</b>

**d) Extraordinary revenues and expenses**

The breakdown of extraordinary revenues and expenses as of 31<sup>st</sup> December 2000 is as follows (in thousands of SKK):

	<i>Revenues</i>	<i>Expenses</i>
Expenses related to previous periods	—	313 397
Deficits and damages	—	6 923
Creation and usage of legal reserves	—	—
Other extraordinary expenses and revenues	2 178	36
Other accounting periods	26 148	4 160
<b>Total</b>	<b>28 326</b>	<b>324 516</b>

The balance of caption Creation and usage of legal reserves represents the creation and usage of legal reserves (for debtors in bankruptcy).

**12. LEASED ASSETS**

The breakdown of the assets used by the enterprise under finance lease agreements as of 31<sup>st</sup> December 2000 is as follows:

	<i>Contract date</i>	<i>Interest rate</i>	<i>Duration in months</i>	<i>Cost of the asset leased.</i>	<i>Capital financed</i>	<i>Purchase option</i>	<i>Monthly payment</i>
IBM	29. 9. 2000	LIBOR	36	223	26 324	yes	24 × 1 090 12 × 13
<b>Total</b>							<b>26 316</b>

## 12. CASH-FLOW STATEMENTS FOR THE YEAR 2000

	31/12/2000	31/12/1999
A. CASH-FLOW FROM BASIC BUSINESS ACTIVITIES	1 096 617	842 686
Z/S. PROFIT/LOSS FROM BASIC ACTIVITIES BEFORE TAX	617 410	266 568
A.1. Adjustments by non-cash transactions	291 940	916 925
A.1.1. Fixed assets depreciation	703 080	633 831
A.1.2. Gifts	—	9 612
A.1.3. Depreciation of adjustment to gained property	—	253 315
A.1.4. Write-off of receivables	—	14 613
A.1.5. Change in reserve balance	50 187	839
A.1.6. Change in other assets balance	-359 311	—
A.1.7. Change in other liabilities balance	-16 440	-927
A.1.8. Change in adjustments to fixed assets	211 110	5 642
A.1.11. Other non-cash transactions	-296 686	—
A.2. Change in working capital balance	313 559	-303 158
A.2.1. Change in accounts receivable balance from basic business activities	25 801	-129 541
A.2.2. Change in short-term liabilities balance from basic business activities	218 308	78 628
A.2.3. Change in inventories balance	21 542	50 866
A.2.4. Change in short-term financial assets balance	47 908	-303 111
A.3. Interest expense	121 394	106 842
A.4. Interest income	-38 028	-38 254
A* PROFIT/LOSS FROM CURRENT ACTIVITIES BEFORE TAX-ADJUSTED	1 306 275	948 923
A.5. Items excluded from basic business activities	644	-211
A.5.1. Profit from sale of fixed assets	—	-211
A.5.2. Loss from sale of fixed assets	644	—
A.6. Specific items	-126 936	-106 534
A.6.1. Income tax from current activities — paid	-126 936	-92 512
A.6.4. Revenues related to finance lease	—	-7 571
A.6.6. Revenues and expenditure related to purchase and sale of securities	—	-6 451
A** CASH-FLOW BEFORE ALTERNATIVELY SHOWN AND OTHER ITEMS	1 179 983	842 178
A.7. Alternatively disclosed items	-83 366	508
A.7.1. Interest received	38 028	508
A.7.2. Interest paid	-121 394	—

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		31/12/2000	31/12/1999
A***	NET CASH-FLOW FROM BASIC BUSINESS ACTIVITIES	1 096 617	842 686
B.1.	Expenditure related to acquisition of fixed assets	-971 632	-960 486
B.1.1.	Intangible assets acquisition	-25 179	-17 705
B.1.2.	Tangible assets acquisition	-879 453	-935 968
B.1.3.	Financial investments acquisition	-67 000	-600
B.1.4.	Change in liabilities balance related to acquisition of fixed assets	—	-6 213
B.2.	Income from sale of fixed assets	28 184	2 821
B.2.1.	Revenues from intangible assets sale	—	2 821
B.2.2.	Revenues from tangible assets sale	15 784	—
B.2.3.	Revenues from financial investment sales	12 400	—
B.3.	Complex leasing	—	-5 969
B.3.2.	Expenditure related to complex leasing	—	-5 969
B.5.	Specific items	—	-2 975
B.5.2.	Extraordinary expenditure related to investment activities	—	-2 975
B***	NET CASH-FLOW FROM INVESTMENT ACTIVITIES	-943 448	-966 609
D.1.	Change in long-term (or short-term) liabilities balances	-195 643	139 006
D.1.1.	Revenues related to loans and borrowings received from financial institutions (banks)	—	174 300
D.1.2.	Expenditure related to loans and borrowings received from financial institutions (banks)	-218 380	-35 294
D.1.5.	Revenues from other long-term and short-term liabilities from financial activities	22 737	—
D.2.	Cash-flow related to equity	35 120	30 344
D.2.3.	Financial (cash) gifts and subsidies received to equity	35 120	30 344
D.4.	Alternatively shown items	—	-23 603
D.4.1.	Interest received	—	37 746
D.4.2.	Interest paid	—	-62 276
D.4.3.	Dividends and other share on profit received	—	927
D***	NET CASH-FLOW FROM FINANCIAL ACTIVITIES	-160 523	145 747
F	CHANGE IN CASH AND CASH EQUIVALENTS BALANCE	-7 354	21 824
G.	Cash and cash equivalents balance at the beginning of accounting period	142 879	121 055
H.	Cash and cash equivalents balance at the end of accounting period	135 525	142 879

## REFERENCING REPORT OF AUDITORS

To the owner of Západoslovenské energetické závody, štátny podnik:

We have audited the financial statements of Západoslovenské energetické závody, š. p. ("The Company"), as of 31 December 2000, which represent part of the Annual Report. We have conducted our audit in accordance with the Standards on Auditing issued by the Slovak Chamber of Auditors (SKAU).

In our report dated 15 March, 2001 we expressed an opinion, that based on our audit and the report of other auditors, who audited the financial statements of the company Paroplynový cyklus, a.s., Bratislava and on whose opinion we relied in respect of this company, the enclosed financial statements present fairly, in all material respects, the financial position of Západoslovenské energetické závody, š. p. as at 31 December 2000, and the results of its operations for the year then ended in accordance with Act No. 563/1991 Zb. on Accounting and other relevant accounting legislation in the Slovak Republic.

Without qualifying our audit opinion, we drew attention to the following matters:

- in Note 6 to the accompanying financial statements, the Company describes the current situation in respect to certain claim from Paroplynový cyklus a. s., Bratislava, for settlement of the disputable receivable amounting to SKK 72 million, together with the total impact on the Company's financial statements as of 31 December 2000.
- the accompanying income statement includes, within Capitalization of services, own consumption of electricity and heat in an amount of SKK 101 million. The same amount is also included in expenses twice in the accompanying income statement for the year 1999. As a result, both, expenses and revenues, are overstated in this amount.
- the financial statements of prior year were audited by other auditors. Their report on the financial statements, dated 14 April 2000, was qualified with respect to the fact that as of 31 December 1999 the Company did not create adequate bad debt provision and reserve, and with respect to the fact that as of 31 December 1999, the Company did not create adequate provision for the investment in Paroplynový cyklus a.s., Bratislava. Both situations have been resolved by the Company through the creation of adequate provisions and reserves as of 31 December 2000. The total amount charged to the current year expenses in connection with these two matters that relates to previous years is SKK 359 million.

The accompanying Annual Report for the year 2000 contains financial statements of the Company, the report on the past and anticipated future economic development and financial situation of the Company. We have audited the financial statements of the Company included on pages 19 – 32 of the Annual Report of the Company as at 31 December 2000. We have not reviewed any information other than the accounting information included in the Annual Report.



**ARTHUR ANDERSEN Slovensko, spol.**

**s r.o.**

Licencia SKAU č. 146



**Eva GAZDOVÁ**  
Licencia SKAU č. 628





# ORGANIZATION UNITS OF ZSE

<i>name</i>	<i>address</i>	<i>telephone</i>	<i>facsimile</i>
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<b>District Plant Bratislava</b>	Hraničná 14 827 14 Bratislava	+421-2-53 41 72 95	+421-2-53 41 75 96
<b>District Plant Trnava</b>	Ružindolská cesta 12 918 57 Trnava	+421-33-554 51 19-21	+421-33-554 50 81
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<b>District Plant Dunajská Streda</b>	Kračanská cesta 1607/45 929 01 Dunajská Streda	+421-31-552 45 51-54	+421-31-557 31 91
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<b>Heating Plant II Bratislava</b>	Turbínová 3 832 26 Bratislava	+421-2-49 68 34 11	+421-2-49 68 35 91
<b>Hear Production and Distribution Plant Trnava</b>	Coburgova 84 917 42 Trnava	+421-33-553 60 77-9	+421-33-553 61 68
<b>Heat Distribution Plant Bratislava</b>	Bajkalská 21/A 821 01 Bratislava	+421-2-50 61 32 01	+421-2-50 61 32 90
<b>Construction and Assembly Plant Nitra</b>	Novozámocká 3 949 01 Nitra	+421-37-651 32 45	+421-37-652 60 60
<b>Transformer and Repair Shop and Calibration Plant Hlohovec</b>	M. R. Štefánika 85 920 01 Hlohovec	+421-33-742 21 20	+421-33-742 30 36
<b>Plant for Operation and Maintenance of Transmission Plants Bratislava</b>	Čulenova 3 816 47 Bratislava	+421-2-50 61 11 11	+421-2-50 61 49 91

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