

2007

ANNUAL REPORT
TEMPEST, a.s.

 **Tempest**

I T m a k e s s e n s e

ANNUAL REPORT 2007

**COMMERCIAL NAME:
TEMPEST, a.s.**

**REGISTERED OFFICE:
PLYNÁRENSKÁ 7/B
821 09 BRATISLAVA
SLOVAK REPUBLIC**

**TEL.: 00421 2 502 67 111
FAX: 00421 2 502 67 100**

**E-MAIL: marketing@tempest.eu
WEB: www.tempest.eu**

**REGISTERED CAPITAL:
1 800 000 SK**

**DATE OF REGISTRATION
IN THE COMMERCIAL REGISTER:
24.6.1992**

**COMPANY REGISTRATION
NUMBER:
31 326 650**

**VAT NUMBER:
SK2020327716**

**THE COMPANY IS REGISTERED
IN THE COMMERCIAL REGISTER
OF DISTRICT COURT OF BRATISLAVA I.,
SECTION SA, INSERT NO. 3771/B**

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WE HAVE BEEN SERVING DEMANDING CLIENTS AND EMPLOYING EXCELLENT PEOPLE ON THE SLOVAK MARKET FOR 16 YEARS NOW. THANKS TO THEIR KNOW-HOW AND **STRONG EXPERTISE**, WE CONTINUE TO GROW EACH YEAR. OUR RESULTS HAVE PROVIDED US WITH A SOLID BASE FOR EXPANSION TO OTHER COUNTRIES IN THE YEARS TO COME.

42,8%

GROWTH
OF SALES OF OWN
PRODUCTS

18,8%

GROWTH
OF ADDED VALUE

14,1%

GROWTH
OF NUMBER
OF EMPLOYEES

6,4%

GROWTH
OF REVENUES

FORE WORD OF THE GENERAL DIRECTOR

07

Through my professional experience I have learned that the past can serve as inspiration for decisions affecting the development of information technology. The future of IT, however, is not just about improving and perfecting what we have achieved in the past. Not even the best expert systems, statistical or analytical tools are enough to make the kind of decisions that would influence the direction of IT in the years or decades to come. The future is about continually asking questions and seeking answers, about manoeuvring sensitively among rising trends, about taking a certain risk, about confronting our possibilities with external challenges and dynamic changes compared to planned visions and goals. Completely new and useful areas of information technology are appearing all the time, which we would not even have dreamed about in the past. A wide spectrum of solutions is being created, which are reshaping the world of technology, and the world of business with them.

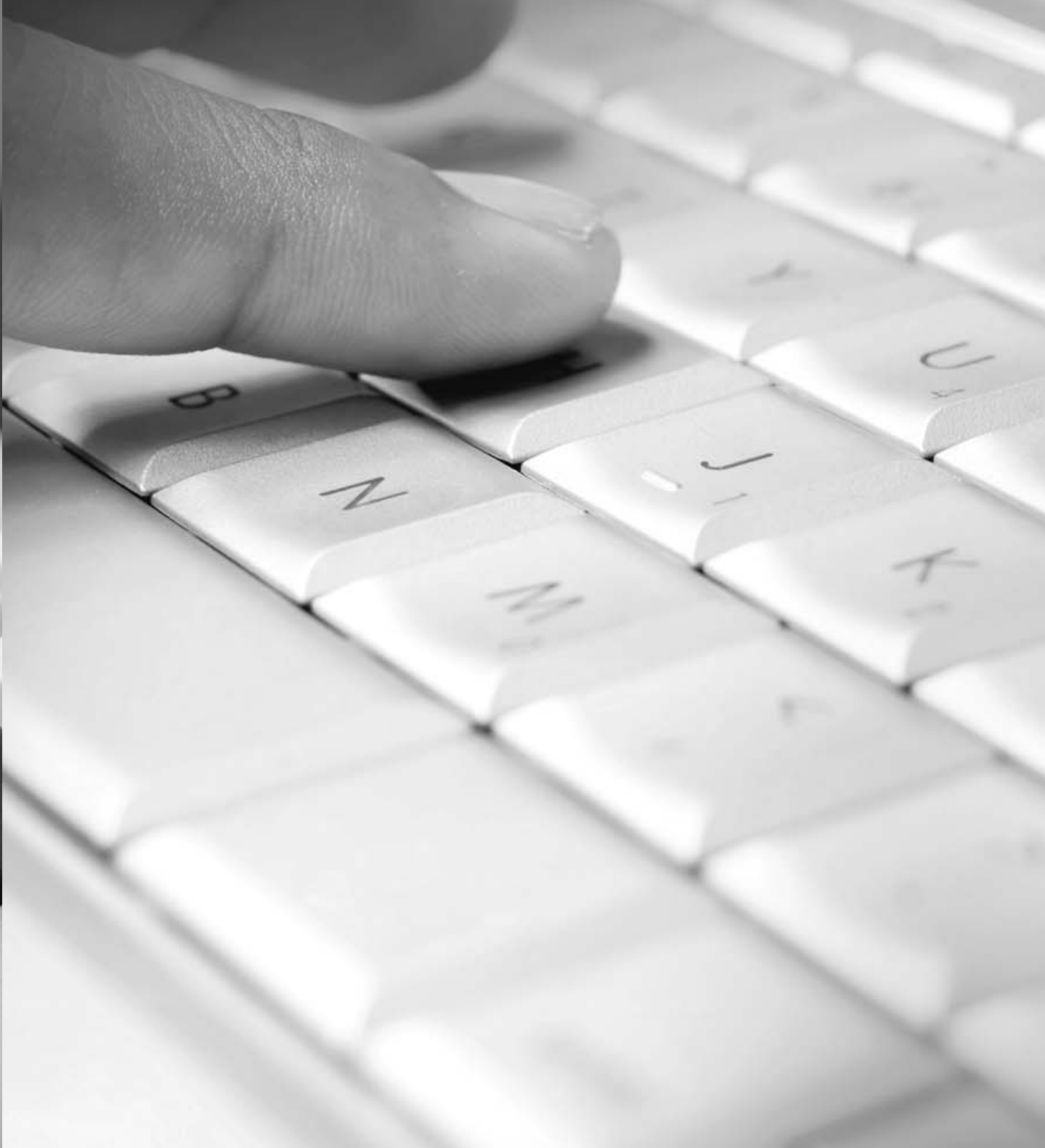
Last year we joined those IT companies with over a billion in turnover. The consolidated revenues of TEMPEST for 2007 reached the level of SKK 1.032 billion (approx. EUR 30.7 million) for the first time in our history. It pleases me that with the rising sales of TEMPEST each year, the number of employees is also rising. This attests to the healthy organic growth of our company and the correctness of our decision-making in the past. Investment into restructuring the product portfolio has reflected in a 42-percent growth in sales of our own IT services and software. We also invested into increasing our market share abroad.

I could not be in a position to praise the success of 2007 without my colleagues, who are among the best on the market. It would not be possible also without our customers and partners, whose faith in us I very much appreciate. In the upcoming period we want to push the boundaries even further and form the future. I stand at the helm of a strong, educated and adaptable company that has all the prerequisites to face changes head on and react to them flexibly. Now TEMPEST is prepared to be a firm part and co-creator of the future of IT more than ever before.



Ing. Mgr. Peter Klásny
General Director





HIS TO RY

TEMPEST was
founded

1992

The ISO 9001:2000
quality management
system
is implemented

2001

The ISO 14001:2004
environmental
management system
is implemented

Successful takeover
of the company
Protect e-Data, s.r.o.

2004

Through the consoli-
dation of Tempest
s.r.o., UNIT s.r.o., and
Computel s.r.o., we
created the joint stock
company TEMPEST,
a.s., a strong and
leading system
integrator

2005

LOGIN, a.s. and
TEMPEST, a.s. are
merged

2006

TEMPEST CZECH branch
in Czech Republic was
founded

ISO/IEC 27001:2005
information security
management system
is implemented

2007

OUR MIS SION

The mission of our company is to deliver high added value for customers business in the form of info-communication solutions and services. The added value has a direct impact on enhancing the key economic indicators of our clients.

We accomplish the mission of TEMPEST by providing technological tools and solutions that are essential for accelerating the business activities of undertakings. Thanks to the cooperation of our technological divisions focused on various fields of ICT, TEMPEST is able to provide comprehensive solutions and services independent of platforms and make use of its experience in a wide range of information technologies.

It covers the complete cycle of product development starting with analysis, consultation on requirements and the environment, through to the design of optimal solutions and ending with eventual development or implementation.

Our services include solution integration, full warranty and post-warranty support and ICT outsourcing.

MANAGEMENT



Ing. Mgr. PETER KRÁSNY

CEO and member of the Board of Directors, born in 1973

Peter Krásny graduated from the Faculty of Mathematics and Physics at Comenius University, Bratislava, specialising in theoretical informatics and programming systems, and from the University of Economics in Bratislava, specialising in information technologies. He joined Tempest, s.r.o. in 1999 where he worked as a Project Manager and Sales Director until 2001, when he was appointed Director General and member of the Board of Directors.



Ing. ROMAN ROŠTÁR

Operations Director, born in 1967

Roman Roštár graduated from the Faculty of Electrical Engineering and Information Technology at the Slovak University of Technology in Bratislava, Department of Applied Informatics and Computing Technology. He joined UNIT, spol. s r.o. in 1995 and six years later became its CEO, contributing significantly to the strategic direction of the company. Following the merger of Tempest, s.r.o. and UNIT, spol. s r.o., he was appointed Operations Director, taking over responsibilities also for financial management.



Ing. ROMAN KRIŠKO

Sales Director and member of the Board of Directors, born in 1971

Roman Kriško graduated from the Faculty of Electrical Engineering at the Military Academy in Brno and the Faculty of Electrical Engineering at the Military Academy in Liptovský Mikuláš. Before joining UNIT, spol. s r.o. in 1997, he worked at the General Staff of the Army of the Slovak Republic in Trenčín and at the Slovak Ministry of Defence in Bratislava. He started as Sales Manager in UNIT, and then later as Sales Director. After the merger of the two companies he remained in the post of Sales Director and became a member of the Board of Directors of TEMPEST.



Ing. JOZEF ŠIPOŠ

Director of Services Division, born in 1967

Jozef Šipoš graduated from the Faculty of Electrical Engineering at the Slovak University of Technology in Bratislava. He joined UNIT, spol. s r.o. in 1997, where he worked in the posts of Sales Manager and Executive Director. After the merger in 2005 he became Director of the Services Division of TEMPEST.

BOARD OF DIRECTORS

Chairman of the Board of Directors
Peter Kotuliak

General Director
Peter Krásny

EXECUTIVE MANAGEMENT

IMS Agent Miroslav Doležal	Sales Division Roman Kriško Director	Services Division Jozef Šipoš Director	Operations Division Roman Roštár Director	Ambit Division Peter Laco Director	Net Sec Division Marcel Zanechal Director	Indev Division Peter Laco Director	Secretariat
	Marketing Department Rastislav Chudík	Systems Department Mário Pečko	Human Resources Martina Redenkovičová	Infrastructure Management Dept. Rastislav Daniš	Analytical Security Department Branislav Mitas	Project Management Department Alexander Maruniak	
	Sales Department Roman Kriško	Networks Dept. Branislav Baranovský	Finance Department Miroslav Doležal	Process and Serv. Management Dept. Radoslav Krochmal'	Application Security Department Marcel Zanechal	Support management Miroslav Kišš	
	Pre-sales Department Ľuboš Ondruš	Raymote Department Daniel Vančo	Internal Operations Jaroslav Sýkora			Java Jozef Ivanič	
	OPO Sales Support Department	Outsourcing Department Martin Zúggó	Logistics Anna Vančová			Oracle Peter Garaj	
		Call Centre	CIO Peter Roth			Special development Alojz Časný	
			Security manager Branislav Mitas			TOPOS Viktor Mikulášek	



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HUMAN RESOURCES

Despite a declining unemployment rate in Bratislava and throughout Slovakia in 2007, TEMPEST managed to take on **77 new employees** into full-time employment. The company thus had a total of 202 employees at the end of the reporting period. We recruited new colleagues according to the capabilities of the candidates as regards the required qualification, professional experience, language skills and personal aptitudes.

Men account for the majority of employees in TEMPEST, similarly to other IT companies; **89%** of the total number of employees.

The average age of company employees is **28**.

TEMPEST supports the personal and professional development of its employees. In 2007 we continued **investing significantly in their training**, almost doubling the amount allocated for education and professional growth compared to the previous year.

		FTE	
Total No. of employees as of 31 Dec 2007		202	
Age structure	21-30	117	58%
	31-40	69	34%
	41-50	15	8%
	over 51 years	1	—
Education			
	Secondary	72	36%
	University	130	64%
Work position			
	Management	20	10%
	Consultant	12	6%
	Technician	48	24%
	Programmer	87	43%
	Sales agent	15	7%
	Administrative Staff	20	10%
Certified abilities		80	45%
	Women	22	11%
	Men	180	89%

COM PA NY PO LI CY

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The strategic goal of the company TEMPEST is to provide such a wide range of quality and mutually inter-connected products in the field of IT so as to secure permanent and recurring business relations with customers.

The policy of an integrated management system is based on understanding the link between meeting the demands of customers and the influence on the natural environment from associated activities. The company management plans and executes the company's development while endeavouring to minimise the adverse effects of its activities on the environment. To achieve this objective, we commit ourselves to the following principles:

- **CONTINUAL IMPROVEMENT OF ALL PROCESSES**
with the aim of developing the company further and increasing the level of customer satisfaction, while reducing the impact of our activities on the environment and maintaining a high standard of information security.
- **TO RAISE THE QUALIFICATION LEVEL AND SECURITY AWARENESS OF EMPLOYEES**
and ensure their continual professional growth by discovering their needs and implementing a training and education programme.
- **TO ESTABLISH MUTUALLY BENEFICIAL RELATIONS WITH SUPPLIERS**
founded on mutual trust, respectability, top quality products and care for the environment.
- **TO REINFORCE THE POSITION OF THE COMPANY ON THE IT MARKET**
by ethical means and fair competition with our competitors.
- **TO ENSURE A HIGH LEVEL OF SECURITY**
by protecting confidential customer and in-company information, by establishing a security system and by using modern information technologies.
- **TO PERFECT THE INTEGRATED MANAGEMENT SYSTEM,**
to enhance continually its effectiveness and integrity in line with the requirements of ISO 9001, ISO 14 001 and ISO 27001.
- **TO ENSURE COMPLIANCE WITH LEGISLATIVE AND OTHER OFFICIAL REQUIREMENTS,**
by monitoring them and implementing them within the company.

Bratislava, 12 March 2007


Miroslav Doležal
AGENT FOR IMS


Peter Krásny
GENERAL DIRECTOR

IN TEG RA TED MANA GE MENT SYS TEM

We would like to provide you with good proof of our quality and the responsible approach we have to our customers. TEMPEST was one of the first IT companies in Slovakia to have an Integrated Management system (IMS) established in line with International Standards ISO 9001:2000 (Quality Management System), ISO 14001:2004 (Environmental Management System) and ISO/IEC 27001:2005 (Information Security Management System). We obtained the Certificate of IMS from a reputable certification company - TÜV NORD CERT GmbH registered in Essen in Germany.

At the same time, TEMPEST is one of the first Slovak IT companies to have implemented the information security management system ISO/IEC 27001. This certificate ensures that the company **protects** information in a controlled way and treats it under the principles of its business. By implementing such a norm we confirm our conformity with respective legal rules, and also the the ability to provide our services continually even in the event of a disaster.

By integration of established management systems we increased the effectiveness of their management with the aim of contributing to the **satisfaction** of our customers even more. The implemented IMS allows us to consider us as a **responsible** company with complex services of high quality.

IMS CER TIFI CA TES



CERTIFICATE

Management system as per
EN ISO 14001 : 2004

In accordance with TÜV NORD CERT procedures, it is hereby certified that

TEMPEST a.s.
Plynárenská 7/B
SK-821 09 Bratislava




applies a management system in line with the above standard for the following scope

Advanced IT solutions - design and development of software, delivery, installation, implementation, consultancy and supporting services in information and communication technologies.

Certificate Registration No. 44 104 066412
Audit Report No. 3500 7366

Valid until 2010-08-08


Certification Body
at TÜV NORD CERT GmbH

Bratislava, 2008-08-04

This certification was conducted in accordance with the TÜV NORD CERT auditing and certification procedures and is subject to regular surveillance audits.

TÜV NORD CERT GmbH Langemarckstrasse 20 45141 Essen www.tuev-nord-cert.com



CERTIFICATE

Management system as per
ISO/IEC 27001:2005

In accordance with TÜV NORD CERT procedures, it is hereby certified that

TEMPEST a.s.
Plynárenská 7/B
SK-821 09 Bratislava



applies a management system in line with the above standard for the following scope

Advanced IT solutions - design and development of software, delivery, installation, implementation, consultancy and supporting services in information and communication technologies

Statement of Applicability Rev. 0.1, 2007-03-19

Certificate Registration No. 44 121 066412
Audit Report No. 3501 3818

Valid until 2010-08-08


Certification Body
at TÜV NORD CERT GmbH

Essen, 2008-08-04

This certification was conducted in accordance with the TÜV NORD CERT auditing and certification procedures and is subject to regular surveillance audits.

TÜV NORD CERT GmbH Langemarckstrasse 20 45141 Essen www.tuev-nord-cert.com



COMMENT OF THE DIRECTOR OF SALES

As is customary, the year 2007 proved to be no less demanding for us than the previous years. The consolidated sales revenue of TEMPEST exceeded the one billion koruna mark for the first time in its history, which with a value of SKK 1.032 billion (approx. EUR 30.7 million) represents a year-on-year growth in sales of 6.4% in koruna terms, while in terms of euro it is a growth of 25%. The growth dynamic of the sales of TEMPEST slowed slightly over the previous year.

We regard the actual composition of generated sales revenue as of greater significance, however. The share of sales from our own IT services and software accounted for as much as 53% of total sales revenue of the company. This indicator has progressed compared to the past when commodity sales accounted for a greater share of total revenues. Managing the sales activities combined with the gradual restructuring of our portfolio is helping us progressively to fulfil our vision as a »provider of quality services«.

In terms of customers, in 2007 we were most successful in the sale of products and services in the telecommunications and state administration segments, followed by the segments of banking and production. Our biggest clients in 2007 included Orange Slovensko, Tatra banka and T-Mobile Slovensko. We are glad that the business success we enjoyed in 2007 was founded chiefly on large, interesting and successful projects. It also pleases us that by implementing these projects we proved our ability and our deserved place among the leaders of ICT solutions and services providers. From my perspective, in addition to the actual sales success, the year 2007 was also of key importance for the company thanks to two events – the opening of our branch in Prague and the change of corporate identity. TEMPEST Czech has been providing IT solutions and services to customers in the Czech Republic since May of last year. The change to how the company is visually presented on the market is the first major change made to the corporate identity of TEMPEST since it was established.

Allow me in conclusion to thank all our clients for their open approach and for good and proper communication. I believe that we will continue to contribute to the growth of your business through quality IT solutions and services.



Ing. Roman Kriško
Director of Sales





SO LUTI ONS AND SER VI CES

IT INFRASTRUCTURE AND SYSTEMS

Our basic specialization concerns infrastructure projects, beginning with consultations and design, through integration to subsequent support of heterogeneous IT infrastructures.

In the field of infrastructure and systems we provide our customers with:

- back up and archiving
- IT infrastructure consolidation and storage consolidation
- virtualization of infrastructure and desktops, thin clients
- high availability (HA) and disaster recovery (DR) solutions

To manage the comprehensive IT infrastructure we use our own management suite RayMote. Our services include management of IT operations, support, maintenance and outsourcing. It is outsourcing in particular that lets us provide the services mentioned above. Key platforms for the implementation and integration of infrastructures and systems by TEMPEST are Sun Microsystems, Hewlett-Packard, IBM, Symantec, Microsoft, Oracle and VMware.

SOFTWARE AND APPLICATIONS DEVELOPMENT

We offer you an interesting spectrum of products also in his area. They are founded on specialised development of software on Java and Oracle platforms. We also focus on applications that manage the distribution of multimedia content. Their development is complemented by the integration of portals. Software development covers also solutions for Operational System Support (OSS) and Business System Support (BSS). TEMPEST globally focuses in this area on:

- development of portals, extranet and intranet
- ECM solutions for content management and administration
- middleware systems development for data management
- IT environment integration following SOA principals
- OSS / BSS development
- application development for mobile devices

The most common technological platforms used by TEMPEST for software development are Java, J2EE Applications (EJB), .NET, C/C++, PHP, XML, FatWire, SUN, Oracle, Oracle BPEL, Apache, Solaris.

PROCESS MANAGEMENT

TEMPEST has extensive experience dealing in solutions and services with regard to increasing efficiency and process management. Principal areas include:

- implementation of the ISO 9001:2000 quality management system
- implementation of the ISO 14001:2004 environmental management system
- implementation of the ISO/IEC 27001:2005 information security management system

We offer clients the option of integrating established management systems into an integrated unit. Beside the implementation of norm requirements and preparation for certification, we can also optimise established management systems, conduct independent audits, provide consultation while maintaining established systems, analyse the environment and provide training. A part of process management is also technological tools for their support.

ICT MANAGEMENT

TEMPEST has long-term experience in the area of IT service management (ITSM). ITSM is taking part of fulfilling strategic business objectives, allows flexible reaction to the market demand connecting the IT with the business and enables to plan, manage and measure the quality of IT services.

ITSM can be split in two main areas:

- infrastructure management
- process management

Nowadays, the information is one of the key strategic resources managed by the organizations. Implementing the process solutions TEMPEST leans upon process framework ITIL. Our solutions provides integral support of functions and processes ITIL v2 and ITIL v3. Infrastructure management solutions assign ITSM processes to the real IT resources. Information gathering in various formats, consolidation, processing and evaluation is performed using special tools. TEMPEST ICT management solutions covers central networks monitoring network equipment, servers, databases or applications. Central collection and processing of events in heterogeneous environment together with ITSM processes is its part. We are capable to arrange the system integration of third parties, central management of configurations and backup.

The key software products of ICT management services implemented by TEMPEST include IBM Tivoli & Netcool, HP BTO Software a BMC Software & Remedy.

SECURITY OF INFORMATION SYSTEMS

We are well aware of the importance of information security and the price of information resources. We provide complex solutions for information systems security, which cover the following:

- identity and access management
- strong authentication
- Single Sign-On solutions
- data protection
- PKI

We have long-term experience with qualified electronic signature solutions. We developed and certified our own applications for their creation and verification.

The stated areas are complemented by:

- implementing information security management systems (ISO/IEC 27001:2005)
- security projects and risk analysis
- business continuity planning and disaster procedures
- security auditing and compliance
- implementing individual requirements of security standards
- security management outsourcing

Another area that we cover is support for compliance to legal requirements for the protection of classified information, which represents especially the development of security projects. Among the key platforms used for resolving information system security are technologies from the producers ActivIdentity, Check Point (Pointsec), Clearswift, Entrust, IBM, nCipher, RSA, SafeNet, Sun Microsystems and Symantec.

SERVICES

A key element of the services our company provides is outsourcing in various forms: body leasing, outsourcing of infrastructure, processes or information security. Thanks to qualified experts we provide you with measurable added value.

Operation services of TEMPEST:

- IT support and maintenance
- IT operations management
- consulting
- seminars and trainings

Transformation services of TEMPEST:

- implementation and migration services
- software development
- implementation of processes
- auditing and compliance

Our primary goal continues to be a quality service with high availability and the elimination of bugs within the shortest possible time. That is why we provide also tools for the administration of systems and processes.

PARTNERS AND AWARDS

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Sun Microsystems

Company TEMPEST is „Sun partner of the year“, this certificate being awarded to us each year from 1996. Short list of certifications and competences:

- Sun Executive Partner - TEMPEST is the only one partner with this highest level of certification in Slovakia
- Sun System Provider Partner (StorageTek Specialty and Sun Java System Specialty)
- Certifications in the area System administration, Networking, Security, Sun Java, Storage and Clustering
- TEMPEST is Sun ServiceProSM service partner with RESORT certification (provisioning of Sun branded support) and Infrastructure Delivery Option (IDO) certification (Sun branded installation)

IBM

Certifications and competences of TEMPEST:

- IBM Business Partner for System x and BladeCenter Products
- IBM Business Partner for System p Products
- IBM Business Partner for Storage Products
- IBM Premier Business Partner for Software

Awards:

- IBM Authorized Business and Service Partner of year 2005 for xSeries Products
- IBM Storage Partner of year 2005
- IBM Partner of Year 2006 for eServer and pSystem
- The highest certified team of professionals for software IBM Tivoli

Hewlett-Packard

Certifications and competences of TEMPEST:

- Preferred Partner 2008
- Authorized Select Partner and Service Partner
- HP OpenView Business Partner/premier silver
- Authorized Management Solutions Partner
- OpenView Authorized Service Integrator Business Partner
- Resource alliance partnership agreement
- Authorized Business Solutions Partner (Integrity servers)

Awards:

- Software Business Partner 2007
- HP OpenView partner of the year 2006
- The Best Partner 2005, 2006 for Software

Symantec

Certifications and competences of TEMPEST:

- Symantec Platinum Partner
- high-end specializations like high availability, data protection and others
- TEMPEST is the only one company on Slovakia certified for enterprise products.

Cisco

Company TEMPEST is Cisco Premier Partner with following technical specializations:

- Express Foundation
- Advanced Security
- Advanced Wireless LAN
- Cisco Storage Specialization

Checkpoint

- TEMPEST is Checkpoint GOLD Partner with prestige status of CCSP (Certified Collaborative Support Provider).

Oracle

TEMPEST achieved award “Oracle Partner of the Year” in the years of 2006 and 2007

Microsoft

Company TEMPEST is Microsoft Gold Certified Partner

RE FE REN CES

FINANCE

Aegon, d.s.s., a.s.
Aegon životná poisťovňa, a.s.
Allianz - Slovenská poisťovňa, a.s.
Cetelem Slovensko, a.s.
ČSOB Leasing, a.s.
ČSOB Poisťovňa, a.s.
Dexia banka Slovensko, a.s.
GE Money, a.s.
ING Bank N.V.
ING DSS, a.s.
Istrobanka, a.s.
J&T
Penta Investments, s.r.o.
Poštová banka, a.s.
Slavia Capital Group, a.s.
Slovenská sporiteľňa, a.s.
Sparkasse Haslach-Zell
Tatra banka, a.s.
Tatra - Leasing, s.r.o.
TIPOS, národná lotériová spoločnosť, a.s.
UniCredit Bank Slovakia, a.s.
Union poisťovňa, a.s.
VOLKSBANK Slovensko, a.s.
Volkswagen Finančné služby Slovensko, s.r.o.
VÚB Asset Management, správ. spol., a.s.
VÚB, a.s.

COMMERCE AND MEDIA

COOP Jednota Slovensko, consumer cooperative
Forza, a.s.
HB Reavis Group, a.s.
In Time, s.r.o.
Interpress Slovakia, spol. s r.o.
Markíza – Slovakia, s.r.o.
Pressburg Centrum, a.s.
Rempo, s.r.o.
RINGIER SLOVAKIA, a.s.
Slovak Parcel Service, s.r.o.
Slovenský rozhlas
ŠKODA AUTO Slovensko, s.r.o.

INDUSTRY

Bratislavská teplárenská, a.s.
E.ON IS Slovakia, spol. s r.o.
ESA LOGISTIKA, s.r.o.
EVPÚ, a.s.
Grafobal, a.s.
HB REM, spol. s r.o.
Heineken Slovensko, a.s.
Johnson Controls International, spol. s r.o.
JURKI - HAYTON, s.r.o.
Linde Gas k.s.
Mondi SCP, a.s.
Slovalco, a.s.
Slovenská elektrizačná prenosová sústava, a.s.
Slovenské elektrárne, a.s.
Slovenské energetické strojárne, a.s.
Slovenský plynárenský priemysel, a.s.
Slovnaft, a.s.
Stredoslovenská energetika, a.s.
U.S. Steel Košice, s.r.o.
Unipharma Prievidza - 1. slovenská lekárnická, a.s.
Volkswagen Slovakia, a.s.
Zentiva, a.s.
Železiarne Podbrezová, a.s.

PUBLIC INSTITUTIONS

Slovak Centre of scientific and technical information

Attorney Generalship of the Slovak Republic
European Parliament information office in Slovakia

National Council of the Slovak Republic Office
Municipality of Košice

Air operation services of the Slovak Republic
Ministry of transport, post and telecommunications of the Slovak republic

Ministry of Finance of the Slovak Republic
Ministry of Economy of the Slovak Republic

Ministry of Culture of the Slovak Republic
Ministry of Defence of the Slovak Republic

Ministry of Justice of the Slovak Republic
Ministry of Interior of the Slovak Republic

Ministry of Foreign Affairs of the Slovak Republic
Ministry of Health of the Slovak Republic

National Bank of Slovakia
National Sport Centre

National Labour Inspectorate

The Monuments Board of the Slovak Republic
Antimonopoly Office of the Slovak Republic

Regional Public Health Authority
Slovak Road Administration

Social Security Administration

Telecommunications Office of the Slovak Republic
Nuclear Regulatory Authority of the Slovak Republic

Industrial Property Office of the Slovak Republic
The Slovak Republic Government Office

Centre of Labour, Social Affairs and Family
of the Slovak Republic

Embassy of the Federal Republic of Germany
in Slovak Republic

TELECOMMUNICATIONS AND IT

eTel Slovensko, spol. s r.o.

GTS Nextra, a.s.

Orange Slovensko, a.s.

Slovak Telekom, a.s.

Towercom, a.s.

Telenor Slovakia, spol s r.o.

T-Mobile Slovensko, a.s.

WiMAX Telecom Slovakia, s.r.o.

SCIENCE AND EDUCATION

British International School Bratislava

Faculty of Chemical and Food Technology STU

Jessenius Medical Faculty UK

Slovak National Library

Trnava University

Comenius University in Bratislava

University Library Bratislava

Computing Centre SAV

COM MU NICA TION

Communication activities of TEMPEST underwent a major change last year. The company conducted a marketing survey asking managers of companies and info-communication specialists to express their opinion about how they see the ICT market, who their key partner is, who the ICT leaders are, and how they perceive TEMPEST. Based on the inspiring results we prepared a new marketing strategy and decided to innovate the brand, which saw us change the company identity for the first time since the company was established. In September we adopted a new logo and the motto “TEMPEST – IT makes sense”, which is now being used in Slovakia and abroad.

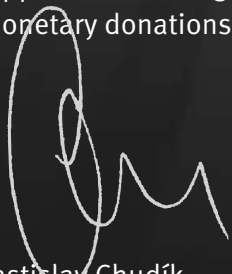
At the same time we celebrated the 15th anniversary of our successful existence together with our customers and business partners. During this period we enjoyed continual growth, made key acquisitions and became one of the leading system integrators in Slovakia. These factors, among others, were the underlying reason behind the change of our communication strategy and subsequent change of company identity.

One of our communications objectives in 2007 was to maintain TEMPEST’s position as an industry leader. We established partnerships at specialised conferences and events and we presented various topics in expert media and expressed our opinions on topical issues related to IT.

We organised the second year of the Judgement Day Conference focusing on trends in information security, with partners of the event such as Symantec, Check Point and Sophos, for instance. Through press releases we informed our customers and the public about distinguished awards that we received from global IT producers and we communicated that TEMPEST boasts the highest level of expert skills and certification from the most important IT companies.

NON-COMMERCIAL ACTIVITIES

TEMPEST has been respecting the strategy of a being a socially responsible business for a long time, as it has become a firm part of both the business and the social environment. In 2007 we concentrated our non-commercial activities in particular on education, science and training, focusing on universities specialising in informatics and technologies. The reason for this is that this is the field of business the company operates in, and also due to the need to communicate with students. Most of our employees have a university education. Supporting universities specialising in information technologies is an investment into the future with the perspective of training the next generation of info-communication professionals, who may even become our colleagues. We also engaged in various philanthropic projects and helped various cultural and sports organisations. In 2007 the company provided direct financial support to these organisations, as well as a number of other non-monetary donations.



Ing. Rastislav Chudík
Marketing Director



COMMENT OF THE FINAN CIAL MA NA GER

29

In 2007 the economic results of TEMPEST, a.s. were once again record breaking, with the company turnover exceeding one billion Slovak koruna for the first time. Cumulative revenues, together with the subsidiary Taurent, s.r.o. came to SKK 1.032 billion, which is a year-on-year growth of 6.45%. The added value of the company in 2007 amounted to SKK 346 million, which represents an increase of 18.83% over 2006.

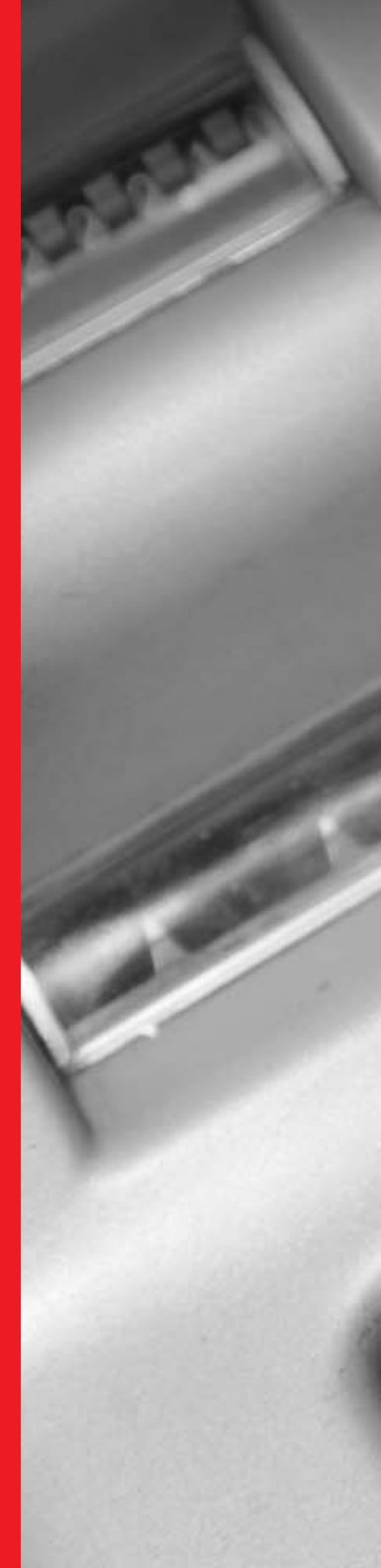
Last year the company saw also a substantial increase in revenues from IT services and software development. Revenues generated by sales of own products and services grew by 42.83% year-on-year to reach SKK 548 million. The year-on-year decline in income was related to the consolidation and reorganisation of the product portfolio, new acquisitions (the subsidiaries TEMPEST Czech, s.r.o., and Taurent s.r.o) and investments into new technological areas. In 2007 we continued the previous dynamic growth of the company and are proceeding with its consolidation.

The progress was driven by the right strategic decisions taken in the past, essential transformation changes and the acquisitions that we made.

Considering the firmly established base and targeted strategy of the company, we can expect to see sales revenue, added value and other economic indicators grow in the upcoming period as well.



Miroslav Doležal
Head of Financial Department





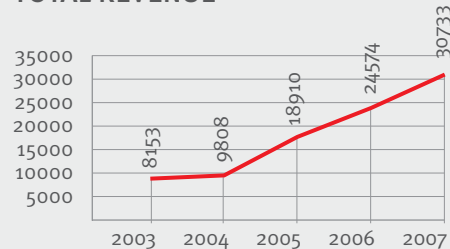
TRENDS

2003-2007

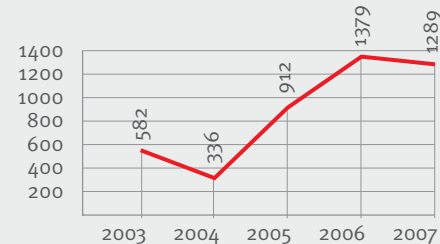
Thousands in SKK	2003	2004	2005	2006	2007	delta
Total revenue	335 581	380 519	863400	970 269	1 032 725	6,44%
Profit after tax	23 968	13 034	41 634	54 464	43 301	-20,50%
Added value	73 675	103 615	217 700	291 293	346 036	18,79%
Revenues from sales of goods	152 889	201 322	478 900	586 598	484 743	-17,36%
Revenues from sales of own products	188 142	179 428	384 500	383 671	547 982	42,83%

Thousands in EUR	2003	2004	2005	2006	2007	delta
Total revenue	8 153	9 808	18 910	24 574	30 733	25,06%
Profit after tax	582	336	912	1 379	1 289	-6,58%
Added value	1 790	2 671	4 768	7 377	10 298	39,58%
Revenues from sales of goods	3 714	5 189	10 489	14 857	14 426	-2,90%
Revenues from sales of own products	4 571	4 625	8 421	9 717	16 308	67,82%
Employees	102	115	139	177	202	14,12%

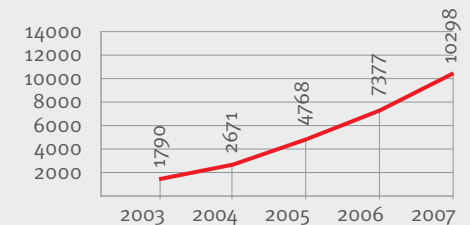
TOTAL REVENUE*



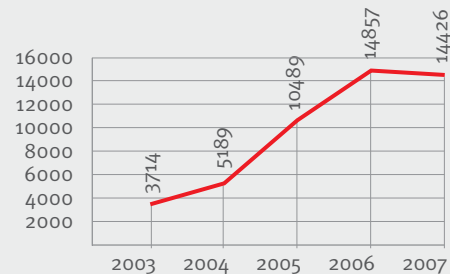
PROFIT AFTER TAX*



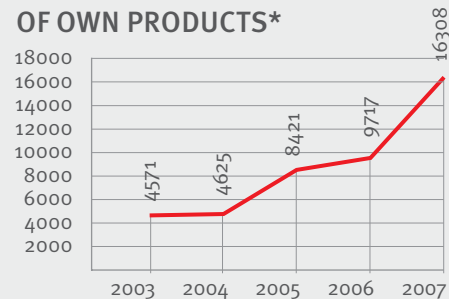
ADDED VALUE*



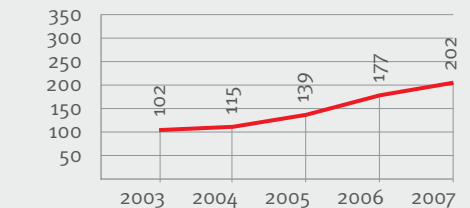
REVENUES FROM SALES OF GOODS*



REVENUES FROM SALES OF OWN PRODUCTS*



EMPLOYEES

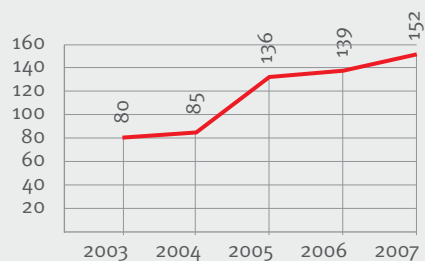


* Thousands EUR

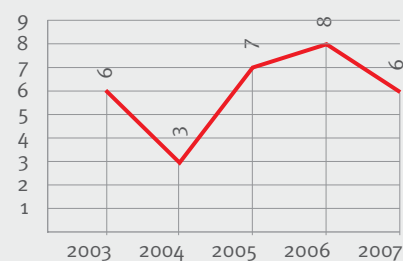
Thousands in SKK per employee	2003	2004	2005	2006	2007	delta
Total revenue	3 290	3 309	6 212	5 482	5 113	-6,74%
Profit after tax	235	113	300	308	214	-30,34%
Added value	722	901	1 566	1 646	1 713	4,09%
Revenues from sales of goods	1 499	1 751	3 445	3 314	2 400	-27,59%
Revenues from sales of own products	1 845	1 560	2 766	2 168	2 713	25,15%

Thousands in EUR per employee	2003	2004	2005	2006	2007	delta
Total revenue	80	85	136	139	152	9,59%
Profit after tax	6	3	7	8	6	-18,14%
Added value	18	23	34	42	51	22,31%
Revenues from sales of goods	36	45	75	84	71	-14,92%
Revenues from sales of own products	45	40	61	55	81	47,05%

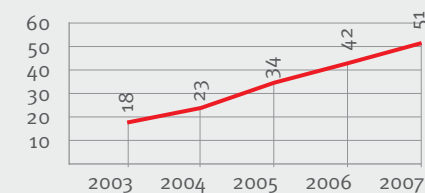
TOTAL REVENUE**



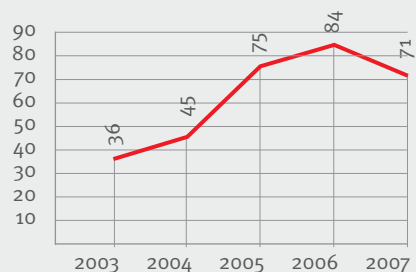
PROFIT AFTER TAX**



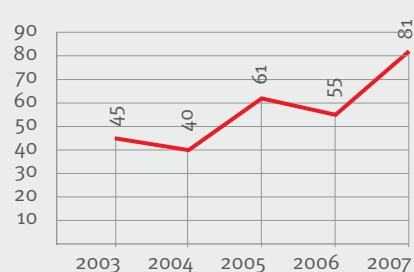
ADDED VALUE**



REVENUES FROM SALES OF GOODS**



REVENUES FROM SALES OF OWN PRODUCTS**



** per one employee

BALANCE SHEET up to 31.12.2007

ASSETS	rounded (net)
TOTAL ASSETS l.002+003+032+062	461 439
Fixed assets l. 004+013+023	43 189
Intangible assets (l.005 až 012)	7 609
Software (013) - (073, 091A)	340
Goodwill (015)-/075,091A/	7 269
Tangible assets sum (l. 014 to 022)	34 921
Samostatné hnutelné veci a súbory hnutelných vecí (022) - /082,092A/	34 921
Financial investments sum (l. 024 to 031)	659
Maj. s/hldg and part. interests (061) - 096A	659
Current assets l.033+041+048+059	404 802
Inventory (l. 034 to 040)	48 811
Goods (132,139) - 196	48 811
Short-term receivables sum (l. 049 to 055)	246 834
Rcbls... (311A,312A,313A,314A,315A) - 391A	237 873
Rcbls fm cos s/hldg 20% - 50% (351A) - 391A	1 492
Tax/Subs receivables (341,342,343,345) - 391A	4 400
Other receivables	3 069
Financial accounts sum (l. 057 to 061)	109 157
Cash (211,213,+/-261)	700
Bank accounts (221A, 22X +/-261)	108 457
Accruals and deferrals (l. 063 to 064)	13 448
Accrued receipts (385)	13 448

LIABILITIES	rounded (monitored)
TOTAL LIABILITIES l.066+086+116	461 439
Capital l. 067 + 071 + 078 + 082 + 085	117 086
Basic capital (l. 068 to 070)	4 800
Basic capital (411 or +/- 491)	4 800
Capital funds sum (l. 072 to 077)	-1 301
Legal true reserve from capital deposits	30
Legal true reserve from capital deposits (417, 418)	-1 331
Funds created from profit (l. 079 to 081)	928
Legal reserve fund (421)	928
Trading income of previous years l. 083 + 084	79 857
Retained earning of previous years (428)	79 857
Trading income for current period (+-)	32 802
Liabilities l. 087+091+102+112	272 582
Reserves (l. 088 to 090)	7597
Short - term reserves (323,32X, 451A,459A,45XA)	7 597
Long - term liabilities sum (l. 092 to 101)	17 493
Liabilities from social found (472A)	2 788
Other long - term payables (474A,479A)	14 705
Short-term liabilities sum (l. 103 to 111)	247 464
Trade pybls (321,322,324,325,32X,475A,478A,479A)	174 195
Not invoiced supplies (326,476A)	3 788
Pybls... (364 to 368,398A,478A,479A)	570
Payables to employees (331,333,33X,479A)	39 013
Payables to social security (336,479A)	4 748
Taxes payable (341,342,343,345,346,347, 34X)	25 150
Bank loans / short - term notes (l. 113 to 115)	28
Short - term bank loans (221A, 231,232,461A)	28
Accruals sum (l. 117 to 118)	71 771
Deferred revenue (384)	71 771

PROFIT AND LOSS STATEMENT up to 31.12.2007

TEXT	rounded (monitored)
Revenues from goods sold (604)	439 587
Cost of goods sold (504)	368 661
Gross margin l. 01-02	70 926
Production l. 05+06+07	546 738
Revenues fm fin prod / svcs (601,602)	546 738
Production consumption l. 09+10	284 781
Consumption of mat. and ener. (501 to 503)	15 102
Services (acct. grp 51)	269 679
Value added l. 03+04-08	332 883
Personnel expenses (sum l. 13 to 16)	264 605
Wages and salaries (521,522)	227 014
Social insurance (524,525,526)	34 013
Statutory social expenses (527,528)	3 578
Taxes and fees (acct. grp 53)	545
Amorization and depreciation (551)	20 412
Rev. fm assets / mat. sold (641,642)	1 591

TEXT	rounded (monitored)
NBV of assets / mat. sold (541,542)	744
Other oper. revenues (644,645,646,648)	784
Other oper. expenses (543 to 546,548)	4 262
Net operating results l. 11-12-17-18+19-20+21-22+23-24+25-26+27-28	44 690
Interest revenues (662)	1 915
Interest expenses (562)	729
Exchange profit (663)	8 962
Loss on exchange (563)	9 307
Other financial revenues (668)	1
Other financial expenses (568, 569)	3 105
Net results - fin. activ.	-2 263
CIT on normal activity l.54+55	9 625
- due (591,595)	9 625
Net result fm norm. activ. l. 29+52-53	32 802
Net result - acctg. period (+/-) l.56+62-63	32 802

CASH FLOWS statement up to 31.12.2007

TEXT	rounded (monitored)
Income from current operations before income tax - profit (+)	42 427
Non-cash charges to income from current operations before income tax (sum of A1.1 to A1.13)(+/-)	44 461
Depreciation/amortisation of long-term intangible and long-term tangible assets (+)	20 412
Residual value of long-term intangible assets and long-term tangible assets accounted when allocating these assets to current expenses, with the exception of their sale (+)	3 000
Change in timing differences of revenues and expenses (+/-)	7 519
Dividends and other shares in profit charged to revenues (-)	-1
Interest charged to expenses (+)	729
Interest charged to revenues (-)	-1 915
Exchange gain charged to cash and cash equivalents to the date when financial statements were compiled (-)	-1 944
Exchange loss charged to cash and cash equivalents to the date when financial statements were compiled (+)	1 188
Income from sale of long-term assets, with the exception of assets regarded as cash equivalents (+/-)	-847
Other entries of non-monetary nature influencing the income from current operations, with the exception of those that are stipulated separately in other parts of cash flow statement (+/-)	16 321
Effect of changes to the balance of working capital, which for the purposes of this measure is understood as the difference between current assets and short-term liabilities, with the exception of entries of current assets that are part of cash and cash equivalents, on current income (sum of A 2.1 to A2.4)	57 038
Change in balance of receivables from operations (-/+)	228 674
Change in balance of operating liabilities (+/-)	-179 366
Change in balance of stocks (-/+)	7 729
Cash flows from operating activities excluding receipts and payments stated separately in other parts of cash flow statement (+/-), (sum of Z/S + A1+A2)	143 926
Interest received, excepting those allocated to investment activities (+)	1 915
Expenses for settled interest, excepting those allocated to financial operations (-)	-729
Cash flows from operating activities (+/-), sum of A.1. to A.6.)	102 686
Income tax expenses of accounting entity, excepting those allocated to investment activities or financial operations (-/+)	-9 625

TEXT	rounded (monitored)
Net cash flows from operating activities (sum of A.1+ A.8)	135 487
Payments to acquire long-term tangible assets (-)	-24 029
Payments to acquire long-term securities and shares in other accounting entities, excepting securities regarded as cash equivalents and securities intended for sale or trading (-)	-659
Receipts from sale of long-term intangible assets (+)	1 591
Net cash flows from investment activities (sum of B1 to B20)	-23 097
Cash flows arising from long-term and short-term liabilities from financial operations (sum of C 2.1 to C 2.10)	-58
Receipts from loans provided to the accounting entity by bank or foreign bank branch, excepting those loans that were granted to secure the core object of business (+)	481
Expenses for repayment of loans that were granted to accounting entity by bank or foreign bank branch, excepting those loans that were granted to secure the core object of activities (-)	-539
Extraordinary receipts relating to financial operations (+)	1
Net cash flows from financial operations (sum of C1 to C9)	-56
Net increase or net decrease in cash (+/-) (sum of A+B+C)	112 334
Balance of cash and cash equivalents at beginning of accounting period (+/-)	87 592
Balance of cash and cash equivalents at end of accounting period before accounting for exchange differences calculated to the date on which the financial statements were compiled (+/-)	108 401
Exchange differences charged to cash and cash equivalents to the date on which financial statements were compiled (+/-)	756
Balance of cash and cash equivalents at end of accounting period, adjusted by exchange differences calculated to the date on which the financial statements were compiled (+/-)	109 157
Check	199 926
Difference	90 769

AUDI TOR'S RE PORT

 **D.M.K. AUDIT s.r.o., Špitálska 53, 81101 Bratislava**
ICO: 35 727 080, IČ DPH: SK2020268118 OR Okr. sídla Bratislava I.
Tel., fax.: 02 529 21319 odd. Sro. Vločka č. 15499/B
e-mail: dmk@chello.sk

INDEPENDENT AUDITOR'S REPORT to the shareholders of **TEMPEST a.s.**

We have audited the financial statements of TEMPEST a.s., which comprise the balance sheet as of 31 December 2007, the income statement and the notes for the year then ended, and also a summary of significant accounting policies and accounting methods and other explanatory notes.

Management's Responsibility for the Financial Statements

Company's management is responsible for the preparation and fair presentation of these financial statements in accordance with the Act on Accounting no. 431/2002 Coll. as amended. This responsibility includes: designing, implementing and maintaining internal controls relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error, selecting and applying appropriate accounting policies and accounting methods, and making accounting estimates that are reasonable in the circumstances.

Auditor's Responsibility

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

An audit includes performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of the accounting policies and accounting methods used, and the reasonableness of accounting estimates made by the management, as well as the overall presentation of the financial statements.

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

Opinion

In our opinion, the financial statements present fairly, in all material respects the financial position of TEMPEST a.s. as of 31 December 2007, and of its financial performance and the cash flows for the year then ended in accordance with the Act on Accounting.

Bratislava, April 22, 2008

D.M.K. AUDIT, Ltd.
License no. 176


Ing. Darina Kurotová
License SKAU no. 324

 **D.M.K. AUDIT s.r.o., Špitálska 53, 81101 Bratislava**
ICO: 35 727 080, IČ DPH: SK2020268118 OR Okr. sídla Bratislava I.
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e-mail: dmk@chello.sk

AUDIT OF COMPLIANCE OF ANNUAL REPORT WITH FINANCIAL STATEMENTS of the company TEMPEST, a.s.

We made an audit of compliance of the appended Annual Report for the year 2007 with the financial statements compiled for the same reporting period. We conducted the audit in line with the Act on Accounting no. 431/2004 Coll., § 20, the Act on auditors, auditing and surveillance over auditing no. 540/2007 Coll.

In our opinion, the data in the Annual Report corresponds with regard to all key circumstances with the financial statements from which they were derived.

For better understanding of the financial situation and the economic results for the given period and the scope of the conducted audit, the Annual Report should be read in connection with the complete financial statements from which the data were derived, and with the Auditor's Report to these complete financial statements.

Bratislava, 25 April 2008

D.M.K. AUDIT s.r.o.
SKAU license no. 176


Darina Kurotová
SKAU license no. 324



The Annual Report provides a summary of the basic facts about the life of our company in 2007. The team was boosted by new colleagues, and together with our business partners we carried out several projects for our customers and offered them our products and solutions. When looking at the figures we can express our great satisfaction with 2007. We are achieving excellent results and moving forward, but that is not all. We realise that it is people that are behind the results. It is they who are behind each idea, development or product. Our partners and clients are represented by people, and so we feel a real need to say to them

THANK YOU!

Thank you to all those who played a part in the growth of TEMPEST last year, but not just then. We thank our business partners, whose co-operation, advice and experience is greatly appreciated, and conversely, their appreciation is of utmost importance to us. Thanks to our customers for their feedback, for their assistance in implementing services and resolving problems. Thanks to the project team who in a limited space of time not only have to find a way to produce a successful outcome, but also a way toward mutual respect and co-operation. Thanks to the employees, each and very individual, who converted their skills, experience and talents into values. We especially appreciate your work.

It is thanks to you all that we can be confident that together we will be able to prove the claim of our company – that IT really does make sense.

