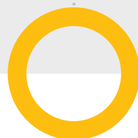


FINANCIAL STATEMENTS
2014

eustream
SLOVAK GAS TSO

eustream, a.s.

INDEPENDENT AUDITOR'S REPORT AND FINANCIAL STATEMENTS(PREPARED IN ACCORDANCE WITH THE INTERNATIONAL FINANCIAL REPORTING STANDARDS, AS ADOPTED BY EU)

For the year ended 31 December 2014

pwc

INDEPENDENT AUDITOR'S REPORT

To the Shareholders, the Supervisory Board, and the Board of Directors of eustream, a.s.:

We have audited the accompanying financial statements of eustream, a.s. ("the Company"), which comprise the balance sheet of the Company as at 31 December 2014 and the income statement, the statement of comprehensive income, the statement of changes in equity and statement of cash flows for the year then ended, and notes, comprising a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards as adopted by the European Union, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these 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 from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, 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 accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

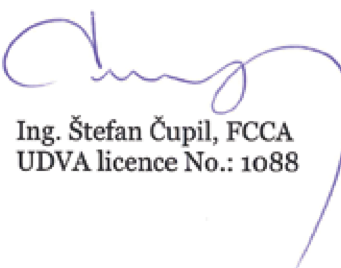
We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion the financial statements present fairly, in all material respects, the financial position of eustream, a.s. as at 31 December 2014, its financial performance, and its cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union.

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

Bratislava, 17 March 2015



Ing. Štefan Čupil, FCCA
UDVA licence No.: 1088

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

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eustream, a.s.
BALANCE SHEET
as at 31 December 2014
(EUR '000)

	Note	31 December 2014	31 December 2013
ASSETS:			
NON-CURRENT ASSETS			
Property, plant and equipment	7	2,381,742	2,439,593
Intangible assets	8	6,181	7,707
Non–current financial investments	9	6,600	6,600
Loans issued	9	376,223	973,000
Other assets		-	1,821
Total non-current assets		2,770,746	3,428,721
CURRENT ASSETS			
Inventories	10	31,485	20,240
Receivables and prepayments	11	409,775	136,358
Current income tax receivable		14,118	8,241
Cash and cash equivalents		165,408	60,433
Restricted cash		25,907	8,041
Total current assets		646,693	233,313
TOTAL ASSETS		**3,417,439**	**3,662,034**
EQUITY AND LIABILITIES:			
EQUITY			
Registered capital	17	282,929	282,929
Legal reserve fund and other reserves	18	67,712	56,722
Retained earnings	18	1,695,167	1,986,163
Total equity		2,405,808	2,325,814
NON-CURRENT LIABILITIES			
Bonds issued	15	742,642	746,393
Loans received	15	74,934	-
Deferred income	12	4,673	4,787
Provisions	14	7,828	7,902
Retirement and other long-term employee benefits	13	3,197	2,844
Deferred income tax liability	25.2	440,065	445,694
Other non-current financial liabilities		10,860	160
Total non-current liabilities		1,284,199	1,207,780
CURRENT LIABILITIES			
Bonds issued	15	14,180	8,567
Loans received		78	-
Trade and other payables	16	47,856	44,918
Current income tax liability		25,155	74,854
Provisions and other current liabilities	14	163	101
Total current liabilities		87,432	128,440
Total liabilities		1,371,631	1,336,220
TOTAL EQUITY AND LIABILITIES		**3,417,439**	**3,662,034**

The financial statements on pages 1 to 42 were authorized for issue on behalf of the Board of Directors of the Company on 17 March 2015 and signed on their behalf by:

Ing. Tomáš Mareček
Chairman of the Board of Directors

Ing. Miroslav Bodnár
Member of the Board of Directors

These financial statements are subject to subsequent approval by General Meeting.

eustream, a.s.
INCOME STATEMENT
fortheyearended 31 December 2014
(EUR '000)

	Note	Year ended 31 December 2014	Year ended 31 December 2013
REVENUES FROM SALE OF SERVICES			
Natural gas transmission and other	19	630,015	696,981
Total revenues		630,015	696,981
OPERATING COSTS			
Own work capitalized		2,104	1,657
Consumption of natural gas, consumables and services		(34,306)	(81,467)
Depreciation and amortization	7, 8	(97,908)	(89,870)
Lease of transmission network	28	-	(52,708)
Other services		(17,718)	(23,718)
Staff costs	20	(35,668)	(41,373)
Provision for bad and doubtful debts, obsolete and slow-moving inventory, net	10, 11	(1,898)	(3,121)
Provisions and impairment losses, net	7, 8, 14	(223)	(1,809)
Other operating income		4,165	1,035
Other operating expenses		(1,843)	(1,829)
Total operating costs		(183,295)	(293,203)
OPERATING PROFIT		446,720	403,778
Financial income	22	30,702	10,455
Financial expense	23	(30,566)	(8,090)
Profit before taxation		446,856	406,143
INCOME TAX	25.1	(112,852)	(86,781)
NET PROFIT FOR THE PERIOD		**334,004**	**319,362**

eustream, a.s.
STATEMENT OF COMPREHENSIVE INCOME
fortheyearended 31 December 2014
(EUR '000)

	Note	Year ended 31 December 2014	Year ended 31 December 2013
PROFIT FOR THE PERIOD		334,004	319,362
Other comprehensive income (items that may be reclassified subsequently to Income Statement):	26		
Fair value gains/(losses) on cash flow hedges		14,090	(2,529)
Deferred tax relating to components of other comprehensive income/loss for the period		(3,100)	584
OTHER COMPREHENSIVE INCOME/(LOSS) FOR THE PERIOD		10,990	(1,945)
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD		**344,994**	**317,417**

The accompanying notes are an integral part of these financial statements.

eustream, a.s.
STATEMENT OF CHANGES IN EQUITY
for the year ended 31 December 2014
(EUR '000)

	Note	Registered capital	Legal reserve fund	Hedge reserve	Retained earnings	Total
Balance at 31 December 2012		82,929	16,586	2,081	269,393	370,989
Net profit for the period		-	-	-	319,362	319,362
Other comprehensive income/(loss) for the period		-	-	(1,945)	-	(1,945)
Total net comprehensive income for the period		**-**	**-**	**(1,945)**	**319,362**	**317,417**
Transactions with shareholders:						
Contribution of part of the business	1.6	200,000	40,000	-	1,663,347	1,903,347
Dividends paid		-	-	-	(265,939)	(265,939)
Balance at 31 December 2013		**282,929**	**56,586**	**136**	**1,986,163**	**2,325,814**
Net profit for the period		-	-	-	334,004	334,004
Other comprehensive income/(loss) for the period		-	-	10,990	-	10,990
Total net comprehensive income for the period		**-**	**-**	**10,990**	**334,004**	**344,994**
Transactions with shareholders:						
Dividends paid		-	-	-	(625,000)	(625,000)
Balance at 31 December 2014		**282,929**	**56,586**	**11,126**	**1,695,167**	**2,045,808**

eustream, a.s.
STATEMENT OF CASH FLOWS
fortheyearended 31 December 2014
(EUR '000)

	Note	Year ended 31 December 2014	Year ended 31 December 2013
OPERATING ACTIVITIES			
Cash flows from operating activities	27	299,032	644,237
Interest paid		(25,489)	(1)
Interest received		819	1,143
Income tax paid		(177,157)	(121,708)
Net cash flows from operating activities		97,205	523,671
INVESTING ACTIVITIES			
Loans issued		-	(964,314)
Acquisition of property, plant and equipment		(47,281)	(27,874)
Proceeds from sale of property, plant and equipment and intangible assets		94	6
Dividends received		713	420
Net cash used in investing activities		(46,474)	(991,762)
FINANCING ACTIVITIES			
Proceeds from bonds issued		-	746,555
Expenditures related to bonds issued		(3,162)	-
Proceeds from loans received		74,925	-
Dividends paid	9,18	-	(265,939)
Other proceeds from financing activities		-	1,919
Other expenditures from financing activities		-	(490)
Net cash flow from financing activities		71,763	482,045
NET INCREASE IN CASH AND CASH EQUIVALENTS		122,494	13,954
Effect of foreign exchange differences		347	(14)
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD		68,474	54,534
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD		**191,315**	**68,474**

1. DESCRIPTION OF THE COMPANY

1.1. General Information

In accordance with Act No. 431/2002 Coll, on Accounting and later amendments, eustream, a.s., (hereinafter also the "eustream"or "the Company") has prepared these financial statements in accordance with International Financial Reporting Standards ("IFRS"), as adopted by the European Union ("EU").

The Company was established by a Memorandum of Association on 26 November 2004 and incorporated in the Commercial Register on 10 December 2004 under the business name SPP - preprava, a.s. Slovenskýplynárenskýpriemysel, a.s. ("SPP") was the 100% owner of the Company until the 12 June 2014.

On 19 December 2013 National Property Fund of the Slovak Republic("NPF"), the Ministry of Economy of the Slovak Republic and Energetický a Průmyslový Holding, a.s. ("EPH") signed a frame contract for the sale and acquisition of shares which concerned means of reorganization of SPP Group that took place in the first half of 2014. Framework contract included contribution of shares of SPP in SPP – distribúcia, a.s.,, eustream, a.s., NAFTAa.s., SPP Infrastructure Financing B.V, SPP Bohemia, a.s., SPP Storage, s.r.o., Pozagas, a.s., GEOTERM Košice, a.s., Probugas, a.s., SLOVGEOTERM, a.s. GALANTATERM, spol. s.r.o. into a newly 100% subsidiary SPP Infrastructure, a.s. ("SPP Infrastructure"). After the finalisation ofthis reorganization, the Slovak Republic represented by the Ministry of Economy became the ultimate owner of SPP, while SPP retained non-controlling 51% ownership share in SPP Infrastructure.

SPP Infrastructure has been the 100% owner of the Company since 13 June 2014.

On 1 July 2006 SPP made a contribution to the Company of a part of the business including assetsand liabilities of the former transmission division (but excluding the main assets for natural gas transmission). At the same time,SPP started to lease to the Company the main assets for natural gas transmission (gas transmission pipelines, compressor stations) to the Company under an operating lease contract. Since 1 July 2006, the Company has assumed the operations related to the natural gas transmission.

SPP — prepravaa.s. changed its business name to eustreama.s. by an entry in the Commercial Register on 3 January 2008.

On 28 February 2013, SPP made a contribution to the Company of a part of the business, which was assumed to be a business combination under common control, including the assets (especially natural gas transmission assets - gas transmission pipelines, compressor stations), related liabilities and employees. The lease of main assets used for the natural gas transportation terminated as at that date. Detailed information on contribution of the part of the business is disclosed in Note 1.6.

On 3 June 2014, Annual General Meeting of the Company approved the Company's 2013 financial statements.

Identification Number (IČO)	35 910 712
Tax Identification Number (DIČ)	2021931175

1.2. Principal activities

Since 1 July 2006, following the legal unbundling,the Company assumed the operations related to the natural gas transmission.

Liberalisation of the Slovak Energy Sector

Regulation framework on the natural gas market in the Slovak Republic

On the basis of the current energy legislation, the natural gas market in the Slovak Republic is fully liberalised, allowing all customers to freely select a natural gas supplier. The Company as the operator of the transmission network is obliged to provide free and non-discriminatory access to the transmission network in the Slovak Republic to every user of the transmission network that fulfil commercial and technical conditions for the gas transmission. The Company's activities are subject to regulation from the Regulatory Office of Network Industries (RONI). RONI, inter alia, establishes the regulation policy for individual regulation periods, monitors compliance of corporate activities with the existing energy legislation and RONI decrees, and issues decisions on tariff determination for access to the transmission network and gas transmission.

Tariffs for regulated activities

For every year, RONI approves tariffs for access to the transmission network and natural gas transmission. These tariffs are determined based on an analysis of gas transmission price benchmarking in the other EU Member States. The tariffs for access to the transmission network and natural gas transmission for the regulated period 2014-2016were approved by RONI Ruling 0001/2014/P.

Changes in regulatory laws and policy

The principle legislation is the Act on Regulation in Network Industries; published in the Collection of Laws under no. 250/2012 Coll. and also the Energy Act no. 251/2012 Coll.as amended (the "Acts on energy and regulation"). The main changesin 2014 wererelated to lower regulatory standards; there was a change in the Rules of Operation of the Company which consisted of including theinterconnection pointBudince. The change was made on 5 June 2014 by RONI Ruling 0005/2014/P-PP.

EU 3rd Energy Package

In 2009, the European Union endorsed Directive No. 2009/73/EC and related regulations concerning common rules for the internal market of natural gas, the so-called “EU 3rd Energy Package”. The EU 3rd Energy Packagewas transposed into the Slovak law in 2012 through the Acts on energy and regulation. The new Energy Act establisheda model of ownership unbundling of the transmission networkoperator as the primary model, while the act left a possibility for the Government of the Slovak Republic to decidenot to apply the model of ownership unbundling, but rather a model of independent transmission operator applies. The Slovak Government at its meeting on 28 November 2012 in Resolution no. 656/2012 decided that the model of ownership unbundling of the transmission system operator would not apply.

Following the above mentioned, eustream ensured compliance with the conditions of separation of the transmission system operator.

On 28 October 2013, the RONI issued consent for granting a certification to eustream as the transmission system operator. Subsequently, on 22 November 2013,the Ministry of Economy of the Slovak Republic issued decision 1795/2013-1000, which confirmedeustreamas the transmission system operator meeting the conditions of separation for independent transmission system operator as stipulated by § 51- 60 of the Energy Act.

1.3. Employees

The average headcount of the Company for the year ended 31 December 2014 was 826;the number of employees as at 31 December2014 was 802, including 12 representatives of the keymanagement personnel. For the year ended 31 December 2013, the average headcount was 906, and the number of employees as at 31 December 2013 was 877 including 10 representatives of the key management personnel. Members of the Board of Directors, members of the Supervisory Boardand managersunder the direct line of command of the statutory bodyor a member of the statutory bodyare considered to be representativesof the key management personnel.

1.4. Registered Address

Votrubova 11/A
821 09 Bratislava
Slovak Republic

1.5. Information on the consolidated group

The Company is a subsidiary of SPP Infrastructure, which has its registered office at Mlynskénivy 44/a, Bratislava, and holds a 100% share in the Company's Registered capital.

The Company is included in the consolidated financial statements of a higher level company within the European Union. Those consolidated financial statements are prepared by SPP Infrastructure.
SPP Infrastructure prepares consolidated financial statements in accordance with the International Financial Reporting Standards (IAS/IFRS), as adopted by the EU.

The financial statements of the Company and the consolidated financial statements of SPP Infrastructure are deposited with the Commercial Register of Bratislava I District Court, Záhradnícka 10, 811 07 Bratislava.
Financial statements are published in Register of Financial Statements and at www.eustream.sk.

Since 24 January 2013,Energetický a Průmyslový Holding, a.s. has been the highest reporting entity that consolidates eustream. EPH is the ultimate controlling party.

1.6. Contribution of part of the business

On 28 February 2013, SPP made a contribution to the Company of part of the business in the form of a business combination under common control, which included the assets (especially natural gas transmission related assets - gas transmission pipelines, compressor stations), related liabilities and employees.

Assets and liabilities representing part of the business contributed to the Company were recognized at the date of contribution at the predecessor values in the financial statements of the Company. An excess of the predecessor values of assets and liabilities over the acknowledged value - which increased the Company's equity, was recognized in retained earnings in equity.

As at the date of contribution, the Company recognized the deferred income tax liability from differences between the predecessor values of the assets and liabilities and their transferred tax carrying values; crediting retained earnings in equity.

Total impact of the transfer of the contribution on financial statements of the Company as at 31 December 2013 is summarised as follows:

	(EUR'000)
Acknowledged value of in-kind contribution (increase of Registered capital and legal reserve fund) refer also to Notes 17 and 18	240,000
Predecessor values of the assets and liabilities transferred	2,429,205
of which:	
Property, plant and equipment	*2,410,606*
Receivables and prepayments	*29,230*
Employee benefits	*(54)*
Provisions	*(8,344)*
Trade and other liabilities	*(2,233)*
Deferred tax liability as at date of contribution and other taxes impact	(525,858)
Difference (included to retained earnings in equity)	1,663,347

As from the date of the contribution of part of the business, the operating lease contract of the gas transmission assets terminated and depreciation expense in 2013 increased. Refer to Notes 7 and 28.

2. NEW INTERNATIONAL FINANCIAL REPORTING STANDARDS AND CHANGES IN ESTIMATES

2.1. Adoption of New and Revised International Financial Reporting Standards

The Company has adopted all of the new and revised standards and interpretations issued by the International Accounting Standards Board (IASB) and the International Financial Reporting Interpretations Committee (IFRIC) of the IASB that have been endorsed for use in the European Union (hereinafter the "EU") and that are relevant to its operations and are effective for accounting periods beginning on 1 January 2014. The following standards, amendments and improvements issued by the International Accounting Standards Board and adopted by the EU are effective for the current accounting period:

Offsetting Financial Assets and Financial Liabilities - Amendments to IAS 32, Financial Instruments (issued in December 2011 and effective for annual periods beginning on or after 1 January 2014). The amendment added application guidance to IAS 32 to address inconsistencies identified in applying some of the offsetting criteria. This includes clarifying the meaning of 'currently has a legally enforceable right of set-off' and that some gross settlement systems may be considered equivalent to net settlement.

IFRS 10, Consolidated Financial Statements (issued in May 2011 and effective for annual periods beginning on or after 1 January 2013, endorsed for use in the EU for annual periods beginning on or after1January 2014), replaces all of the guidance on control and consolidation in IAS 27 "Consolidated and separate financial statements" and SIC-12 "Consolidation - special purpose entities". IFRS 10 changes the definition of control so that the same criteria are applied to all entities to determine control. This definition is supported by extensive application guidance.

12, Disclosure of Interest in Other Entities, (issued in May 2011 and effective for annual periods beginning on or after 1 January 2013, endorsed for use in the EU for annual periods beginning on or after1January 2014), applies to entities that have an interest in a subsidiary, a joint arrangement, an associate or an unconsolidated structured entity. IFRS 12 sets out the required disclosures for entities reporting under the two new standards: IFRS 10, Consolidated financial statements, and IFRS 11, Joint arrangements, and replaces the disclosure requirements currently found in IAS 28, Investments in associates. IFRS 12 requires entities to disclose information that helps financial statement readers to evaluate the nature, risks and financial effects associated with the entity's interests in subsidiaries, associates, joint arrangements and unconsolidated structured entities. To meet these objectives, the new standard requires disclosures in a number of areas, including significant judgments and assumptions made in determining whether an entity controls, jointly controls, or significantly influences its interests in other entities, extended disclosures on share of non-controlling interests in group activities and cash flows, summarised financial information of subsidiaries with material non-controlling interests, and detailed disclosures of interests in unconsolidated structured entities.

Investment Entities - Amendments to IFRS 10, IFRS 12 and IAS 27 (issued on 31 October 2012 and effective for annual periods beginning on or after 1 January 2014). The amendment introduced a definition of an investment entity as an entity that (i) obtains funds from investors for the purpose of providing them with investment management services, (ii) commits to its investors that its business purpose is to invest funds solely for capital appreciation or investment income and (iii) measures and evaluates its investments on a fair value basis. An investment entity will be required to account for its subsidiaries at fair value through profit or loss, and to consolidate only those subsidiaries that provide services that are related to the entity's investment activities. IFRS 12 was amended to introduce new disclosures, including any significant judgements made in determining whether an entity is an investment entity and information about financial or other support to an unconsolidated subsidiary, whether intended or already provided to the subsidiary.

Consolidated Financial Statements, Joint Arrangements and Disclosures: Transition Guidance Amendments to IFRS 10, IFRS 11 and IFRS 12 (issued on 28 June 2012 and effective for annual periods beginning 1 January 2013, endorsed for use in the EU for annual periods beginning on or after1January 2014). The amendments clarify the transition guidance in IFRS 10 Consolidated Financial Statements. Entities adopting IFRS 10 should assess control at the first day of the annual period in which IFRS 10 is adopted, and if the consolidation conclusion under IFRS 10 differs from IAS 27 and SIC 12, the immediately preceding comparative period (that is, year 2012 for a calendar year-end entity that adopts IFRS 10 in 2013) is restated, unless impracticable. The amendments also provide additional transition relief in IFRS 10, IFRS 11, Joint Arrangements, and IFRS 12, Disclosure of Interests in Other Entities, by limiting the requirement to provide adjusted comparative information only for the immediately preceding comparative period. Further, the amendments will remove the requirement to present comparative information for disclosures related to unconsolidated structured entities for periods before IFRS 12 is first applied.

IAS 27, Separate Financial Statements,(revised in May 2011 and effective for annual periods beginning on or after 1 January 2013, endorsed for use in the EU for annual periods beginning on or after1January 2014), was changed and its objective is now to prescribe the accounting and disclosure requirements for investments in subsidiaries, joint ventures and associates when an entity prepares separate financial statements. The guidance on control and consolidated financial statements was replaced by IFRS 10, Consolidated Financial Statements.

IAS 28, Investments in Associates and Joint Ventures, (revised in May 2011 and effective for annual periods beginning on or after 1 January 2013, endorsed for use in the EU for annual periods beginning on or after1January 2014). The amendment of IAS 28 resulted from the Board's project on joint ventures. When discussing that project, the Board decided to incorporate the accounting for joint ventures using the equity method into IAS 28 because this method is applicable to both joint ventures and associates. With this exception, other guidance remained unchanged.

Recoverable Amount Disclosures for Non-financial Assets - Amendment to IAS 36 (issued on May 2013 and effective for annual periods beginning on or after 1 January 2014). The amendments remove the requirement to disclose the recoverable amount when a CGU contains goodwill or indefinite lived intangible assets but there has been no impairment.

Novation of Derivatives and Continuation of Hedge Accounting - Amendments to IAS 39 (issued onJune 2013 and effective for annual periods beginning on or after 1 January 2014). The amendments will allow hedge accounting to continue in a situation where a derivative, which has been designated as a hedging instrument, is novated (i.e parties have agreed to replace their original counterparty with a new one) to effect clearing with a central counterparty as a result of laws or regulation, if specific conditions are met.

These amendments to the existing standards did not have material impact on the financial statements of the Company.

Following standards, interpretations and amendments to published standards that have been published are effective for accounting periods starting on 1 January 2015 or later, and which the Company has not early adopted.

IFRS 9 “Financial Instruments: Classification and Measurement” (issued in July 2014 and effective for annual periods beginning on or after 1 January 2018).

Key features of the new standard are:

- Financial assets are required to be classified into two measurement categories:, those to be measured subsequently at fair value and those to be measured subsequently at amortised cost calculated by effective interest rate method.
- Classification should be made at the acquisition date of the financial assets and when financial assets are first recognised. Classification is driven by the entity’s business model for managing the financial assets and cash characteristics of the asset held.
- Financial assets are then measured at amortised costs calculated by effective interest rate method only if the assets are to be used in the long-term and (i) company aims to hold the assets to collect its contractual cash flows and (ii) contractual cash flows from such assets represent solely payments of principal and interest (i.e. financial asset fulfils only basic credit characteristics). The other financial assets are to be measured at fair value, change of which is recognised in profit or loss in Income statement.
- Investments in equity instruments are always measured at fair value. However, management can make an irrevocable election to present changes in fair value in other comprehensive income, provided the instrument is not held for trading. If the equity instrument is held for trading, changes in fair value are presented in profit or loss.· Reclassification of revaluation profit or loss is no longer possible. Such decision is to be made on individual basis for each investment in equity acquired. Dividends are to be recognised in profit or loss only if they represent investment income.
- Most of the requirements in IAS 39 for classification and measurement of financial liabilities were carried forward unchanged to IFRS 9. The key change is that an entity will be required to present the effects of changes in own credit risk of financial liabilities designated at fair value through profit or loss in other comprehensive income.
- Hedge accounting requirements were amended to align accounting more closely with risk management. The standard provides entities with an accounting policy choice between applying the hedge accounting requirements of IFRS 9 and continuing to apply IAS 39 to all hedges because the standard currently does not address accounting for macro hedging.

The Companyis currently assessing theimpact of changeson its financial statements. Thisstandard hasn’tbeen approvedby the European Union yet.

IFRIC 21 - Levies (issued on 20 May 2013, and effective for annual periods beginning on or after 1 January 2014, endorsed for use in the EU for annual periods beginning on or after1January 2015). The interpretation clarifies the accounting for an obligation to pay a levy that is not income tax. The obligating event that gives rise to a liability is the event identified by the legislation that triggers the obligation to pay the levy. The fact that an entity is economically compelled to continue operating in a future period, or prepares its financial statements under the going concern assumption, does not create an obligation. The same recognition principles apply in interim and annual financial statements. The application of the interpretation to liabilities arising from emissions trading schemes is optional.

Defined Benefit Plans: Employee Contributions - Amendment to IAS 19 (issued in November 2013 and effective for annual periods beginning on or after 1 July 2014, endorsed for use in the EU for annual periods beginning on or after1January 2016). The amendment allows entities to recognise employee contributions as a reduction in the service cost in the period in which the related employee service is rendered, instead of attributing the contributions to the periods of service, if the amount of the employee contributions is independent of the number of years of service.

Annual Improvements to IFRSs 2012 (issued in December 2013 and effective for annual periods beginning on or after 1 July 2014, unless otherwise stated below, endorsed for use in the EU for annual periods beginning on or after1January 2016). The improvements consist of changes to sevenstandards. IFRS 2 was amended to clarify the definition of a ‘vesting condition’ and to define separately ‘performance condition’ and ‘service condition’; The amendment is effective for share-based payment transactions for which the grant date is on or after 1 July 2014.
IFRS 3 was amended to clarify that (1) an obligation to pay contingent consideration which meets the definition of a financial instrument is classified as a financial liability or as equity, on the basis of the definitions in IAS 32, and (2) all non-equity contingent consideration, both financial and non-financial, is measured at fair value at each reporting date, with changes in fair value recognised in profit and loss. Amendments to IFRS 3 are effective for business combinations where the acquisition date is on or after 1 July 2014.

IFRS 8 was amended to require (1) disclosure of the judgements made by management in aggregating operating segments, including a description of the segments which have been aggregated and the economic indicators which have been assessed in determining that the aggregated segments share similar economic characteristics, and (2) a reconciliation of segment assets to the entity's assets when segment assets are reported.
The basis for conclusions on IFRS 13 was amended to clarify that deletion of certain paragraphs in IAS 39 upon publishing of IFRS 13 was not made with an intention to remove the ability to measure short-term receivables and payables at invoice amount where the impact of discounting is immaterial.
IAS 16 and IAS 38 were amended to clarify how the gross carrying amount and the accumulated depreciation are treated where an entity uses the revaluation model.
IAS 24 was amended to include, as a related party, an entity that provides key management personnel services to the reporting entity or to the parent of the reporting entity ('the management entity'), and to require to disclose the amounts charged to the reporting entity by the management entity for services provided.

Annual Improvements to IFRSs 2013 (issued in December 2013 and effective for annual periods beginning on or after 1 July 2014, endorsed for use in the EU for annual periods beginning on or after1January 2015). The improvements consist of changes to fourstandards.
The basis for conclusions on IFRS 1 is amended to clarify that, where a new version of a standard is not yet mandatory but is available for early adoption; a first-time adopter can use either the old or the new version, provided the same standard is applied in all periods presented. IFRS 3 was amended to clarify that it does not apply to the accounting for the formation of any joint arrangement under IFRS 11. The amendment also clarifies that the scope exemption only applies in the financial statements of the joint arrangement itself. The amendment of IFRS 13 clarifies that the portfolio exception in IFRS 13, which allows an entity to measure the fair value of a group of financial assets and financial liabilities on a net basis, applies to all contracts (including contracts to buy or sell non-financial items) that are within the scope of IAS 39 or IFRS 9. IAS 40 was amended to clarify that IAS 40 and IFRS 3 are not mutually exclusive. The guidance in IAS 40 assists preparers to distinguish between investment property and owner-occupied property. Preparers also need to refer to the guidance in IFRS 3 to determine whether the acquisition of an investment property is a business combination.

Accounting for Acquisitions of Interests in Joint Operations - Amendment to IFRS 11 (issued on 6 May 2014 and effective for the periods beginning on or after 1 January 2016). This amendment adds new guidance on how to account for the acquisition of an interest in a joint operation that constitutes a business. This amendment has not yet been adopted by the EU.

Clarification of Acceptable Methods of Depreciation and Amortisation - Amendments to IAS 16 and IAS 38 (issued on 12 May 2014 and effective for the periods beginning on or after 1 January 2016). In these amendments, the IASB has clarified that the use of revenue-based methods to calculate the depreciation of an asset is not appropriate because revenue generated by an activity that includes the use of an asset generally reflects factors other than the consumption of the economic benefits embodied in the asset. These amendments have not yet been adopted by the EU.

IFRS 15, Revenue from Contracts with Customers (issued on 28 May 2014 and effective for the periods beginning on or after 1 January 2017). The new standard introduces the core principle that revenue must be recognised when the goods or services are transferred to the customer, at the transaction price. Any bundled goods or services that are distinct must be separately recognised, and any discounts or rebates on the contract price must generally be allocated to the separate elements. When the consideration varies for any reason, minimum amounts must be recognised if they are not at significant risk of reversal. Costs incurred to secure contracts with customers have to be capitalised and amortised over the period when the benefits of the contract are consumed. This standard has not yet been adopted by the EU.

Equity Method in Separate Financial Statements - Amendments to IAS 27 (issued on 12 August 2014 and effective for annual periods beginning on or after 1 January 2016). The amendments will allow entities to use the equity method to account for investments in subsidiaries, joint ventures and associates in their separate financial statements. These amendments have not yet been adopted by the EU.

Sale or Contribution of Assets between an Investor and its Associate or Joint Venture - Amendments to IFRS 10 and IAS 28 (issued on 11 September 2014 and effective for annual periods beginning on or after 1 January 2016). These amendments address an inconsistency between the requirements in IFRS 10 and those in IAS 28 in dealing with the sale or contribution of assets between an investor and its associate or joint venture. The main consequence of the amendments is that a full gain or loss is recognised when a transaction involves a business. A partial gain or loss is recognised when a transaction involves assets that do not constitute a business, even if these assets are held by a subsidiary.These amendments have not yet been adopted by the EU.

Annual Improvements to IFRSs 2014 (issued on 25 September 2014 and effective for annual periods beginning on or after 1 January 2016). The amendments impact 4 standards. IFRS 5 was amended to clarify that change in the manner of disposal (reclassification from "held for sale" to "held for distribution" or vice versa) does not constitute a change to a plan of sale or distribution, and does not have to be accounted for as such. The

amendment to IFRS 7 adds guidance to help management determine whether the terms of an arrangement to service a financial asset which has been transferred constitute continuing involvement, for the purposes of determining the disclosures required by IFRS 7. The amendment also clarifies that the offsetting disclosures of IFRS 7 are not specifically required for all interim periods, unless required by IAS 34.The amendment to IAS 19 clarifies that for post-employment benefit obligations, the decisions regarding discount rate, existence of deep market in high-quality corporate bonds, or which government bonds to use as a basis, should be based on the currency that the liabilities are denominated in, and not the country where they arise. IAS 34 will require a cross reference from the interim financial statements to the location of "information disclosed elsewhere in the interim financial report". These amendments have not yet been adopted by the EU.

Investment Entities: Applying the Consolidation Exception Amendment to IFRS 10, IFRS 12 and IAS 28 (issued in December 2014 and effective for annual periods on or after 1 January 2016). The Standard was amended to clarify that an investment entity should measure at fair value through profit or loss all of its subsidiaries that are themselves investment entities. In addition, the exemption from preparing consolidated financial statements if the entity’s ultimate or any intermediate parent produces consolidated financial statements available for public use was amended to clarify that the exemption applies regardless whether the subsidiaries are consolidated or are measured at fair value through profit or loss in accordance with IFRS 10 in such ultimate or any intermediate parent’s financial statements. This amendment has not yet been adopted by the EU.

Disclosure Initiative Amendments to IAS 1 (issued in December 2014 and effective for annual periods on or after 1 January 2016). The Standard was amended to clarify the concept of materiality and explains that an entity does not need to provide a specific disclosure required by an IFRS if the information resulting from that disclosure is not material, even if the IFRS contains a list of specific requirements or describes them as minimum requirements. The Standard also provides new guidance on subtotals in financial statements, in particular, such subtotals (a) should be comprised of line items made up of amounts recognised and measured in accordance with IFRS; (b) be presented and labelled in a manner that makes the line items that constitute the subtotal clear and understandable; (c) be consistent from period to period; and (d) not be displayed with more prominence than the subtotals and totals required by IFRS standards. These amendments have not yet been adopted by the EU.

If not otherwise stated the Company anticipates that the adoption of these standards, amendments to the existing standards, and interpretations will not have material impact on the financial statements of the Company.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

a) Basis of Accounting

These financial statements have been prepared in accordance with IFRS as adopted by the EU.

The financial statements have been prepared under the historical cost convention, except of revaluation of certain financial instruments based on fair value. The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the periods presented. The Company's reporting and functional currency is the euro (EUR). These financial statements were prepared on a going concern basis.

b) Segment information

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The Board of Directors has been identified as the chief operating decision-maker as it adopts strategic decisions and is responsible for allocating resources and assessing the performance of the operating segments.

c) Financial Instruments

Financial assets and liabilities are recognized on the Company's balance sheet when the Company becomes a party to a contractual provision of a related instrument.

d) Financial Assets

The Company has following categories of financial assets: loans issued, trade receivables, and financial assets available-for-sale.

The available-for-sale category includes equity instruments which are initially recognized at fair value plus transaction costs and carried at fair value. Dividends are recognised in profit or loss for the year as finance income when the Company’s right to receive payments is established and it is probable that the dividends will be collected. All other elements of changes in the fair value are recognised in other comprehensive income until the investment is derecognised or impaired at which time the cumulative gain or loss is reclassified from other comprehensive income to finance income in profit or loss for the year.

Loans and receivables are non-derivative financial assets with fixed or determinable payments not quoted in an active market. Loans and trade receivables and other receivables are initially recognised at fair value and subsequently measured in amortised costs using effective interest method net of allowances. Financial assets are derecognised when the rights to receive cash flows from the asset have expired or have been transferred and the Company has transferred substantially all risks and rewards of ownership.

The Company assesses at the end of each reporting period whether there is objective evidence that a financial asset or a group of financial assets is impaired. Impairment losses are always recognised in income statement against an allowance account to write down the asset’s carrying value. When financial asset is derecognised the current fair value less any impairment loss on that asset previously recognised in profit or loss is derecognised. Gains or losses realised at the derecognition of a financial asset are represented by calculated difference between the proceeds received from its disposal or sale, and asset’s carrying value; and are recognised in the income statement.

e) Derivative Financial Instruments

Derivative financial instruments are initially recognized at fair value and are revalued to fair value at subsequent reporting dates. Derivative financial instruments are contracts: (i) whose value changes in response to a change in one or more identifiable variables; (ii) that require no significant net initial investment; and (iii) that are settled at a certain future date. Derivative financial instruments of the Company include commodity swaps and currency forwards.

Cash flow hedging

The effective portion of changes in fair value of derivatives designated and qualifying for effective cash flow hedges is recognized in other comprehensive income accumulated in equity as hedge reserve. The gain or loss relating to the ineffective portion is recognized immediately in the income statement. Amounts previously recognized in other comprehensive income in the hedging reserve are transferred to the income statement when the hedged item is recognized in the income statement, in the same line of the income statement as the hedged item.

At the inception of the hedging contract, the Company documents the relationship between the hedging instrument and the hedged item, its risk management objectives and strategy for undertaking the various hedge transactions. Since the establishment of hedging, the Company continuously documents whether the hedging instrument used by the Company is highly effective in offsetting changes in cash flows of the hedged item.

Changes in the fair value of derivative financial instruments that do not meet the requirements of effective cash flow hedging are recognized in the income statement.

f) Trade Receivables

Trade receivables are recognized at amortised costs, net of provisions for debtors in bankruptcy or restructuring proceedings and net of provisions for overdue and doubtful receivables where the risk of not being fully or partially settled exists.

g) Property, Plant and Equipment and Intangible Assets

Property, plant and equipment and intangible assets (hereinafter referred to fixed assets or FA) are recognized at historical cost less accumulated depreciation and impairment losses with the exception of assets acquired as part of business combination under common control, where assets transferred have been valued using the predecessor values, i.e. at the predecessor entity's carrying amounts.

Permanent gas filling of transmission network, which was also acquired as part of the contribution of part of a business is, due to its nature, not depreciated.

Acquisitions cost includes all costs incurred for putting the asset in use.

Items of fixed assets that are damaged or disposed of are eliminated from the balance sheet at net book value. Any gain or loss resulting from such damage or disposal is included in the income statement.

Items of fixed assets are depreciated on a straight-line basis over their estimated useful lives. Depreciation charges are recognized in the income statement as to amortise the cost of the assets to their estimated net book value over their residual useful lives. The total useful lives of fixed assets are as follows:

Border entry/exit points, domestic points	21 – 50
Compressor stations	11 – 24
Gas pipelines	24 – 50
Buildings	18 – 40
Machinery and equipment	4 – 18
Other non-current assets including intangible assets	2 – 15

The initial useful lives of gas pipelines and compressor stations, which were acquired as part of the contribution of a part of the business as stated in Note1.6 Contribution of part of the business, were set by independent expert to 60 years and 25-50 years respectively (Note 4 – Significant accounting judgements, estimations and assumptions). The above stated useful lives of gas pipelines and compressor stations represent the remaining useful lives at the contribution of part of the business.

Land is not depreciated as it is deemed to have an indefinite useful life.

At each reporting date Property and equipment are reviewed for impairment whenever events or circumstances indicate that their carrying amounts may not be recoverable. An impairment loss is recognized for the amount by which the asset's carrying amount exceeds its recoverable amount in the year when it occurs. The recoverable amount is the higher of the asset's fair value less costs to sell and its value in use. The discount rates used to calculate the net present value of future cash flows reflect current market assessments of the time value of money and the risks specific to the asset. In the event that a decision is made to abandon a construction project in progress or to postpone the planned completion date significantly, the carrying amount of the asset is reviewed for potential impairment and a provision is recognized, if appropriate.

Expenditures related to the fixed assets already put in use are capitalised only if the possibility of future economic benefits exists, and the carrying amount of the asset can be measured.All the other subsequent expenditures are treated as repairs and maintenance and are expensed in the period when incurred.

h) Business combinations

Assets and liabilities acquired in business combinations from the parties under common control are measured by using the predecessor values method. When using this method, assets and liabilities acquired in business combination are recognised by the Company on the acquisition date at the predecessor entity's carrying amounts. The predecessor entity is considered to be the highest reporting entity in which the business' IFRS financial information was consolidated. Any difference between the carrying amount of net assets and the consideration for the acquisition, which increases equity of the Company, is accounted for in these financial statements as an adjustment to retained earnings within equity.

i) Inventories

Inventories are recognized at the lower of their acquisition cost and their net realizable value. The cost of natural gas in the transmission network pipelines, as well as raw materials, and other inventories are calculated using weightedaverage method. Costs of raw materials and other inventories comprise acquisition costs and other costs related to the acquisition; value of inventories developed internally comprise of costs of materials, other direct costs and related production overheads. Increases in natural gas accumulation in the transmission network pipelines are recognized at acquisition cost. There are no other costs related to acquisition of natural gas. Appropriate provision is created for obsolete and slow-moving inventories.

j) Cash and Cash Equivalents

Cash and cash equivalents consist of cash in hand and cash in bank with insignificant risks of changes in value. Cash and cash equivalents are carried at amortised cost using the effective interest rate method.

k) Bonds issued and loans received

Bonds issued and loans received are recognized initially at fair value net of transaction costs incurred. They are subsequently carried at amortized cost using the effective interest rate method.

l) Trade and other payables

Trade payables are obligations to pay for goods or services that have been acquired from suppliers in the ordinary course of business. Trade and other payables are initially measured at fair value. After initial recognition trade and other payables are measured at amortized cost using the effective interest rate method.

m) Provisions

A provision is recognized when the Company has a present obligation (legal or contingent) as a result of past events, and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate of the value of the obligation can be made. Provisions are reviewed at each balance sheet date and are adjusted to reflect the current best estimate. The amount of the provision is the present value of the risk-adjusted expenditures expected to be required to settle the obligation, determined using the estimated risk-free interest rate as a discount rate. Where discounting is used, the carrying amount of the provision increases in each period to reflect decreasing of the value of discounting time.

Provision for environmental liabilities

Provision for environmental liabilities is recognized when it is probable that the costs will be incurred to clean up the environment and these can be reliably estimated. The creation of the provision generally corresponds with acceptation of a formal plan or other commitments to sell investments or dismantle unused assets on the site. The amount of recognized provision is the best estimate of the expenditures required. In case the liability will not be settled in near future, the amount of recognized provision represents the present value of estimated future expenditures.

n) Greenhouse Gas Emissions

The Company receives free of charge emission rights as a result of its participation in the European Emission Trading Schemes. The rights are received on the annual basis and the Company is required to return emission rights equal to its actual emissions for the year. The Company recognizes a net liability resulting from the gas emissions produced. Therefore, a provision is recognized only when actual emissions exceed the emission rights received free of charge. When emission rights are purchased from the third parties, they are measured at acquisition costs and recorded as intangible assets. When emission rights are acquired in exchange, they are measured at fair value at the acquisition date, and the difference between the fair value and acquisition cost is recognized in profit or loss for the period.

o) Social Security and Pension Schemes

The Company is required to make contributions to various mandatory government insurance schemes, together with contributions made by employees. The cost of social security payments is charged to the income statement in the same period as the related salary cost.

p) Revenue Recognition

Revenue comprises the fair value of the consideration received or receivable for the sale of goods and services in the ordinary course of the Company's activities.

The Company recognises revenue when the amount of revenue can be reliably measured; it is probable that future economic benefits will flow to the Company. The amount of revenue is not considered to be measurable reliably until all contingencies relating to the sale have been resolved. Sales are recorded upon the delivery of services net of value added tax and discounts.

The Company records revenues mainly from fees for natural gas transmission, related services and revenues from the sale of gas in-kind and other revenues.

(i) Fees for natural gas transmission
Revenues from fees for natural gas transmission are recognised at the time, or in the period when a transmission capacity in the gas transmission network is assigned to a customer. They also comprise revenues from the received gas in-kind andare recognized in the period when gas transport occurred.

(ii) Revenues from the sale of gas in-kind not consumed
Revenues from the sale of surplus of gas in-kind for operating purposes are recognised when the gas is sold.

(iii) Revenues from connection fees to transmission network
Revenues from connection fees to transmission network are recognised when a customer is connected to the network.

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

(v) Dividend income
Dividend income is recognised when the right to receive the payment is established.

(vi) Interest income
Interest income is recognised on an accrual basis in the period when it is incurred, independent of the actual payments of the interest.

q) Retirement and Other Long-Term Employee Benefits

The Company has a long-term employee benefit program comprising a lump-sum retirement benefit, social assistance benefit in material deprivation and life and work jubilee benefits, for which no separate financial funds were earmarked. In accordance with IAS 19, the employee benefits costs are assessed using the projected unit credit method. According to this method, the cost of providing pensions is charged to the income statement so as to spread the regular cost over the service period of employees. The benefit obligation is measured as the present value of the estimated future cash flows discounted by market yields on Slovak government bonds, which have terms to maturity approximating the terms of the related liability. All actuarial gains and losses are recognized in the other comprehensive income in equity for the period when they arise. Past service costs are recognized immediately in the income statement.

r) Leasing

Operating lease
The lessee under an operating lease arrangement does not present assets subject to an operating lease on its balance sheet nor does it recognize operating lease obligations for future periods. Lease payments under an operating lease shall be recognized as an expense in the income statement on a straight-line basis over the lease term.

s) Income Tax

Current income tax is calculated from the accounting profit, as determined under the Slovak legislation, and adjusted for certain items in accordance with tax legislation, at the currently valid tax rate of 22%.

In line with Act No. 235/2012 Coll., on a Special Levy on Business in Regulated Industries and on the Amendment to and Supplementation of Certain Acts, the Company is obliged to pay a monthly special levy effective from September 2012. The levy rate is 4.356% per annum. This levy is based on the profit before tax and is presented as a part of the current income tax pursuant to the IFRS requirements.

Deferred income tax is recognised, using the liability method, for all temporary differences arising between the tax bases of assets and liabilities and their carrying amounts. Deferred tax is calculated at the tax rates that are expected to apply for the period when the asset is realized or the liability is settled. Deferred tax is recognized in the income statement, except for when it relates to items directly credited or directly charged to equity, in which case the deferred tax is also recognized in equity. The income tax rate valid since 1 January 2014 is 22%.

Major temporary differences arise from depreciation of fixed assets, various allowances, provisions and derivative financial instruments. Deferred tax asset is recognized to the extent that it is probable that future taxable profit will be available against which the tax deductible temporary differences can be utilized.

t) Foreign Currency Transactions

Transactions in foreign currencies are initially recorded at the rates of the European Central Bank (ECB) prevailing at the date of transaction. Monetary assets, receivables and payables denominated in foreign currencies are translated into functional currency using the ECB exchange rates prevailing at the balance sheet date. Exchange rate gains and losses arising from the translations at the balance sheet date are recognized in the income statement.

u) Accounting Principles Adopted for Government Grants

Government grants are recognized if there is reasonable assurance that a grant will be received and all the conditions necessary to obtain a grant are fulfilled. If a government grant intends to compensate expenses, it is recognized as revenue in the period in which such expenses are incurred. If a grant relates to the acquisition of fixed assets, it is recognized as deferred revenue and it is released in profit or loss on a straight-line basis over the estimated useful lives of the relevant assets. In the balance sheet, the government grants are recognized using the deferred revenue method.

4. SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATIONS AND ASSUMPTIONS

In applying the Company's accounting policies described in Note 3, the Company madethe following decisions concerning uncertainties and estimates that have a significant impact onthe amounts recognized in the financial statements. There is possible future significant risk of material adjustments in the following areas:

Economic useful lives

The estimation of the useful life of an item of fixed assets is a matter of management judgment based upon experience with similar assets. In determining the useful life of an asset, management considers the expected usage based on usage estimates, estimated technical obsolescence, amortisation and the environment in which the asset is operated. Changes in any of these conditions or estimates may result in adjustments to future depreciation rates.

The economic useful lives of fixed assets are based on the best estimates as listed in the Note 3 g). The carrying values of these assets at the year ended 31 December 2014 and 31 December 2013 are presented in Note 7 and 8. If the estimated useful lives of the pipeline and compressor stations were 5 years longer than management's estimate as at 31 December 2014, a depreciation of assets constituting pipelines and compressor stations would be lower by EUR 17,250 thousand (as at 31 December 2013 lower by EUR 20,343 thousand).

Valuation of property, plant and equipment acquired by the Company in contribution of part of the business

As stated in Note 1.6 Contribution of part of the business, on 28 February 2013 SPP made a contribution of part of the business to the Company in business combination under common control, which included the assets (especially natural gas transmission related assets - gas transmission pipelines, compressor stations), related liabilities and employees.

For the purpose of the contribution of part of the business, valuation of the natural gas transmission related assets was performed by independent appraisers. Given the specific nature of the contributed assets, a depreciated replacement cost approach to valuation was used. The main assumptions in the valuation are as follows:

- cost of steel
- cost of ground related works
- cost of installation and assembly works
- initial useful lives of gas pipelines of 60 years
- initial useful lives of compressor stations of 25-50 years

The value of the contributed assets as per independent appraisers' valuation did not significantly differ from the carrying value of the assets recorded in the books of SPP, which hadadopted revaluation model under IAS 16 for its property, plant, and equipment used for natural gas transmission.

5. FINANCIAL INSTRUMENTS

a) Financial risk

The Company is exposed to various financial risks. The Company's overall risk management policy addresses the unpredictability of financial markets and seeks to minimize potential adverse effects on the financial position of the Company. To manage certain risks, the Company enters into trading with financial derivative instruments, e.g. forward or swap commodity contracts. The purpose of such practice is to manage risks related to movements in commodity prices arising from the Company's operations.

The main risks arising from financial instruments of the Company are exchange rate risk, commodity risk, interest rate risk, credit risk and liquidity risk.

(1) Exchange rate risk

The company operates internationally, but almost all of its income and expenses are denominated in domestic currency EUR minimizing its currency risk.

Analysis of financial assets and financial liabilities by currency:

	Assets		**Liabilities**	
	As at 31 December 2014	**As at 31 December 2013**	**As at 31 December 2014**	**As at 31 December 2013**
USD	3,817	3,321	87	35

The table below displaysthe sensitivity of the Company to a 15% increase or decrease of EUR against USD. The sensitivity analysis only includes outstanding monetary items denominated in foreign currency and adjusts their translation at the end of the reporting period by the 15% FX change.

	Impact of US dollar rate	
	As at 31 December 2014	**As at 31 December 2013**
Effect on profit before tax	658	580

The effects mainly relate to risks to outstanding receivables in USD at the balance sheet date. Positive value indicates the potential gain recognised in the income statement in case of decrease of EUR against related currency.

(2) Commodity price risk

Commodity price risk is the risk or uncertainty arising from possible movements in prices for natural gas and its impact on the Company's future performance and results of the Company's operations. A decline in the prices could result in a decrease in net income and cash flows.

The Company regularly performs estimations of the surplus of natural gas and enters into short and mid-term commodity swaps in order to hedge its selling prices.

In 2014,the Company entered into commodity swaps to hedge cash flow from sales of surplus of gas in-kind.

The following table details swap commodity contracts outstanding at the balance sheet date:

Open commodity swaps	**2014**		**2014**	
	Fair value		**Nominal value**	
	Cash flow hedging	**Held for trading**	**Cash flow hedging**	**Held for trading**
Sales of natural gas				
Less than 3 months	3,130	-	42,982	-
3 to 12 months	5,217	-	60,126	-
Over 12 months	5,917	-	75,200	-

Open commodity swaps	**2013**		**2013**	
	Fair value		**Nominal value**	
	Cash flow hedging	**Held for trading**	**Cash flow hedging**	**Held for trading**
Sales of natural gas				
Less than 3 months	392	-	15,256	-
3 to 12 months	(123)	-	44,618	-
Over 12 months	(88)	-	9,213	-

The 15% change in the market price of the natural gas would have impact on the fair value of derivatives in amount of EUR 24,607 thousand.

Movement in hedging reserve is disclosed in Note 18.

(3) Interest rate risk

The Company has no significant exposure to an interest rate risk. As at 31 December 2014, the Company issued bonds with fixed interest rate and granted long-term loan with fixed interest rate as well. The Company had a long-term investment loan at 31 December 2014 with a floating interest rate (see Note 15). The Company considers exposure to interest rate risk to the extent of fluctuation of interest rates of the above mentioned long-term investment loan.

(4) Credit risk

The Company is exposed to a credit risk, which is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. Exposure to credit risk arises as a result of the Company's sales of services on credit and other transactions with counterparties giving rise to financial assets. The credit risk arises from cash and cash equivalents, deposits with banks and financial institutions, loans and trade receivables.

As for the cash and cash equivalents in banks, the Company has entered into relationships only with those banks that have a high independent rating assessment.

The Company renders its services to various customers, none of which, individually or collectively, in terms of volume and margin, represents a significant credit risk. Operational procedures are in place in the Company ensuring that services are rendered to customers with good credit history and only up to acceptable credit limit. In addition to the existing trade receivables, the Company has receivables arising from loans issued to the parent company.

The maximum exposure to the default risk is represented by the carrying amount of each financial asset, including derivative financial instruments, recognized in the balance sheet, net of any bad debt provision. The default risk is partially eliminated through the securities received as disclosed in Note 11.

The Company is exposed to a concentration of credit risk with respect to the parent company SPP Infrastructure (see Note. 9 and 11).

The Company's maximum exposure to credit risk is as follows:

	Note	2014	2013
Loans issued	9	**376,223**	**973,000**
Receivables and prepayments		**409,267**	**134,372**
- Receivables from transmission activities	11	44,670	36,042
- Receivables from financial derivatives	11	14,293	698
- Other receivables	11	350,304	97,632
Other assets		**-**	**1,821**
Cash and cash equivalents (restricted and unrestricted)		**191,315**	**68,474**
Total maximum exposure to credit risk		**976,805**	**1,177,667**

Credit quality of cash in banks as at 31 December 2014was as follows: EUR 79,005 thousand in banks rated by Moody's A2, EUR 31,807 thousand inabank with a rating of Moody's A3, EUR 28,400 thousand in banks rated Fitch A and EUR 52,095 thousand ina bank rated Baa1 by Moody's.

(5) Liquidity risk

Prudent liquidity risk management implies maintaining sufficient level of cash and cash equivalents with adequate maturity, availability of funding through an adequate amount of committed credit lines and the ability to close open market positions. The Company, as a member of the SPP Infrastructure groupis a party to a system of effective utilisation of resources and liquidity optimisation ("SEUR"). Withinthe system flexibility is maintained by securingstable availability of financial resources for all parties to SEUR in order to cover their financial needs (so called cash-pooling).

The Company entered into the agreement with European Investment Bank (EIB), based on which the Company received investment loan of EUR 75,000 thousand as at 31 December 2014, see Note 15. The Company had no outstanding long-term loans as at 31 December 2013.

The table below summarizes the maturity of the financial liabilities and contingent liabilities as at 31 December 2014 and 31 December 2013 based on contractual undiscounted payments:

As at 31 December 2014	On demand	Less than 3 months	3 to 12 months	1 to 5 years	> 5 years	Total
Bonds issued	-	-	30,446	121,784	769,424	921,654
Loans received	-	143	425	2,847	75,143	78,558
Other financial liabilities	-	13,753	1,571	10,806	-	26,130
Trade and other payables	-	24,719	-	-	-	24,719
Guarantee issued	918,750	-	-	-	-	918,750
Swap commodity contracts recognized as hedging	-	-	-	30	-	30

As at 31 December 2013	On demand	Less than 3 months	3 to 12 months	1 to 5 years	> 5 years	Total
Bonds issued	-	-	24,964	122,305	803,292	950,561
Loans received	-	-	-	-	-	-
Other financial liabilities	-	3,443	5,352	160	-	8,955
Trade and other payables	-	28,559	-	-	-	28,559
Guarantee issued	945,488	-	-	-	-	945,488
Swap commodity contracts recognized as hedging	-	-	-	353	164	517

a) Capital risk management

The Company manages its capital to ensure its ability to support the business activities on an ongoing basis while maximizing the return to shareholders through the optimization of the debt to equity ratio and ensuring strong credit rating and vital capital ratios.

The Company's capital structure comprises cash and cash equivalents and equity attributable to the Company's owners as disclosed in Notes 17 and 18, and bonds issued as disclosed in Note 15. Liabilities to capital (gearing) ratio were at the year-end 31 December 2014 31% and 31 December 2013 30%.

The gearing ratio at the year-end:

	As at 31 December 2014	As at 31 December 2013
Debt (i)	(831,834)	(754,960)
Cash and cash equivalents	191,315	68,474
Net debt (ii)	(640,519)	(686,486)
Equity (iii)	2,045,808	2,325,814
Net debt to equity ratio	**31 %**	**30%**

(i) Debt is defined as long-term and short-term bonds issued and loans received.

(ii) Net debt is defined as difference between debt and cash and cash equivalents
(iii) Page 4

As stated in the incorporation deed of the Company, the indebtedness ratio may not exceed a predefined value.

c) Categories of financial instruments

	31 December 2014	31 December 2013
Financial assets		
Derivative financial instruments recognised as hedging	14,293	698
Loans and receivables (including cash and cash equivalents)	586,281	203,969
Loans at amortised costs	376,223	973,000
Investments available for sale in fair value	6,600	6,600
Financial liabilities		
Derivative financial instruments recognised as hedging	30	517
Financial liabilities carried at amortised costs	882,665	791,957

For the purposes of recognition of financial instruments the Company classifies its financial assets into the following categories: loans and receivables; available-for-sale investments and hedging financial derivatives, as required by IAS 39 "Financial Instruments: Recognition and Measurement".

All of the Company's financial assets are classified as loans and receivables except for the financial assets available-for-sale and financial derivatives recognised as hedging.

All of the Company's financial liabilities except for financial derivatives recognised as hedging are carried at amortised cost.

d) Estimated fair value of financial instruments

Fair value measurements are analysed by level in the fair value hierarchy as follows: (i) level one are measurements at quoted prices (unadjusted) in active markets for identical assets or liabilities, (ii) level two measurements are valuations techniques with all material inputs observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices), and (iii) level three measurements are valuations not based on observable market data (that is, unobservable inputs). Management applies judgement in categorising financial instruments using the fair value hierarchy. If a fair value measurement uses observable inputs that require significant adjustment, that measurement is a Level 3 measurement. The significance of a valuation input is assessed against the fair value measurement in its entirety.

(1) Recurring fair value measurements

Recurring fair value measurements are those that the accounting standards require or permit in the statement of financial position at the end of each reporting period.

The levels in the fair value hierarchy into which the recurring fair value measurements are categorised are as follows:

As at 31 December 2014	Level 1	Level 2	Level 3	Total
Financial assets at fair value	**-**	**14,293**	**6,600**	**20,893**
Financial derivatives recognised as hedging	-	14,293	-	14,293
Financial assets available-for-sale	-	-	6,600	6,600
Financial liabilities and contingent liabilities at fair value	**-**	**30**	**-**	**30**
Financial derivatives recognised as hedging	-	30	-	30
Guarantee issued	-	-	-	-

As at 31 December 2013	Level 1	Level 2	Level 3	Total
Financial assets at fair value	**-**	**698**	**6,600**	**7,298**
Financial derivatives recognised as hedging	-	698	-	698
Financial assets available-for-sale	-	-	6,600	6,600
Financial liabilities at fair value	**-**	**517**	**-**	**517**
Financial derivatives recognised as hedging	-	517	-	517

The fair value of commodity swaps is determined using forward commodity prices as at the reporting date.

Fair value of available-for-sale financial investment was estimated based on the present value of future cash flows, which were estimated by the management based on the available financial results of the investment and its approved budget.

Fair value of guarantee issued and described in Note 28 Commitments and contingencies was determined as EUR nil as it was provided under the current market conditions and it is not probable that the Company will settle the obligation resulting from the guarantee.

The estimated fair values of other financial instruments, mainly current financial assets and liabilities, approximate their carrying amounts.

In 2014, there were no movements in the financial instruments classified at Level 3.

(2) Non-recurring fair value measurements

As further described in Note 1.6 Contribution of a part of the business, assets and liabilities acquired in business combination were recognised in financial statements of the Company at their fair values at the date of the transaction. The fair value measurement of the assets and liabilities acquired in business combination belongs to Level 3 of fair value hierarchy. Details on the fair value measurement are disclosed in Note 4 Significant accounting judgements, estimates and assumptions.

There weren’t any non-recurring fair value measurements in 2014.

(3) Assets and liabilities not measured at fair value

The fair value of financial assets and financial liabilities at different levels and their carrying values:

As at 31 December 2014	Level 1	Level 2	Level 3	Carrying value
Financial assets	**-**	**-**	**400,212**	**376,223**
Loans issued with fixed interest rate	-	-	400,212	376,223
Financial liabilities	**-**	**801,030**	**75,012**	**831,834**
Bonds issued	-	801,030	-	756,822
Loans received	-	-	75,012	75,012

As at 31 December 2013	Level 1	Level 2	Level 3	Carrying value
Financial assets	**-**	**-**	**973,000**	**973,000**
Loans issued	-	-	973,000	973,000
Financial liabilities	**-**	**769,095**	**-**	**754,960**
Bonds issued	-	769,095	-	754,938
Loans received	-	-	22	22

Fair value of the loan issued with fixed interest rate was estimated based on the expected future cash flows discounted by an interest rate, which SPP Infrastructure would obtain for loans with the similar maturity and credit risk.

Fair value of bonds issued was assessed with reference to market value of the bonds issued by SPP Infrastructure Financing B.V. (refer to Note 28).

The fair value of other financial assets and financial liabilities approximate their carrying values at the balance sheet date.

Non-current trade receivables and trade payables were discounted unless the effect of discounting was inconsiderable.

(4) Embedded derivative instruments

Transmission contracts denominated in euros represented the currency of the primary economic environment for one of the significant contractual parties and that is why these contracts were not regarded as a host contract with an embedded derivative under the requirements of IAS 39. Hence, in accordance with IAS 39 (as revised in December 2003), the Company did not recognize the embedded derivatives separately from the host contract. Transmission contracts denominated in US dollars represented the currency that is commonly used in contracts to purchase or sell non-financial items in the economic environment of the Slovak Republic in respect of business relations with external parties. Hence, in accordance with IAS 39 (as revised in December 2003), the Company did not recognize the embedded derivatives separately from the host contract.

The Company assessed all other significant contracts and agreements for embedded derivatives that should be recorded. The Company concluded that there are no embedded derivatives in these contracts and agreements which needs to be measured and separately recognized as at 31 December 2014 and 31 December 2013 under the requirements of IAS 39 (as revised in 2003).

6. SEGMENT REPORTING

The Company assessed segment information for the current and comparative reporting periods in accordance with IFRS 8 Operating segments.
According to the nature of products and services provided, the Board of Directors has identified one operating segment which is used to manage the Company’s business, allocate resources and make strategic decisions. The Company’s activities are concentrated in Slovakia, where all the fixed assets are placed.
The main indicators used by the Board of Directors in their decision making are earnings before interest, taxes, depreciation and amortisation (EBITDA) and capital expenditure cash outflows. For the decision making, the Board of Directors uses the financial information consistent with the information disclosed in these financial statements of the Company.

7. PROPRETY, PLANT AND EQUIPMENT

Year ended 31 December 2014	Border entry/exit points, domestic points	Compressor stations	Gas pipelines	Buildings and land	Machinery and equipment	Other non-current tangible assets	Assets under construction	Total
Opening net book value	**67,807**	**379,419**	**1,848,364**	**27,235**	**17,746**	**1,328**	**97,694**	**2,439,593**
Additions	-	-	-	6	-	-	38,003	38,009
Put in use	1,667	99,904	19,260	668	1,283	140	(122,922)	-
Reclassifications	(91)	2,356	8	(23)	(2,030)	(220)	-	-
Disposals	-	(1)	-	-	(49)	(2)	-	(52)
Depreciation charge	(3,584)	(28,637)	(58,141)	(1,206)	(3,810)	(370)	-	(95,748)
Change in provisions	(2)	-	-	(28)	(37)	(5)	12	(60)
Closing net book value	**65,797**	**453,041**	**1,809,491**	**26,652**	**13,103**	**871**	**12,787**	**2,381,742**
As at 31 December 2014								
Acquisition cost	73,699	510,443	1,916,106	29,422	34,301	2,400	13,246	2,579,617
Provisions and accum. depreciation	(7,902)	(57,402)	(106,615)	(2,770)	(21,198)	(1,529)	(459)	(197,875)
Net book value	**65,797**	**453,041**	**1,809,491**	**26,652**	**13,103**	**871**	**12,787**	**2,381,742**

Year ended 31 December 2013	Border entry/exit points, domestic points	Compressor stations	Gas pipelines	Buildings and land	Machinery and equipment	Other non-current tangible assets	Assets under construction	Total
As at 1 December 2013								
Acquisition cost	17,057	5,192	3,060	6,440	33,611	4,614	1,256	71,230
Provisions and accum. depreciation	(1,447)	(237)	(72)	(477)	(15,069)	(3,047)	-	(20,349)
Net book value	**15,610**	**4,955**	**2,988**	**5,963**	**18,542**	**1,567**	**1,256**	**50,881**
Opening net book value	**15,610**	**4,955**	**2,988**	**5,963**	**18,542**	**1,567**	**1,256**	**50,881**
Additions	-	-	-	-	-	-	39,952	39,952
Business combination (Ref. Note 1.6.)	54,273	400,652	1,890,278	22,236	2,660	20	40,487	2,410,606
Put in use	965	4,135	3,558	159	955	578	(10,350)	-
Reclassifications from prepayments	-	-	-	-	-	-	27,694	27,694
Disposals	-	-	-	-	(5)	(14)	(662)	(681)
Depreciation charge	(3,041)	(29,296)	(48,460)	(1,120)	(4,403)	(822)	-	(87,142)
Change in provisions	-	(1,027)	-	(3)	(3)	(1)	(683)	(1,717)
Closing net book value	**67,807**	**379,419**	**1,848,364**	**27,235**	**17,746**	**1,328**	**97,694**	**2,439,593**
As at 31 December 2013								
Acquisition cost	72,292	409,970	1,896,896	28,834	34,767	4,901	98,221	2,545,881
Provisions and accum. depreciation	(4,485)	(30,551)	(48,532)	(1,599)	(17,021)	(3,573)	(527)	(106,288)
Net book value	**67,807**	**379,419**	**1,848,364**	**27,235**	**17,746**	**1,328**	**97,694**	**2,439,593**

The most significant additionswere the following projects: Installation of tandem turbo compressors ("ITT"), Reverse flow gas pipelineVojany - Uzgorod, Reduction of emissions at the compressor station 3 (DLE) and Cross-border pipeline interconnection between Hungary and the Slovak Republic.

The acquisition cost of fully depreciated non-current assets (including non-current intangible assets) that were still in use asat 31 December 2014 amounted to EUR 13,511 thousand (31 December 2013: EUR 12,483 thousand).

There were no non-current assets that were in use, but not yet registered in the Land Registry as at 31 December 2014 (31 December 2013: EUR 442 thousand).

Type and amount of insurance for property, plant and equipment and intangible assets (in EUR thousand):

Insured object	Type of insurance	Acquisition cost of insured assets		Name and seat of the insurance company
		2014	2013	
Buildings, halls, structures, machinery, equipment, fixture & fittings, low-value TFA, other TFA, Works of art, inventories	Insurance of assets	1,033,047	995,018	Allianz-Slovenskápoisťovňa, a.s. Kooperativa, a.s Generalipoisťovňa, a.s.
Motor vehicles	MTPL, motor vehicle insurance against damage, destruction and theft	9,309	8,570	Kooperativa, a.s.

8. INTANGIBLE ASSETS

Year ended 31 December 2014	Software	Other non-current intangible assets	Assets under construction	Total
Opening net book value	7,367	113	227	7,707
Additions	-	-	967	967
Put in use	940	1	(941)	-
Reclassifications	-	-	-	-
Disposals	-	(93)	-	(93)
Amortization charge	(2,218)	(19)	-	(2,237)
Change in provisions	-	-	(163)	(163)
Closing net book value	**6,089**	**2**	**90**	**6,181**
As at 31 December 2014				
Acquisition cost	13,595	128	253	13,976
Provisions and accumulated depreciation	(7,506)	(126)	(163)	(7,795)
Net book value	**6,089**	**2**	**90**	**6,181**

Year ended 31 December 2013	Software	Other non-current intangible assets	Assets under construction	Total
As at 1 December 2013				
Acquisition cost	10,979	478	1,653	13,110
Provisions and accumulated depreciation	(3,349)	(331)	-	(3,680)
Net book value	**7,630**	**147**	**1,653**	**9,430**
Opening net book value	7,630	147	1,653	9,430
Additions	-	-	1,074	1,074
Put in use	2,407	93	(2,500)	-
Reclassifications	-	-	-	-
Disposals	-	(62)	-	(62)
Amortization charge	(2,670)	(65)	-	(2,735)
Change in provisions	-	-	-	-
Closing net book value	**7,367**	**113**	**227**	**7,707**
As at 31 December 2013				
Acquisition cost	13,290	465	227	13,982
Provisions and accumulated depreciation	(5,923)	(352)	-	(6,275)
Net book value	**7,367**	**113**	**227**	**7,707**

Reconciliation of Investments (cash effective) to additions to non-current assets:	31 December 2014	31 December 2013
Investments (cash effective)	**47,281**	**27,873**
Assets acquired but not paid for	9,640	15,478
Payments to assets acquired in prior periods	(17,945)	(2,325)
Additions to PP&E and intangibles	**38,976**	**41,026**

9. FINANCIAL INVESTMENTS

Non-current financial investments include:

	Loans issued	Shares	31 December 2014	31 December 2013
Acquisition cost	376,223	6,600	382,823	979,600
Impairment	-	-	-	-
Closing balance, net	**376,223**	**6,600**	**382,823**	**979,600**

The Company granted a loan to the parent company SPP Infrastructurein the amount of EUR 964,314 thousand in 2013. In 2014, the loan was partially offset with payable from declared dividend of EUR 625,000 thousand. The interest rate is fixed and equals to 4.245% and is payable together with the principal in 2020. The loan is not secured. Refer to Note 29.

The loan was further upstream loan to the indirect shareholders of the Company. As the loan was provided to the shareholders of the parent company, management believes that the risk of impairment of the loan is remote.

Shares represent equity interests in the following company:

Name	Country of registration	Equity interest in %	Core activity
Other equity interests			
Central European Gas HUB AG (further „CEGH“)	Austria	15	Intermediation of natural gas trading

10. INVENTORIES

	31 December 2014	31 December 2013
Natural gas used for balancing	25,074	12,328
Material and other inventories	11,853	11,932
Provision	(5,442)	(4,020)
Total	**31,485**	**20,240**

The balance of natural gas represents natural gas accumulated in the pipelines used for balancing the transmission systemand for operational needs.

As at 31 December 2014 and 31 December 2013, provision for obsolete or damaged raw materials in stock was created.

11. RECEIVABLES AND PREPAYMENTS

	31 December 2014	31 December 2013
Receivables from transmission activities	44,670	36,042
Receivables from financial derivatives	14,293	698
Prepayments	9	25
Other receivables	350,295	97,607
Other taxes	508	1,986
Total	**409,775**	**136,358**

As at 31 December 2014, the Company recorded due and overdue receivables in the amount of EUR 409,667 thousand and EUR 283 thousand, respectively, excluding an impairment provision. As at 31 December 2013, the

Company recorded receivables due and overdue in the amount of EUR 136,253 thousand and EUR 293 thousand, respectively, excluding an impairment provision.

Receivables and prepayments are disclosed net of provisions for bad and doubtful receivables in the amount of EUR 175 thousand (31 December 2013: EUR 188 thousand).

Receivables and prepayments as at 31 December 2014 include receivables from SPP in the amount of EUR 949 thousand (31 December 2013: EUR 94,686 thousand).

Receivables from transmission activities are against reputable international shippers. As to the date of preparation of these financial statements, these receivables were settled.

Other receivables represent mainly cash pooling receivables against SPP Infrastructure of EUR 344,330 thousand. Terms of cash pooling receivables are comparable with terms of common bank deposits.

SPP Infrastructure is the parent company of SPP - distribúcia, a.s., eustream, a.s., NAFTA a.s. and others (see note 1.4). Taking a careful consideration of historical and future financial performance of respective subsidiaries of SPP Infrastructure, management believes that receivables and other receivables against SPP Infrastructure are fully recoverable.

Receivables securities

To secure the Company's receivable, several bank guarantees were issued in the total amount of EUR 51,296 thousand (31 December 2013: EUR 4,494 thousand).

Movements in provision for receivables were as follows:

	31 December 2014	31 December 2013
Opening balance	(188)	(173)
Creation	(5)	(15)
Use	1	-
Reversal	17	-
Closing balance	**(175)**	**(188)**

12. DEFERRED INCOME

Deferred revenue represent grants allocated by the European Commission related to the reverse flow projects of the Compressor station 4 and Plavecký Peter gas pipelines, the cross-border interconnection between Hungary and Slovakia, and a project related to emission reduction (DLE) atcompressor stations 3 and 4.

Changes in deferred revenue recognised in the balance sheet for the year ended 31 December 2014 are as follows:

	31 December 2014	31 December 2013
Opening balance	4,795	3,784
Grants allocated during the period	88	1,827
Derecognition	-	(784)
Reversal	(47)	(32)
Closing balance	**4,836**	**4,795**

	Current portion (included in other current liabilities)	Non-current portion	Total
As at 31 December 2014	163	4,673	4,836
As at 31 December 2013	8	4,787	4,795

13. RETIREMENT AND OTHER LONG-TERM EMPLOYEE BENEFITS

The long-term employee benefits program of the Company was launched in 2006. This is a defined benefit program, under which the employees are entitled to a lump-sum payment upon reaching retirement age or disability retirement and, subject to vesting conditions, life and work jubilee payments. Under the applicable collective agreement, employees are entitled to the retirement benefits based on the number of years worked in selected gas companies. The retirement benefits range from one month to six months of the employee's average salary (max average monthly salary of EUR 1,330). As at 31 December 2014 and 31 December 2013, the obligation relating to retirement and other long-term employee benefits was calculated on the basis of valid collective agreements in the given years.

As at 31 December 2014, there were 749 (31 December 2013: 836) employees covered by this program. The program is an un-funded program, with no separately allocated assets to cover the program's liabilities.

Movements in the net liability recognized in the balance sheet for the year ended 31 December 2014 are as follows:

	Long-term benefits	Post-employment benefits	Total at 31 December 2014	Totalat 31 December 2013
Net liabilities at 1 January	338	2,625	2,963	2,373
Net expense/ (revenue) recognised	143	217	360	607
Contribution	-	-	-	54
Benefits paid	(33)	(10)	(43)	(71)
Net liabilities	**448**	**2,832**	**3,280**	**2,963**

	Current liabilities (included in other current liabilities)	Non-current liabilities	Total
As at 31 December 2014	83	3,197	3,280
As at 31 December 2013	119	2,844	2,963

Key assumption used in actuarial valuation:

	At 31 December 2014	At 31 December 2013
Market yield on government bonds	1.836 %	3.154 %
Future real rate of salary increase, p. a.	2.00 %	2.00 %
Employee turnover, p. a.	1.44 %	1.44 %
Retirement age (male and female)	62 for male and 60 for female	62 for male and 60 for female

14. PROVISIONS

Movements in provisions are summarised as follows:

	Environmental provision	Other provisions	Total at 31 December 2014	Total at 31 December 2013
Balance at 1 January	7,902	93	7,995	62
Contribution of part of the business	-	-	-	8,344
Effect of discounting	(74)	-	(74)	(441)
Creation of provision	-	-	-	93
Use of provision	-	(93)	(93)	(63)
Reversal of provision	-	-	-	-
Closing balance	**7,828**	**-**	**7,828**	**7,995**

Provisions are included in liabilities as follows:

	Current provisions (included in other current liabilities)	Non-current provisions	Total provisions
As at 31 December 2014	-	7,828	7,828
As at 31 December 2013	93	7,902	7,995

Environmental provision

In 2011, a project for the identification of environmental loads on all compressor stations (“CS”) operated by the Company took place. Oil and condensate from gas transportation pollution was confirmed on all compressor stations. A partial decontamination in areas apart from gas facilities in operation took place on three of them (CS01, CS02, CS03). The pollution detected at all compressor stations concerns the soil underneath the 6MW turbo machinery halls. The Company recognised the provision for decontamination works based on current existing technologies and prices adjusted for expected inflation factor at amortised costs. Discount rate taken into consideration reflected the current market assessments of the time value of money and the risk specific factors (rate of approximately 2.08% was used). The provision was recognised as part of the contribution of part of the business in the amount of EUR 8,344 thousand (refer also to Note 1.6).

Other provisions, as at 31 December 2013,represented a liability resulting from exceeding the allocated CO2 production limit for 2013, andwassettled in April 2014.

15. LOANS RECEIVED AND BONDS ISSUED

In 2013, the Company issued private unsecured bonds through which it received funds in the amount of EUR 746,555 thousand.

The bonds were issued in EUR currency, in two tranches, with a fixed interest rate of 4.12% p.a. (coupon). The Bonds have a fixed final maturity date, as lump-sum at the final maturity date on 15 July 2020.

The effective interest rate of the first tranche (EUR 494,134 thousand) is 4.12% p.a. and of the second tranche (EUR 248,006 thousand) is 3.819% p.a. The whole volume of issued bonds was purchased by an entity under common control - SPP Infrastructure Financing B.V. with registered seat in the Netherlands.

On the 28th of February, 2014, the Company received a long-term investment loan from the EIB in the amount of EUR 75,000 thousand. The loan is duein 2021. The loan bears a variable interest rate based on 3M EURIBOR with update in every three months. As at 31 December 2014, interest rate was 0.748 % p.a. and effective interest rate was 0.774 % p.a.

	31 December 2014 secured	31 December 2014 unsecured	31 December 2014 total	31 December 2013 secured	31 December 2013 unsecured	31 December 2013 total
Loans	-	75,012	75,012	-	22	22
Bonds issued	-	756,822	756,822	-	754,938	754,938
Total	**-**	**831,834**	**831,834**	**-**	**754,960**	**754,960**
Bonds issued and loans received based on currency:						
EUR						
- variable interest rate	-	75,012	75,012	-	22	22
– fixed interest rate	-	756,822	756,822	-	754,938	754,938
Total	**-**	**831,834**	**831,834**	**-**	**754,960**	**754,960**
Bonds issued and loans received maturity:						
Up to 1 year	-	14,258	14,258	-	8,567	8,567
More than 5 years	-	817,576	817,576	-	746,393	746,393
Total	**-**	**831,834**	**831,834**	**-**	**754,960**	**754,960**

	Carrying amount		Fair value (note 5 (d) (3))	
	31 December 2014	**31 December 2013**	**31 December 2014**	**31 December 2013**
Loans	75,012	22	75,012	22
Bonds issued	756,822	754,938	801,030	769,095
Total	**831,834**	**754,960**	**876,042**	**769,117**

16. TRADE AND OTHER PAYABLES

	At 31 December 2014	At 31 December 2013
Trade payables	16,218	25,752
Other liabilities	15,252	8,278
Liabilities from transmission activities	8,501	2,807
Liabilities from financial derivatives	30	517
Total financial liabilities	***40,001***	***37,354***
Liabilities to employees	5,011	4,988
Liabilities from social insurance and other taxes	2,844	2,576
Total non - financial liabilities	***7,855***	***7,564***
Total	**47,856**	**44,918**

As at 31 December 2014, the Company recorded due liabilities of EUR 47,805 thousand and overdue liabilities of EUR 51 thousand. As at 31 December 2013, the Company recorded due liabilities of EUR 32,729 thousandand overdue liabilities of EUR 12,189 thousand.

Social fund liabilities

	2014	2013
Opening balance at 1 January 2014	296	258
Total creation:	303	323
from expenses	*303*	*313*
contribution	-	*10*
Total usage:	(436)	(285)
monetary rewards and gifts	*(19)*	*(25)*
life jubilee benefits	-	*(23)*
work jubilee benefits	*(32)*	*(30)*
catering allowance	*(85)*	*(95)*
other drawing as per CA	*(300)*	*(112)*
Closing balance at 31 December 2014	**163**	**296**

Liabilities secured by pledge or other form of collateral

As at 31 December 2014, the Company has established a bank guarantee in Tatrabanka totalling EUR 700 thousand for liabilities to the Customs Office (31 December 2013: EUR 700 thousand).

For the payables to CEGH arising from the Membership Contract, collateral in the amount of EUR 140 thousand was established at Všeobecnáúverovábanka until 31 December 2013.

17. REGISTERED CAPITAL

The registered capital consists of 10 ordinary certificate-form shares at the face value of EUR 3,319.39 per share, 1 ordinary certificate-form share at the face value of EUR 82,895,533.19 and 1 ordinary certificate-form share at the face value of EUR 200,000,000.00. From 13 June 2014, SPP Infrastructure is 100% owner of those shares (until 12 June 2014: SPP). The registered capital was incorporated in the Commercial Register in the full amount. Shares have the same rights and each share represents identical voting rights.

18. LEGAL RESERVE FUND AND RETAINED EARNINGS

Since 1 January 2008, the Company is required to prepare financial statements in accordance with IFRS as adopted by the EU. Distributable profit represents amounts based on these financial statements.

Legal reserve fund

The legal reserve fund in the amount of EUR 56,586 thousand (31 December 2013: EUR 56,586 thousand) is created in accordance with Slovak legislation and is not distributable to shareholders. The reserve is created from retained earnings to cover possible future losses or increase of the registered capital. Contribution of at least 10% of the current year's profit is required to be made until the reserve is equal to at least 20% of the registered capital. The legal reserve fund in the Company has already reached 20% of the registered capital. The legal reserve fund in the amount of EUR 40,000 thousand was created as part of the business combination (see also Note 1.6).

Distribution	**Profit distribution for 2013**	**Profit distribution for 2012**
Contribution to legal reserve fund	-	-
Settlement of loss carried forward	-	-
Dividends	319,362	265,939
Total profit to be distributed	**319,362**	**265,939**

Hedging reserves

A hedging reserve represents a cumulative accrued portion of gains and losses arising from a change in the fair value of hedging instruments concluded for cash flow hedging.

	Year ended 31 December 2014	Year ended 31 December 2013
Opening balance	**136**	**2,081**
Gain/(loss) on cash-flow hedging		
Currency forward contracts	-	-
Commodity forward contracts	-	-
Commodity swap contracts	23,377	(1,129)
Interest swap contracts	-	-
Deferred Income tax applicable to gains/losses recognised through equity	(3,100)	584
Transfer to profit/loss		
Currency forward contracts	-	-
Commodity forward contracts	-	-
Commodity swap contracts	(9,287)	(1,400)
Interest swap contracts	-	-
Deferred Income tax applicable to gains/losses recognised through equity	-	-
Transfer to initial carrying amount of the hedged item		
Currency forward contracts	-	-
Commodity forward contracts	-	-
Commodity swap contracts	-	-
Interest swap contracts	-	-
Deferred Income tax applicable to amounts transferred to the initial carrying amount of the hedged item	-	-
Closing balance	**11,126**	**136**

A hedging reserve represents the cumulative effective portion of gains or losses arising from changes in fair value of hedging instruments entered into for cash flow hedges.

A cumulative gain or loss arising from a change in the fair value of hedging derivatives that are recognised and accrued in the reserve fund of cash flow hedging is reclassified in the income statement provided that the hedging transaction has an effect on the income statement or is included as an adjustment of the base in the hedged non-financial item in accordance with the applicable accounting procedures.

Gains/ (losses) arising from a change in the fair value of the hedging instruments transferred during the current period from equity to income statement are disclosed in the following lines of the income statement:

	Year ended 31 December 2014	Year ended 31 December 2013
Revenues from sale of services	-	-
Natural gas transmission	9,287	1,400
Purchases of natural gas, consumables and services	-	-
Other costs, net	-	-
Financial expenses	2	62
Income tax charged to expenses	-	-
Total	**9,289**	**1,462**

19. REVENUES FROM SALES OF SERVICES

	Year ended 31 December 2014	Year ended 31 December 2013
Natural gas transmission	620,040	695,167
Other	9,975	1,814
Total	**630,015**	**696,981**

In 2014, the Company fully executed along-term contract for natural gas transmission through the Slovak Republic with asignificant Russian natural gas exporter. These contracts enable the use of gas pipelines in line with the transmission capacity required by this exporter to execute long-term export contracts signed with customers in Central and Western Europe.

The Company provides access to the transmission network and transmission services on the basis of ship-or-pay contracts. The major user of the network (shipper) is a significant Russian natural gas exporter, followed by other customers, usually leading European gas companies transmitting gas from Russian and Asian reservoirs to Europe. The major part of the transmission capacity is ordered on the basis of long-term contracts, which comprise more than 71% of the Company's revenues from natural gas transmission. In addition eustream, within the entry-exit transmission system, also concludes short-term transmission contracts and provides supplementary gas transmission services.

The Company is paid transmission fees directly to its accounts by arelevant shipper or a recipient of supplementary services. Tariffs for transmission services have been fully regulated since 2005. The regulator annually issues pricing decisions on the basis of a proposal submitted by the Company.

On the basis of the regulated business and pricing terms, shippers also provide the Company with a portion of the tariffs in kind as gas for operating purposes, covering gas consumption during the operation of the transmission network. In accordance with the regulated trade and price conditions, the shippers are allowed to provide this part of tariff in the financial form as well.

The revenues from the transmission of natural gas and the provision of supplementary servicesare originated in the Slovak Republic.

The decrease in revenues from gas transmission is mainly due to the expiration of one long-term contract and also lower sales of excess natural gas used for balancing.

20. STAFF COSTS

	Year ended 31 December 2014	Year ended 31 December 2013
Wages, salaries and bonuses	23,699	25,405
Pension security costs	3,557	3,606
Social security costs	5,386	5,461
Other social security costs and severance pay	3,026	6,901
Total	**35,668**	**41,373**

The Company is required to make social and pension security contributions, amounting to 35.2% of salary bases as determined by law, up to a maximum amount ranging approx. EUR 4,025, except of accident insurance, where salary base is not limited. The employees contribute an additional 13.4% of the relevant salary base up to the above limits.

21. COSTS OF AUDIT SERVICE

	Year ended 31 December 2014	Year ended 31 December 2013
Audit of the financial statements	23	23
Other assurance services	70	14
Related audit services	-	-
Other non-audit services provided by the auditor	5	5
Total	**98**	**42**

22. FINANCIAL INCOME

	Year ended 31 December 2014	Year ended 31 December 2013
Interest income	29,271	9,842
FX differences - profit (see Note 24)	348	-
Dividends	713	420
Other financial income, net	370	193
Total	**30,702**	**10,455**

The increase in interest income is due to loans granted to SPP Infrastructure (see Note 9).

23. FINANCIAL EXPENSE

	Year ended 31 December 2014	Year ended 31 December 2013
Interest expense	30,526	7,943
FX differences – loss (see Note 24)	-	114
Other financial expense	40	33
Total	**30,566**	**8,090**

24. FOREIGN EXCHANGE RATE DIFFERENCES

	Year ended 31 December 2014	Year ended 31 December 2013
Foreign exchange rate gains (losses) arising from:		
– operating activities	136	(33)
– financing activities (see Note 22 and 23)	348	(114)
Total	**484**	**(147)**

25. TAXATION

25.1. Income tax

Income tax comprises of the following:

	Year ended 31 December 2014	Year ended 31 December 2013
Current income tax	103,057	97,698
Special levy	18,524	16,781
Deferred tax (see Note 25.2)	(8,729)	(27,698)
– current year	*(8,729)*	*(7,439)*
– adjustment of deferred tax due to the change in the tax rate	-	*(20,259)*
Total	**112,852**	**86,781**

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

	Year ended 31 December 2014	Year ended 31 December 2013
Profit before taxation	446,856	406,143
Income tax at 22% (2013: 23 %) and special levy on business in regulated industries	116,832	110,194
Effect of adjustments from permanent differences between accounting and tax value of assets and liabilities	(50)	700
Other adjustments	145	6
Tax impact due to the change in the tax rate in 2013 from 23 % to 22%	-	(20,259)
Effect of special levy as a tax deductible item	(4,075)	(3,860)
Total	**112,852**	**86,781**

Adjustments primarily include non-tax deductible expenses.

The effective tax rate differs from the statutory tax rate of 22% in 2014 mainly due to the special levy.

For the deferred tax calculation the Company applied income tax rate of 22% that is valid in Slovakia from 1 January 2014.

In line with Act No. 235/2012 Coll. on a Special Levy on Business in Regulated Industries and on the Amendment to and Supplementation of Certain Acts, the Company is obliged to pay a monthly special levy from September 2012. The levy rate is 0.00363 per month based on the profit before tax and is presented as a part of the current income tax pursuant to the IFRS requirements. The taxation years from 2009 to 2014 are still open for inspection by the tax authorities.

The Company is of the opinion that part of tax liabilities disclosed in the financial statements as of 31 December 2013 (explicitly tax liability, which arose as a result of the contribution of part of business as of 28 February 2013) is uncertain. Following a prudence principle, the Company accounted for the concerned liability. However, this shall not be read as waiving of rights and claims relating to the liability, nor shall be explained as agreement with the applicability of Act no. 235/2012 on special levy for the transaction of contribution of part of business.

25.2. Deferred Tax

The following are the major deferred tax liabilities and assets recognised by the Company and movements therein, during the current and prior reporting periods:

	At 1 January 2014	Charge to equity for the period	(Debit)/credit to profit for the period	At 31 December2014
Difference in net book value of non-current assets	(449,623)	-	8,314	(441,309)
Change in fair value of derivatives	(38)	(3,100)	-	(3,138)
Employee benefits and other provisions	2,730	-	75	2,805
Provisions for assets	344	-	12	356
Provisions for inventories	884	-	313	1,197
Other	9	-	15	24
Total	**(445,694)**	**(3,100)**	**8,729**	**(440,065)**

Deferred tax liability from the temporary difference in net book value of non-current assets and deferred tax asset from employee benefits and other provisions charged to equity is related to the contribution of part of the business (see also Note 1.6).

	At 1 January 2013	Charge to equity for the period	(Debit)/credit to profit for the period	At 31 December2013
Difference in net book value of non-current assets	(4,579)	(472,484)	27,440	(449,623)
Change in fair value of derivatives	(622)	584	-	(38)
Employee benefits and other provisions	1,536	1,940	(746)	2,730
Provision for assets	-	-	344	344
Provisions for inventories	232	-	652	884
Other	1	-	8	9
Total	**(3,432)**	**(469,960)**	**27,698**	**(445,694)**

In accordance with the Company's accounting policy, certain deferred tax assets and liabilities were mutually offset. The following table shows the balances (after offsetting) of deferred tax for the purposes of recognition in the balance sheet:

	At 31 December 2014	At 31 December 2013
Deferred tax liability	440,065	445,694
Total	**440,065**	**445,694**

Non-current and current part of deferred tax liability:

	At 31 December 2014	At 31 December 2013
Deferred tax asset expected to be utilized within 12 months	1,934	1,694
Deferred tax asset expected to be utilized after 12 months	2,449	2,274
Deferred tax liability expected to be utilized within 12 months	(11,261)	(9,593)
Deferred tax liability expected to be utilized after 12 months	(433,187)	(440,069)
Deferred tax liability, net	**(440,065)**	**(445,694)**

26. TAX EFFECTS IN THE STATEMENT OF OTHER COMPREHENSIVE INCOME

Disclosure of tax effects relating to each component of other comprehensive income:

At 31 December 2014	**Before tax**	**Tax**	**After tax**
Cash flow hedging	14,090	(3,100)	10,990
Other comprehensive income for the period	**14,090**	**(3,100)**	**10,990**

At 31 December 2013	**Before tax**	**Tax**	**After tax**
Cash flow hedging	(2,529)	584	(1,945)
Other comprehensive income for the period	**(2,529)**	**584**	**(1,945)**

27. CASH FLOWS FROM OPERATING ACTIVITIES

	Year ended 31 December 2014	Year ended 31 December 2013
Profit before tax	446,856	406,143
Adjustments:		
Depreciation and amortisation	97,861	89,870
Interests, net	1,255	(1,899)
Financial investments income	(713)	(420)
FX differences	(353)	13
Derivatives	(625)	(1,448)
Provisions, allowances and other non-cash items	(16,923)	3,232
(Gain)/loss from sale of non-current assets	(46)	11
Loss from impairment of assets	58	1,561
(Increase)/decrease in receivables and prepayments	(257,011)	159,555
(Increase)/decrease in inventories	5,557	2,285
Increase/(decrease) in trade and other liabilities	23,116	(14,666)
Cash flows from operating activities	**299,032**	**644,237**

28. COMMITMENTS AND CONTINGENCIES

Capital Expenditure Commitments

As at 31 December 2014, capital expenditures of EUR 10,449 thousand (as at 31 December 2013: EUR 65,633 thousand) had been committed under contractual arrangements for the acquisition of non-current assets, but were not recognised in the financial statements.

Guarantee issued

The Company is a guarantor for bonds issued by the entity under common control - SPP Infrastructure Financing B.V. in the amount of EUR 762,868 thousand as at 31 December 2014 (as at 31 December 2013: EUR 762,868 thousand). The Company has committed to guarantee repayment of the bonds by SPP Infrastructure Financing B.V. and as such is exposed to all the risks thereof resulting.

Operating Lease Arrangements

The Company operated the international natural gas transmission network under the Contract for Operating Lease with the owner — SPP,until 28 February 2013. As a result of the business contribution of part of the business (see also Note 1.6), the contract was terminated. The lease payments for the year ended 31 December 2013 amounted to EUR 52,708 thousand.

The Company leases vehicles under an operating lease agreement. The contracted period is four years and the Company has no pre-emptive right to purchase the assets at the end of the lease term. The lease payments for the year ended 31 December 2014 were EUR 1,213 thousand (31 December 2013: EUR 1,905 thousand).

Non-cancellable operating lease payables amount to:

Period	**2014**	**2013**
Up to 1 year	1,360	1,111
1 to 5 years	3,512	-
More than 5 years	-	-
Total	**4,872**	**1,111**

Taxation

The Company has significant transactions with shareholders and other related parties. The tax environment in which the Company operates in the Slovak Republic is dependent on the prevailing tax legislation and practice. As the tax authorities are reluctant to provide official interpretations in respect of the tax legislation, there is an inherent risk that the tax authorities may require, for example, transfer pricing or other adjustments of the corporate income tax base. The tax authorities in the Slovak Republic have broad powers of interpretation of tax laws which could result in unexpected results from tax inspections. The amount of any potential tax liabilities related to these risks cannot be estimated.

29. RELATED PARTY TRANSACTIONS

In the current year, the Company entered into the following transactions with related parties:

	Year ended 31 December 2014			As at 31 December 2014		
	Revenues	**Expenses**	**Dividends**	**Other**	**Receivables**	**Liabilities**
SPPInfrastructure	28,697	1	625,000	-	720,930	1
Related parties under control of EPH	851	32,318	-	4,971	203	757,378
Related parties under influence of the Government of the Slovak Republic	45,953	421	-	7,880	259	10,377
Other related parties	713	61	-	-	50	4

	Year ended 31 December 2013			As at 31 December 2013		
	Revenues	**Expenses**	**Dividends**	**Other**	**Receivables**	**Liabilities**
SPP	39,737	53,501	265,939	6,751	94,686	10,240
Related parties under control of EPH	51,158	8,823	-	6,965	973,220	755,782
Related parties under influence of the Government of the Slovak Republic	253	2,891	-	40	63	130
Other related parties	420	125	-	-	52	6

The Company's management considers the transactions with related parties to be transactions made on an arm's length basis.

Transactions with the SPP Infrastructure represent the payment of dividends, loans granted (see also Note 9), and transactions related to cash-pooling (see Note 11). Transactions with related parties under the control of EPH in 2014 are mainly issued bonds (see also Note 15) and purchase of electricity and tangible assets in total amount of EUR 4,573 thousand.
Transactions with related parties under the influence of the Slovak Government in 2014 are mainly services related to transmission and purchase of natural gas.

In 2013, SPP made the contribution of a part of the business in the amount of EUR 2,429,205 thousand (see Note 1.6) to the Company. In 2013 and 2014, the Company provided a financial guarantee to SPP Infrastructure Financing B.V. (see Note 28).

The Government of the Slovak Republic has a significant influence over the financial and operating decisions of the Company through its ownership of 51% of the shares of SPP Infrastructure by the Ministry of Economy of the Slovak Republic ("MH SR") (MH SR does not have managerial control). Therefore, the Government of the Slovak Republic and the companies controlled or jointly controlled by the Government of the Slovak Republic are classified as related parties of the Group ("Government related entities").

Except for the transactions disclosed above and except for taxes, the Company had no individually significant transactions with the Government related entities in years 2014 and 2013.The Company applied exemption from disclosing insignificant transactions with the Government related entities according to IAS 24, par. 25.

The compensation was paid to the members of the Company's bodies and key management was as follows:

	Year ended 31 December 2014	**Year ended 31 December 2013**
Total compensation of the actual and former members of board of directors, supervisory board and key management –	835	598
of which – Board of Directors and executive management	*271*	*231*
– Supervisory Board	*276*	*127*
– Supervisory Committee	*103*	*85*
– former members of the Board of Directors and executive management	*165*	*151*
– former members of the Supervisory Board	*20*	*5*
Post-employment benefits to the members of the Board of Directors, Supervisory Board, executive management and former members of the bodies – total	-	-
Other long-term benefits to the members of the Board of Directors, Supervisory Board, executive management and former members of the bodies – total	193	170
of which – Board of Directors and executive management	*-*	*170*
– former members of the Board of Directors and executive management	*193*	*-*
Benefits in kind to the members of the Board of Directors, Supervisory Board, executive management and former members of the bodies - total	18	15
of which – Board of Directors and executive management	*17*	*15*
– Supervisory Board	*1*	*-*
Other remuneration (including loans, guarantees or other securitization) to the members of the Board of Directors, Supervisory Board, executive management and former members of the bodies – total	-	-
Total amount of used financial or other remunerations for personal use by the Members of statutory body, supervisory body or other body of the accounting unit, which are accounted for together	14	14
of which – Board of Directors and executive management	*9*	*11*
– former members of the Board of Directors and executive management	*5*	*3*

30. MEMBERS OF THE COMPANY'S BODIES

Body	Position	Name
Board of Directors	Chairman	Ing. Tomáš Mareček
	Vice-Chairman	Ing. Robert Hančák
	Member	Vladimír Mlynář - until 23 September 2014
	Member	Ing. Miroslav Bodnár - from 13 June 2014
	Member	Mgr. Kamil Peteraj - from 26 August 2014
	Member	Ing. Ján Mašinda – from 28 November 2014
Supervisory Board	Chairman	Ing. Peter Trgiňa, MBA
	Vice-Chairman	JUDr. Daniel Křetínský – from 24 September 2014
	Vice-Chairman	Ing. Miroslav Bodnár – until 22 May 2014
	Member	Mgr. Marek Spurný - from 23 May 2014 until 18 June 2014
	Member	JUDr. Daniel Křetínský – from 19 June 2014 until 23 September 2014
	Member	RNDr. Otto Halás, PhD
	Member	Ing. Viera Peťková, PhD.
	Member	Bc. Andrej Lendvay
	Member	Viktor Mihalik
Supervisory Committee	Chairman	JUDr. Daniel Křetinský – from 29 July 2014 6pm
	Chairman	Mgr. Hana Krejčí, PhD - until 29 July 2014 6pm
	Vice-Chairman	Ing. Ružena Lovasová
	Member	JUDr. Daniel Křetinský – from 19 June 2014 until 29 July 2014 6pm
	Member	Mgr. Marek Spurný – from 23 May 2014 until 18 June 2014
	Member	Ing. Miroslav Bodnár – until 22 May 2014
	Member	Ing. Roman Karlubík, MBA
	Member	Mgr. Jan Stříteský
	Member	Mgr. Hana Krejčí, PhD. – from 29 July 2014 6pm
Executive management	CEO	Ing. Miloš Pavlík – until 30 June 2014
	CEO	Ing. Rastislav Ňukovič - from 1 July 2014

31. POST-BALANCE SHEET EVENTS

No events occurred subsequent to 31 December 2014, which would have a material impact on the financial statements of the Company at 31 December 2014.

In February 2015, an entity under common control SPP Infrastructure Financing, B.V. issued bonds in the amount of EUR 500 million. eustream guarantees for the obligation resulting from these bonds.

In February 2015, the Company issued private unsecured bonds and received funds in the amount of EUR 492,660 thousand. The bonds were issued in EUR currency with a fixed interest rate of 2.90% p.a. (coupon). The maturity date of bonds issued is on 10 February 2025. The whole volume of bonds issued was purchased by the company under common control - SPP Infrastructure Financing, B.V.

Prepared on: **17 March 2015**	**Signature of a member of the statutory body of the reporting entity**

Ing. Tomáš Mareček
Chairman of the Board of Directors

Ing. Miroslav Bodnár
Member of the Board of Directors

Approved on: 14 May 2015

Proposal
of profit distribution
for the year 2014

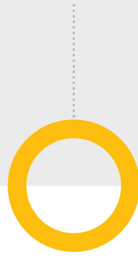
The proposal of profit distribution for the year 2014 is prepared in line with the Articles of Association of eustream, a.s. Article XXIII - DISTRIBUTION OF PROFIT, Article XXII – CREATION AND USE OF RESERVE FUND, and in line with the provisions of the Commercial Code No. 513/1991 Coll., as amended.

The proposal of the profit distribution for the year 2014 is based on the audited financial statements for the year 2014.

I.	**Profit after tax**	**334,003,685.16 €**
II.	**Allocation to the statutory reserve fund** in accordance with the Article XXII of the Articles of Association the reserve fund exceeds 20% of registered capital	**0.00 €**
III.	**The amount of net profit determined as dividends**	**334,003,685.16 €**
IV.	**The amount of retained earnings determined as dividends**	**1,065,996,314.84 €**
V.	**The amount total determined as dividends**	**1,400,000,000.00 €**
VI.	**Tantiems to the members of the bodies**	**0.00 €**

Note:

Dividends are to be settled by 100 days as the latest from the approval by the General Meeting of shareholders.



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