IMPORTANT NOTICE

THIS OFFERING IS AVAILABLE ONLY TO INVESTORS WHO ARE NON-U.S. PERSONS (AS DEFINED BELOW) LOCATED OUTSIDE OF THE UNITED STATES.

IMPORTANT: You must read the following before continuing. The following applies to the preliminary prospectus following this page (the "**Preliminary Prospectus**") and you are therefore advised to read this page carefully before reading, accessing or making any other use of the Preliminary Prospectus. In accessing the Preliminary Prospectus, you agree to be bound by the following terms and conditions, including any modifications to them any time you receive any information from the Issuer (as defined in the Preliminary Prospectus), the Guarantor (as defined in the Preliminary Prospectus) or any of Citigroup Global Markets Limited, ING Bank N.V., London Branch, Société Générale and UniCredit Bank AG (together, the "**Joint Lead Managers**") as a result of such access.

NOTHING IN THIS ELECTRONIC TRANSMISSION CONSTITUTES AN OFFER OF SECURITIES FOR SALE IN THE UNITED STATES OR ANY OTHER JURISDICTION WHERE IT IS UNLAWFUL TO DO SO. THE NOTES (AS DEFINED IN THE PRELIMINARY PROSPECTUS) HAVE NOT BEEN, AND WILL NOT BE, REGISTERED UNDER THE UNITED STATES SECURITIES ACT OF 1933, AS AMENDED (THE "**SECURITIES ACT**"), OR THE SECURITIES LAWS OF ANY STATE OF THE UNITED STATES OR OTHER JURISDICTION, AND THE NOTES MAY NOT BE OFFERED OR SOLD, DIRECTLY OR INDIRECTLY, WITHIN THE UNITED STATES OR TO, OR FOR THE ACCOUNT OR BENEFIT OF, U.S. PERSONS (AS DEFINED IN REGULATION S UNDER THE SECURITIES ACT ("**REGULATION S**")) EXCEPT PURSUANT TO AN EXEMPTION FROM, OR IN A TRANSACTION NOT SUBJECT TO, THE REGISTRATION REQUIREMENTS OF THE SECURITIES ACT AND APPLICABLE STATE OR LOCAL SECURITIES LAWS. THE NOTES ARE SUBJECT TO U.S. TAX LAW REQUIREMENTS.

THE ATTACHED PRELIMINARY PROSPECTUS MAY NOT BE FORWARDED OR DISTRIBUTED TO ANY OTHER PERSON AND MAY NOT BE REPRODUCED IN ANY MANNER WHATSOEVER AND, IN PARTICULAR, MAY NOT BE FORWARDED TO ANY U.S. PERSON OR U.S. ADDRESS. ANY FORWARDING, DISTRIBUTION OR REPRODUCTION OF THIS DOCUMENT IN WHOLE OR IN PART IS UNAUTHORISED. FAILURE TO COMPLY WITH THIS DIRECTIVE MAY RESULT IN A VIOLATION OF THE SECURITIES ACT OR THE APPLICABLE LAWS OF OTHER JURISDICTIONS. IF YOU HAVE GAINED ACCESS TO THIS TRANSMISSION CONTRARY TO ANY OF THE FOREGOING RESTRICTIONS, YOU ARE NOT AUTHORISED AND WILL NOT BE ABLE TO PURCHASE ANY OF THE NOTES DESCRIBED IN THE ATTACHED DOCUMENT.

Confirmation of your representation: In order to be eligible to view the attached Preliminary Prospectus or make an investment decision with respect to the securities being offered, prospective investors must be non-U.S. persons (as defined in Regulation S) located outside the United States. This Preliminary Prospectus is being sent to you at your request, and by accessing this Preliminary Prospectus you shall be deemed to have represented to the Issuer, the Guarantor and the Joint Lead Managers that (1)(a) you are not a U.S. person and (b) you are purchasing the securities being offered in an offshore transaction (within the meaning of Regulation S) and the electronic mail address that you gave us and to which this e-mail has been delivered is not located in the United States, its territories and possessions, any State of the United States or the District of Columbia and (2) you consent to delivery of such Preliminary Prospectus by electronic transmission.

You are reminded that this Preliminary Prospectus has been delivered to you on the basis that you are a person into whose possession this Preliminary Prospectus may be lawfully delivered in accordance with the laws of the jurisdiction in which you are located and you may not, nor are you authorised to, deliver this Preliminary Prospectus to any other person.

The materials relating to this offering do not constitute, and may not be used in connection with, an offer or solicitation in any place where offers or solicitations are not permitted by law. If a jurisdiction requires that the offering be made by a licensed broker or dealer, and the Joint Lead Managers or any affiliate of the Joint Lead Managers is a licensed broker or dealer in the relevant jurisdiction, the offering shall be deemed to be made by the Joint Lead Managers or such affiliate on behalf of the Issuer in such jurisdiction.

The attached Preliminary Prospectus may only be distributed to, and is directed solely at (a) persons who have professional experience in matters relating to investments falling within article 19(1) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005 (the "**Order**") or (b) high net worth entities falling within article 49(2)(a) to (d) of the Order, and other persons to whom it may be lawfully communicated, falling within article 49(1) of the Order (all such persons together being referred to as "**relevant persons**"). Any person who is not a relevant person should not act or rely on this document or any of its contents.

The attached Preliminary Prospectus has been sent to you in electronic form. You are reminded that documents transmitted via this medium may be altered or changed during the process of electronic transmission and consequently none of the Issuer, the Guarantor, the Joint Lead Managers, any person who controls them or any director, officer, employee or agent of them or affiliate of any such person accepts any liability or responsibility whatsoever in respect of any difference between the Preliminary Prospectus distributed to you in electronic format and any hard copy version.

PROSPECTUS DATED 9 FEBRUARY 2015

SPP Infrastructure Financing B.V.

(incorporated with limited liability under the laws of The Netherlands)

EUR 500,000,000

2.625 per cent. Guaranteed Notes due 2025

guaranteed by

eustream, a.s.

(incorporated with limited liability under the laws of the Slovak Republic)

Issue Price: 99.255 per cent.

This prospectus (the "**Prospectus**") has been approved by the Central Bank of Ireland (the "**Central Bank**"), as competent authority under Directive 2003/71/EC as amended by Directive 2010/73/EU (together, the "**Prospectus Directive**"). The Central Bank only approves this Prospectus as meeting the requirements imposed under Irish and EU law pursuant to the Prospectus Directive. Such approval relates only to the EUR 500,000,000 2.625 per cent. Guaranteed Notes due 2025 (the "**Notes**") of SPP Infrastructure Financing B.V. (the "**Issuer**") and guaranteed by eustream, a.s. (the "**Guarantor**" or "**Eustream**") which are to be admitted to trading on the regulated market of the Irish Stock Exchange plc (the "**Irish Stock Exchange**"). Application has been made to the Irish Stock Exchange for the Notes to be admitted to the Official List of the Irish Stock Exchange (the "**Official List**") and trading on its regulated market (the "**Market**").

Interest on the Notes is payable annually in arrear on 12 February in each year, commencing on 12 February 2016. Payments on the Notes will be made without deduction for or on account of taxes of The Netherlands to the extent described under "*Terms and Conditions of the Notes—Taxation*".

The Notes mature on 12 February 2025 but are subject to redemption in whole at their principal amount at the option of the Issuer at any time in the event of certain changes affecting taxation in The Netherlands. In addition, the holder of a Note may, by the exercise of the relevant option, require the Issuer to redeem such Note at its principal amount in the circumstances described in Condition 5(c) (*Redemption on Change of Control*) herein. The terms and conditions also contain provisions to allow for the substitution of the Issuer upon satisfaction of certain conditions in accordance with the terms of the trust deed (the "**Trust Deed**") between the Issuer, the Guarantor and Citibank, N.A., London Branch (the "**Trustee**"). See "*Terms and Conditions of the Notes—Redemption and Purchase*" and "*Terms and Conditions of the Notes—Substitution of the Issuer*" for further details.

The Notes will be offered and sold in offshore transactions outside the United States in reliance on Regulation S ("**Regulation S**") under the U.S. Securities Act of 1933, as amended (the "**Securities Act**").

NEITHER THE NOTES NOR THE GUARANTEE HAVE BEEN NOR WILL BE REGISTERED UNDER THE SECURITIES ACT, OR ANY STATE SECURITIES LAW, AND THE NOTES MAY NOT BE OFFERED OR SOLD WITHIN THE UNITED STATES OR TO, OR FOR THE ACCOUNT OR BENEFIT OF, ANY U.S. PERSON (AS SUCH TERMS ARE DEFINED IN REGULATION S), EXCEPT PURSUANT TO AN EXEMPTION FROM, OR IN A TRANSACTION NOT SUBJECT TO, THE REGISTRATION REQUIREMENTS OF THE SECURITIES ACT AND APPLICABLE STATE OR LOCAL SECURITIES LAWS. THE NOTES ARE SUBJECT TO U.S. TAX LAW REQUIREMENTS.

The Notes will be in bearer form and in the denomination of EUR 100,000 and integral multiples of EUR 1,000 in excess thereof. The Notes will initially be in the form of a temporary global note (the "**Temporary Global Note**"), which will be deposited on or around 12 February 2015 (the "**Closing Date**") with a common safekeeper for Euroclear Bank SA/NV ("**Euroclear**") and Clearstream Banking, *société anonyme*, Luxembourg ("**Clearstream, Luxembourg**" and, together with Euroclear, the "**ICSDs**"). The Temporary Global Note will be exchangeable, in whole or in part, for interests in a permanent global note (the "**Permanent Global Note**"), not earlier than 40 days after the Closing Date upon certification as to non-U.S. beneficial ownership. Interest payments in respect of the Notes cannot be collected without such certification of non-U.S. beneficial ownership. The Permanent Global Note will be exchangeable in certain limited circumstances in whole, but not in part, for Notes in definitive form in the denomination of EUR 100,000 and integral multiples of EUR 1,000 each and with interest coupons attached. See "*Summary of Provisions Relating to the Notes in Global Form*". The Notes are expected to be rated A- (stable outlook) and Baa1 (negative outlook) respectively by Fitch Ratings Limited ("**Fitch**") and Moody's Investors Service Limited ("**Moody's**"). Each of Fitch and Moody's is established in the European Economic Area and registered under Regulation (EU) No. 1060/2009, as amended (the "**CRA Regulation**") and appears on the latest update of the list of registered credit rating agencies on the European Securities and Markets Authority website http://www.esma.europe.eu.

A security rating is not a recommendation to buy, sell or hold securities and may be subject to suspension, reduction or withdrawal at any time by the assigning rating agency.

Investing in the Notes involves a high degree of risk. See "Risk Factors" beginning on page 4.

Joint Lead Managers

Citigroup **ING** **Société Générale Corporate & Investment Banking** **UniCredit Bank**

This Prospectus constitutes a prospectus for the purpose of Article 5 of Directive 2003/71/EC as amended by Directive 2010/73/EU and for the purpose of giving information with regard to the Issuer, the Guarantor and the Notes which, according to the particular nature of the Issuer, the Guarantor and the Notes, is necessary to enable investors to make an informed assessment of the assets and liabilities, financial position, profit and losses and prospects of the Issuer and the Guarantor and of the rights attaching to the Notes. The Issuer and the Guarantor, having taken all reasonable care to ensure that such is the case, accept responsibility for the information contained in this Prospectus. To the best of the knowledge of the Issuer and the Guarantor, the information contained in this Prospectus is in accordance with the facts and does not omit anything likely to affect the import of such information.

This Prospectus is to be read in conjunction with the financial statements beginning on page F-2 and the financial statements which are deemed to be incorporated herein by reference (see "*Incorporation by Reference*" below).

Neither Citigroup Global Markets Limited, ING Bank N.V., London Branch, Société Générale, nor UniCredit Bank AG (together, the "**Joint Lead Managers**") nor any of their directors, affiliates, advisers or agents has made an independent verification of the information contained in this Prospectus in connection with the issue or offering of the Notes and no representation or warranty, express or implied, is made by the Joint Lead Managers or any of their directors, affiliates, advisers or agents with respect to the accuracy or completeness of such information. Nothing contained in this Prospectus is, is to be construed as, or shall be relied upon as, a promise, warranty or representation, whether to the past or the future, by the Joint Lead Managers or any of their respective directors, affiliates, advisers or agents in any respect. The contents of this Prospectus are not, are not to be construed as, and should not be relied on as, legal, business or tax advice and each prospective investor should consult its own legal and other advisers for any such advice relevant to it.

No person is authorised to give any information or make any representation not contained in this Prospectus in connection with the issue and offering of the Notes and, if given or made, such information or representation must not be relied upon as having been authorised by any of the Issuer, the Guarantor, the Trustee or the Joint Lead Managers or any of their directors, affiliates, advisers or agents. The delivery of this Prospectus does not imply that there has been no change in the business and affairs of the Issuer or the Guarantor since the date hereof or that the information herein is correct as of any time subsequent to its date.

This Prospectus does not constitute an offer to sell or a solicitation of an offer to buy the Notes by any person in any jurisdiction where it is unlawful to make such an offer or solicitation. The distribution of this Prospectus and the offer or sale of the Notes in certain jurisdictions is restricted by law. This Prospectus may not be used for, or in connection with, and does not constitute, any offer to, or solicitation by, anyone in any jurisdiction or under any circumstance in which such offer or solicitation is not authorised or is unlawful. In particular, this Prospectus does not constitute an offer of securities to the public in the United Kingdom. No prospectus has been or will be approved in the United Kingdom in respect of the Notes. Consequently this document is being distributed only to, and is directed at (a) persons who have professional experience in matters relating to investments falling within article 19(1) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005 (the "**Order**") or (b) high net worth entities falling within article 49(2)(a) to (d) of the Order, and other persons to whom it may be lawfully communicated, falling within article 49(1) of the Order (all such persons together being referred to as "**relevant persons**"). Any person who is not a relevant person should not act or rely on this document or any of its contents. Persons into whose possession this Prospectus may come are required by the Issuer, the Guarantor and the Joint Lead Managers to inform themselves about and to observe such restrictions. Further information with regard to restrictions on offers, sales and deliveries of the Notes and the distribution of this Prospectus and other offering material relating to the Notes is set out under "*Subscription and Sale*" and "*Summary of Provisions Relating to the Notes in Global Form*".

Unless otherwise specified or the context so requires, references to "**euro**", "**EUR**" and "**€**" are to the currency introduced at the start of the third stage of European Economic and Monetary Union pursuant to the Treaty establishing the European Community, as amended.

The language of this Prospectus is English. Certain legislative references and technical terms have been cited in their original language in order that the correct technical meaning may be ascribed to them under applicable law.

In connection with the issue of the Notes, Citigroup Global Markets Limited (the "Stabilisation Manager") (or person(s) acting on behalf of the Stabilisation Manager) may over-allot Notes or effect transactions with a view to supporting the market price of the Notes at a level higher than that which might otherwise prevail. However, there is no assurance that the Stabilisation Manager (or person(s) acting on behalf of the Stabilisation Manager) will undertake stabilisation action. Any stabilisation action may begin on or after the date on which adequate public disclosure of the terms of the offer of the Notes is made and, if begun, may be ended at any time, but it must end no later than the earlier of 30 days after the issue date of the Notes and 60 days after the date of the allotment of the Notes. Any stabilisation action or over-allotment must be conducted by the relevant Stabilisation Manager (or person(s) acting on behalf of the Stabilisation Manager) in accordance with all applicable laws and rules.

INCORPORATION BY REFERENCE

The financial statements of the Guarantor (including the independent auditors' report in respect thereof) as at and for the year ended 31 December 2012 contained on pages F-2 to F-35 (inclusive) of the prospectus dated 5 September 2013 published by the Issuer and which has previously been approved by the Central Bank shall be deemed to be incorporated in, and to form part of, this Prospectus. No other part of, or statement contained in, the prospectus dated 5 September 2013 is incorporated in, or forms part of, this Prospectus because any such part or statement is covered elsewhere in this Prospectus.

A copy of the prospectus dated 5 September 2013 is available for inspection and viewing at the website of the Irish Stock Exchange at the following address http://www.ise.ie/debt_documents/Prospectus%20-%20Standalone_27aa7dde-d35a-4643-95e2-3b899c8719de.PDF?v=12112014.

CONTENTS

OVERVIEW

This overview must be read as an introduction to this Prospectus and any decision to invest in the Notes should be based on a consideration of the Prospectus as a whole. This overview does not purport to be complete and should be read in conjunction with, and is qualified in its entirety by reference to the more detailed information in the rest of this Prospectus.

Expressions defined in the "Terms and Conditions of the Notes" below or elsewhere in this Prospectus have the same meanings in this overview.

Issuer:	SPP Infrastructure Financing B.V. The Issuer was incorporated in The Netherlands as a private limited liability company (*besloten vennootschap met beperkte aansprakelijkheid*) on 24 May 2013 under the name SPP Infrastructure Financing B.V. The Issuer's principal activity is to act as a special purpose financing vehicle in connection with the Notes and other financing transactions.
Guarantor:	eustream, a.s. The Guarantor was incorporated in the Slovak Republic on 10 December 2004 and is registered in the Commercial Register of District Court Bratislava I, Section: Sa, under reference number 3480/B, Section: Sa, with company identification number 35 910 712. It is a joint stock company (*akciová spoločnosť*) governed by (i) the laws and regulations applicable to commercial companies in the Slovak Republic, in particular, the Slovak Commercial Code, as amended (Act No. 513/1991 Coll.), and (ii) specific provisions of Slovak law in relation to natural gas transmission network, including the Slovak Act no. 251/2012 Coll. on Energy, as amended (the "**Act on Energy**") and the Slovak Act no. 250/2012 Coll. on Regulation in Network Industries, as amended (the "**Act on Regulation**") implementing Directive 2009/73/EC. The Guarantor's principal activity is the transmission of gas through the Slovak Republic to the European markets.
Joint Lead Managers	Citigroup Global Markets Limited, ING Bank N.V., London Branch, Société Générale and UniCredit Bank AG.
Principal Paying Agent:	Citibank, N.A., London Branch.
Trustee:	Citibank, N.A., London Branch.
The Notes:	EUR 500,000,000 2.625 per cent. Notes due 2025.
Issue Price:	99.255 per cent. of the principal amount of the Notes.
Issue Date:	12 February 2015.
Maturity Date:	12 February 2025.
Use of Proceeds:	The proceeds of the issue of the Notes are expected to amount to approximately EUR 500,000,000 prior to the total expenses incurred (including the combined management and underwriting commission of the Joint Lead Managers) in connection with the issue of the Notes. The proceeds (after deduction of the total expenses incurred) will be lent to the Guarantor by way of a note instrument purchased by the Issuer. The Guarantor will upstream

	the proceeds, directly or indirectly, to its ultimate shareholders, the Slovak Republic and EPH. Any proceeds of the Notes upstreamed directly or indirectly by the Guarantor to Slovak Gas Holding B.V. may be used to repay debt at that level in respect of which the Joint Lead Managers and/or their respective affiliates are lenders.
Interest Rate:	The Notes will bear interest at the rate of 2.625 per cent. *per annum* from and including 12 February 2015 to but excluding the Maturity Date (as defined in "*Terms and Conditions of the Notes*").
Status and Guarantee:	The Notes constitute direct, general, unconditional and unsubordinated obligations of the Issuer. The guarantee constitutes a direct, general, unconditional and unsubordinated obligation of the Guarantor. See Condition 2 (*Status and Guarantee*).
Interest Payment Dates:	Interest will be payable annually in arrear on 12 February in each year, commencing on 12 February 2016.
Form and Denomination:	The Notes will be issued in bearer form in the denominations of EUR 100,000 and in integral multiples of EUR 1,000 in excess thereof. The Temporary Global Note and the Permanent Global Note are to be issued in new global note form.
Tax Redemption:	Early redemption will be permitted for taxation reasons. See Condition 5(b) (*Redemption for tax reasons*).
Redemption on Change of Control:	Noteholders will have the benefit of a put option in the event of a change of control of the Issuer or Guarantor in the circumstances described in Condition 5(c) (*Redemption on Change of Control*).
Negative Pledge:	The Notes contain a negative pledge. See Condition 3 (*Negative Pledge*).
Events of Default:	Events of Default include: Non-payment of principal on the due date or within seven days in the case of interest; breach of other obligations of the Issuer or the Guarantor not remedied for 45 days; cross-default in excess of EUR 20,000,000 (or its equivalent in any other currency or currencies), whether individually or in the aggregate; unsatisfied judgments against the Issuer, the Guarantor or any Subsidiary (as defined below) of the Guarantor in excess of EUR 20,000,000 (or its equivalent in any other currency or currencies), whether individually or in the aggregate; enforcement of security over any part of the undertaking, assets and revenues of the Issuer, the Guarantor or any Subsidiary (as defined below) of the Guarantor, which exceeds an amount of EUR 20,000,000 (or its equivalent in any other currency or currencies), whether individually or in the aggregate; insolvency and related events; the Guarantee ceasing to be in full force and effect and certain other events. See Condition 8 (*Events of Default*).
Substitution of the Issuer:	The terms and conditions of the Notes contain provisions to allow for the substitution of the Issuer upon satisfaction of certain conditions and in accordance with the Trust Deed. See Condition 12(c) (*Substitution of the Issuer*).
Taxation:	All payments of principal and interest in respect of the Notes will be made free and clear of withholding taxes of The Netherlands or the Slovak Republic, unless the withholding is

required by law. In that event, the Issuer will (subject to the exceptions in Condition 10 (*Taxation*)) pay such additional amounts as will result in the Noteholders receiving such amounts as they would have received in respect of such Notes had no such withholding been required.

Modification:	The Conditions of the Notes contain a provision permitting the Notes and the Conditions of the Notes to be amended without the consent of the Noteholders, among other things, to correct a manifest error.
Rating:	The Notes are expected to be rated A- (stable outlook) by Fitch and Baa1 (negative outlook) by Moody's. In general, European regulated investors are restricted from using a rating for regulatory purposes if such rating is not issued by a credit rating agency established in the EEA and registered under the CRA Regulation unless (1) the rating is provided by a credit rating agency not established in the EEA but is endorsed by a credit rating agency established in the EEA and registered under the CRA Regulation or (2) the rating is provided by a credit rating agency not established in the EEA which is certified under the CRA Regulation.
Governing Law:	The Notes will be governed by, and shall be construed in accordance with, English law.
Listing and Clearing:	Application has been made to list the Notes on the Irish Stock Exchange and to trading on the Market. The Notes have been accepted for clearance through Euroclear and Clearstream, Luxembourg with the following ISIN and Common Code: ISIN: XS1185941850 Common Code: 118594185
Selling Restrictions:	The offering and sale of Notes is subject to applicable laws and regulations including, without limitation, those of the United States, the United Kingdom, The Netherlands, the Slovak Republic and the Czech Republic. See "*Subscription and Sale*".
Risk Factors:	Investing in the Notes involves a high degree of risk. See "*Risk Factors*" beginning on page 4.

RISK FACTORS

Prospective investors should be aware of the following risk factors in relation to the offering of the Notes. The Issuer and the Guarantor believe that the following risk factors may affect their ability to fulfil their obligations under the Notes. All of these risk factors are contingencies which may or may not occur and neither the Issuer nor the Guarantor is in a position to express a view on the likelihood of any such contingency occurring. Factors which the Issuer and the Guarantor believe may be material for the purpose of assessing the market risks associated with the Notes are also described below.

The Issuer and the Guarantor believe that the risk factors described below represent the principal risks inherent in investing in the Notes, but the inability of the Issuer or the Guarantor to pay interest, principal or other amounts on or in connection with any Notes may occur for other reasons and neither the Issuer nor the Guarantor represent that the statements below regarding the risks of holding any Notes are exhaustive. Additional risks, which are either not currently known or not considered likely to materialise, as at the date of this Prospectus may also exist. Any of these risks could materially and adversely affect the Issuer's or the Guarantor's business, financial condition or results of operations.

Prospective investors should make their own independent evaluations of all risk factors and should also read the detailed information set out elsewhere in this Prospectus and reach their own views prior to making any investment decision.

The terms defined in *"Terms and Conditions of the Notes"* shall have the same meaning where used below.

Risks that may affect the Issuer's ability to fulfil its obligations under the issued Notes

The Issuer is a special purpose financing entity with no business operations other than the entry into of financing arrangements.

The Issuer is a special purpose financing entity with no business operations other than the entry into financing arrangements (including the issuance of the Notes), and the entry into certain ancillary arrangements. In the event of insolvency, the Issuer as at the date of this Prospectus has no material assets for attachment other than the loans provided to, or notes issued by, the Guarantor. In addition, the obligations of the Issuer under the Notes do not benefit from any direct or indirect form of guarantees from its shareholders. The Issuer will be dependent on income from, or repayments of, the loans provided to, or notes issued by, the Guarantor to meet its obligations under the Notes.

The insolvency laws of The Netherlands may not be as favourable to investors as insolvency laws of jurisdictions with which it may be familiar and may preclude the Noteholders from recovering payments due on the Notes.

The Issuer is incorporated in, and has its centre of main interests in, The Netherlands. Accordingly, insolvency proceedings with respect to the Issuer may proceed under, and be governed by, Dutch insolvency laws. The insolvency laws of The Netherlands may not be as favourable to investors' interests as those of other jurisdictions with which investors may be familiar and may limit the ability of the Noteholders to enforce the terms of the Notes. Insolvency proceedings may have a material adverse effect on the Issuer's business and assets and its obligations under the Notes as the Issuer.

Risks that may affect the Guarantor's ability to fulfil its obligations under or in connection with the Guarantee

***The operations of the Guarantor are focused in the Slovak Republic. As a public utility, the Guarantor's results of operations are significantly affected by economic conditions in the Slovak Republic which may be adversely affected by the global financial and European sovereign debt crises and remain vulnerable to further external shocks*.**

The economy of the Slovak Republic is vulnerable to external shocks, including the recent global economic and financial crisis. A significant decline in the economic growth of any of the Slovak Republic's major trading partners, in particular Germany, the Czech Republic and other member states of the European Union (the "**EU**"), has had and could in the future have an adverse effect on the Slovak

Republic's balance of trade and adversely affect the Slovak Republic's economic growth. As a result of the slowdown in the global economy caused by the financial crisis which started in 2008, the Slovak Republic suffered a decline in GDP of 5.3 per cent. in real terms in 2009. The economy has since grown in real terms, but the rate of growth has fallen from 4.8 per cent. in 2010, to 2.7 per cent. in 2011, 1.6 per cent. in 2012 and 1.4 per cent. in 2013, according to Eurostat. Any sustained slowdown in the growth of the Slovak economy could negatively impact consumer spending patterns in the Slovak Republic and thus have an adverse effect on the Guarantor's business, financial condition and results of operations.

In addition, because international investors' reactions to the events occurring in one market may demonstrate a "contagion" effect, in which an entire region or class of investment is disfavoured by international investors, the Slovak Republic could be adversely affected by negative economic or financial developments in other European countries or countries with credit ratings similar to those of the Slovak Republic. The economy of the Slovak Republic, including GDP and employment levels, has been adversely affected by such contagion effects on a number of occasions, including following the recent global economic crisis, and similar developments may affect the Slovak economy in the future.

In the second half of 2011, the situation in the international financial markets deteriorated significantly and the credit ratings of several EU sovereigns were downgraded. In general, the instability caused doubts over the sustainability of the Eurozone. Further sovereign downgrades occurred in January and February 2012, with the Slovak Republic being downgraded by S&P to A (with a stable outlook, which was revised to a positive outlook in August 2014) from A+ (with a negative outlook) and by Moody's to A2 (with a negative outlook, which was revised to a stable outlook in October 2013) from A1 (with a stable outlook). The resulting higher rates for sovereign debt disrupted national economies and the risk of a further credit crisis and a lack of liquidity in the market rose significantly. A further downgrade of sovereign debt ratings, including those of the Slovak Republic, or any continuation or recurrence of the Eurozone sovereign debt crisis for a prolonged period, may result in an enhanced risk of deleveraging and credit contraction and, in turn, could have an adverse impact on the Slovak economy. There can be no assurance that any crises such as those described above or similar events will not negatively affect investor confidence in markets such as the Slovak market. In addition, such events could have an adverse impact on the Slovak Republic's economy and its ability to raise capital in the external debt markets in the future. Any of these may have a material adverse effect on the Guarantor's business, financial condition and results of operations.

The current crisis in Ukraine creates political and economic uncertainty which could adversely impact the Guarantor's business, financial condition and results of operations.

Heightened levels of tension between Russia and Ukraine, increased military activity on the border between Russia and Ukraine, the accession of Crimea to Russia and the imposition by the United States, the EU and other countries of sanctions, asset freezes, travel limitations and certain other measures against specified Ukrainian and Russian individuals and certain Russian banks and Russian companies have not had a direct impact on the Guarantor's business to date. Further escalation of the conflict may lead to fluctuations in gas prices, further U.S. and EU-backed sanctions affecting the long-term sustainable availability of Russian gas or decreased demand for gas due to any of the above factors. Any of these risks may have a material adverse effect on the Guarantor's business, financial condition and results of operations.

Risk related to the exposure to one material contract and other long-term contracts.

The majority of gas transmitted by the Guarantor stems from one material contract with a prominent Russian shipper of gas and several other long-term contracts. The payments of capacity fees under these contracts are not guaranteed by a bank or any third party. Thus, the compensations under these contracts over their lifetime are subject to the risk that the Russian counterparty or other counterparties will not provide the compensation. Under these contracts, there is no unilateral right of the shipper to change the contractual provisions. In cases of exceptional and severe changes or unpreventable circumstances, that were unforeseen when the contract was entered into and which would put a party into an unacceptable or significantly disadvantageous position, the contractual parties are obliged in good faith (i) to enter into discussions to restore the initially envisaged economic balance for both parties or (ii) appropriately adjust their positions as a result of the arisen situation (see the risk factor "*The Guarantor's customers may fail to perform its obligations, which could harm its results of operations*"). In addition, the renewal risk for long-term contracts depends on several factors such as the gas demand in Europe, supplier structure and the competitive transmission routes that exist at the end of such long-term contracts (see the risk factors "*Risk related to changes in the demand for gas and for flexibility*" and "*The Guarantor's results of operations may be adversely affected by the development of alternative gas transmission routes*"). There may be no assurance that, in the future, the Guarantor will be able to negotiate commercially acceptable terms with any of the counterparties or will not be disadvantaged due to transmission competitors or changes in European gas demand. Failure to do so or the existence of any other circumstances described above may have a material adverse effect on the Guarantor's business, financial condition and results of operations.

The Guarantor's future revenue from its gas transmission network will be partially derived from regulated tariffs, the level of which may have an impact on the Guarantor's results.

Most of the revenues of a gas transmission operator are determined by transmission tariffs. According to Slovak law, such tariffs should cover reasonable costs of operation and should protect customers from unreasonable prices. In accordance with legislation, the Guarantor is obliged to regularly submit tariff structure proposals to the Slovak Regulatory Office for Network Industries ("**RONI**") for approval. The approval by RONI of a tariff structure proposal is not guaranteed. In addition, there is no guarantee that any regulated tariffs so approved will be sufficient to cover the anticipated costs of any planned infrastructure developments and as a result the Guarantor may not be able to fulfil its intended strategies in the future.

The Guarantor's existing material regulated contracts, such as the one material contract with a prominent Russian shipper of gas, incorporate pre-agreed regulated tariffs and the development of these tariffs, which are subject to adjustments reflecting European inflation (using the Harmonised Index of Consumer Prices (HICP) index), are not influenced by new price rulings issued during the lifetime of these contracts. Each new contract, however, such as those that are expected to begin in 2020, will be subject to then applicable new tariffs. The Guarantor cannot guarantee that future gas transmission tariffs will be set at a level that would allow it to improve or maintain its profitability margins or maintain or improve its infrastructure in line with current expectations or future potential competition. Future changes in the tariff structure applicable to the Guarantor's gas transmission network could have a material adverse effect on the Guarantor's business, financial condition and results of operations (see "*Tariffs for Using the Gas Transmission Network*" in "*Description of the Guarantor—Presentation of Eustream's gas transmission business*" for more information on how new tariffs are set).

Recent or future changes to applicable regulations could create uncertainty in matters that are significant to the business of the Guarantor and have an adverse effect on its business, financial condition or results of operations.

The Guarantor operates in a highly regulated industry. The laws, regulations, directives, decisions and policies of the EU and the Slovak Republic determine the scope of the Guarantor's activities, and could substantially affect its revenues and the way it conducts its business. Additions and changes to law in the EU and the Slovak Republic may create risks within the legal environment in which the Guarantor operates and affect the business and in ways that cannot be predicted. Such legislation or regulation may be imposed on the Guarantor directly in its role as gas transmission operator or indirectly (such as environmental regulations relating to carbon emissions). In addition, the Guarantor is the only transmission system operator ("**TSO**") in the Slovak Republic and, as such, holds the monopolistic position on the market. The Guarantor is subject, therefore, to extensive anti-trust regulation.

Uncertainty regarding ensuring compliance with changes in law, and the potential for creation of greater costs, may adversely impact the Guarantor's business, financial condition and results of operations. In addition, changes or the introduction of new environmental or safety legislation may occur in the EU and the Slovak Republic and the risks of required investments or greater operational costs may materialise.

The regulatory framework applicable to the Guarantor's activities has undergone significant changes following adoption in 2009 of Directive 2009/72/EC concerning common rules for the internal market in electricity, Directive 2009/73/EC concerning common rules for the internal market in natural gas (the "**Third Gas Directive**") and Regulation (EC) No 715/2009 on conditions for access to the natural gas transmission networks (the "**Gas Regulation**" and together with Directive 2009/72/EC and the Third Gas Directive, comprising the third package on the internal electricity and gas markets, the "**Third Energy**

Package"). The Directive 2009/72/EC and the Third Gas Directive have been implemented in the Slovak Republic through the Act on Energy and the Act on Regulation. Failure to comply with the applicable regulations could have a material adverse effect on the Guarantor's business, financial condition and results of operations.

The Guarantor's activities require various administrative authorisations and building permits that may be difficult to maintain or obtain or that may be subject to increasingly stringent conditions.

The Guarantor requires various administrative authorisations and building permits in the Slovak Republic. The procedures for obtaining and renewing these authorisations and building permits can be time consuming and complex. The Guarantor may be required to incur significant expenses to comply with the requirements for obtaining or renewing these authorisations and building permits (including, external and internal costs of preparing the applications and investments associated with installing necessary equipment required for the issuance or renewal of permits). Building authorisations or permits for building can be expensive and can place a significant burden on the Guarantor. Whilst the Guarantor has not had problems obtaining administrative authorisations or building permits in the past, there can be no assurance that it may not have difficulty in the future if Slovak or EU regulation changes to introduce new procedures in relation to authorisations or permits (See "*Licences, Permits and Authorisations*" in "*Description of the Guarantor—Business Overview and Principal Activities of Eustream*" for the authorisations required and received to date). Any significant compliance costs which are incurred or difficulties encountered in obtaining requisite authorisations and/or permits could have a material adverse effect on the Guarantor's business, financial condition and results of operations.

Breaches of, or changes in, any applicable environmental, health and safety laws and regulations may cause the Guarantor to incur increased costs or liability or other damages.

Gas transmission is a potentially dangerous activity and involves the use of products and by-products that may be hazardous to human health and the environment. The Guarantor's activities are subject to regulations for the protection of the environment and public health, which are increasingly numerous and restrictive and which may change over time. The Guarantor has made and will continue to make significant capital and other expenditures to comply with applicable environmental, health and safety regulations.

As the Guarantor's transmission network is primarily powered by gas driven compressors, it inevitably emits carbon dioxide, which results in costs in the form of emission allowances that the Guarantor must procure. The cost of such emission allowances is derived from the market and an increase in the emission allowance prices may adversely impact the Guarantor's financial condition. Furthermore, the emission allowances that are annually allocated to the Guarantor at no cost, pursuant to the applicable legislation, have been reduced on a progressive basis since 2012 and will continue to be so reduced until 2020.

Compliance with environmental regulations in the Slovak Republic and abroad may materially increase the Guarantor's costs of operations. Recent EU and Slovak legislation requires TSOs such as the Guarantor to implement integrated prevention and environmental pollution control. The Guarantor continuously incurs and will continue to incur the costs related to reducing emissions and specific types of air pollution, and capital expenditures to ensure that its installations comply with applicable laws for the protection of the environment and human health and safety (which may change over time).

In addition, any of the Guarantor's operations may, in the future, become subject to stricter laws and regulations, and accordingly the Guarantor will incur greater capital expenditures. Compliance with current and future regulations in the environmental and health areas may have a material financial impact on the Guarantor. In particular, ongoing international negotiations which aim to limit greenhouse gas emissions may result in the introduction of new regulations and may have an adverse impact on the Guarantor's operations.

The Guarantor may be exposed to significant liabilities if it fails to comply with applicable environmental and health and safety laws and regulations. There can be no assurance that the Guarantor will not incur substantial costs and liabilities, including the cost of clean-up operations and claims for damages to property and persons resulting from environmental or health and safety incidents. Any such costs and liabilities could have an adverse effect on the Guarantor's business, financial condition, results of operations and reputation.

Risks related to operating activities.

Risks related to natural disasters, equipment malfunction and human error.

The technology used by the Guarantor includes high-pressure pipelines. The transmission of natural gas carries certain risks and is prone to increased costs as a result of damage from natural disasters, operational hazards, equipment malfunction, human error, failures on the maintenance of the Guarantor's gas transmission network or other events that could cause gas leaks, explosions, fire, or equipment damage, which could cause human injury or death and may cause damage to third parties or to the environment. Any failure of the gas transmission operated by the Guarantor may impair the operations and revenues and expose the Guarantor to liability. This could have a material adverse effect on the Guarantor's business, financial condition, results of operations and reputation.

Risks related to third-party action.

The Guarantor's operations may be disrupted by unforeseen events such as unauthorised third-party excavation works, terrorist attacks, sabotage, breaches of security or other intentional acts which may cause damage to the Guarantor's assets or harm to key employees of the Guarantor. Unforeseen events may also cause additional operating costs such as higher insurance premiums and may also result in the inability of the Guarantor to obtain insurance protection against certain types of risk. Any of these risks could have a material adverse effect on the Guarantor's business, financial condition and results of operations.

The Guarantor's infrastructure investments could be subject to delays.

The Guarantor's infrastructure investments for expansion of its current business and the speed at which those investments are implemented are subject to planning and execution risk and may be affected by delays in receiving necessary authorisations and approvals, delays in the required expropriation procedures or in construction and other factors outside its control. As the investment proposals and implementation of such investment proposals are subject to certain assumptions, the investment projects may not develop as planned, may not yield the expected return or may put the Guarantor in a position of non-compliance with applicable legislation. In addition, such assumptions may prove to be incorrect. Furthermore, the Guarantor may not be able to raise sufficient capital to finance such investment plans at rates that are economically viable. As a result, such investments may not yield the projected returns, if any, or may not be completed as expected.

The Guarantor's results of operations may be adversely affected by the development of alternative gas transmission routes.

The Guarantor faces competition risk from existing alternative transmission routes, such as Nord Stream and Yamal, and faces the development of further alternative gas transmission routes to the areas where the Guarantor currently delivers gas. Some projects that have been announced, namely Nabucco and South Stream, are designed to transport gas to Europe. Whilst these projects are in the stages of early implementation, if they were to be completed, the Guarantor would face competition. Despite the announcement on 1 December 2014 by Vladimir Putin of the cancellation of the South Stream project and certain alternative projects that would involve re-routing of an equal capacity to Turkey and Greece and despite the announcement on 30 December 2014 by the partners of the South Stream project that they have withdrawn from the project and that the Russian promoter has acquired their respective shares in the project, it is possible that the South Stream project may be recommenced or that similar projects may be proposed in the future. Such competition may adversely impact the Guarantor's ability to negotiate and conclude new transmission contracts and/or renew existing contracts.

In addition, certain global developments, including development of shale gas reserves and the use of liquefied natural gas technology to transport gas between geographical locations not connected by conventional pipeline transmission systems could have a material adverse effect on the Guarantor's business, financial condition and results of operations.

The Guarantor is exposed to risks relating to its reliance on service providers, subcontractors and TSOs.

While the Guarantor is solely responsible for carrying out its gas transmission services, in several areas it is also exposed to risks relating to its reliance on service providers and subcontractors (such as contractual parties to its capital expenditures). Although the Guarantor is careful in the choice of its partners, it cannot guarantee the performance and quality of services carried out by external companies or its compliance with applicable regulations. The Guarantor has back-up service providers and subcontractors; however, it cannot guarantee the performance of such providers and subcontractors. Financial difficulties, including insolvency, of any such service provider or subcontractor, or a decrease in the quality of its services, budget overruns or completion delays, are likely to have a negative effect on the Guarantor's business, financial condition and results of operations.

In the case of gas transmission, as shown during the Russian-Ukrainian gas crisis in 2009, the Guarantor is exposed to the risk that Ukraine, Russia or neighbouring TSOs could close its transmission grids, thereby cutting off the supply of gas. Furthermore, the Guarantor has never been exposed to interruptions that have lasted longer than the crisis in 2009. Therefore its experience, as well as the experience of neighbouring TSOs, with long-term interruptions is limited. The Guarantor has no control over Ukraine, Russia, other countries or neighbouring TSOs and if such TSOs do not deliver the contracted quantity of gas, it may negatively affect the Guarantor's business, financial condition and results of operations.

RONI has a wide regulatory scope.

The Guarantor's business operations and certain personnel changes in its bodies are subject to the regulatory decisions of RONI. RONI has broad regulatory powers, including adoption of secondary legislation, setting regulatory policy and setting the regulation of energy prices, quality and other matters. The development of RONI's scope of influence and the impact it may have on the operations of the Guarantor is out of the Guarantor's control. Further risks relating to the regulatory framework of RONI and its present and future application to the Guarantor are discussed below.

The Guarantor is dependent on licences and permits to conduct its business and any failure to comply with applicable regulations could result in a range of administrative, civil and criminal penalties and other liabilities and could have a material adverse effect on the Guarantor's business, financial condition, results of operations and reputation.

The industry in which the Guarantor operates is regulated and its operations require obtaining and maintaining licences and/or permits. The Guarantor complies with the Third Gas Directive (as transposed into national law) and it continues to allocate adequate resources to maintain compliance with the relevant national legislation. However, in the future the relevant authorities in the Slovak Republic and the EU may enforce existing regulations more strictly than they have done in the past, imposing stricter standards, or higher levels of fines and penalties for violations, than those which are in effect currently.

Any of the Guarantor's licences could be suspended, terminated or not renewed by the relevant licensing authorities if the Guarantor is deemed to have violated its terms or if there is a material breach of the Act on Energy, mining laws or other relevant regulations. The termination or modification of, or failure for any reason to renew these licences in a timely manner could have a material adverse effect on the Guarantor's business, financial condition and results of operations as the Guarantor will not be able to carry on its current activities (See "*Licences, Permits and Authorisations*" in "*Description of the Guarantor—Business Overview and Principal Activities of Eustream*" for the licences required and received by the Guarantor).

Inspections, litigation and regulatory proceedings.

The Guarantor is subject to regulation, supervision and inspections by the Slovak Ministry of Economy, RONI, the Slovak Trade Inspection and the Slovak Anti-Monopoly Office. Although the Guarantor does not currently have any material inspection findings, litigation or regulatory proceedings to which it is a party, no assurance can be given that litigation or regulatory proceedings will not arise in the future and will not have a material adverse effect on the Guarantor's business, financial condition and results of operations.

The inability to attract, train or retain qualified personnel could have a material adverse effect on the Guarantor's business, financial condition, results of operations and prospects.

The ability of the Guarantor to implement its long-term strategies is dependent on the capabilities and performance of its personnel. Loss of key personnel or an inability to attract, train or retain appropriately qualified personnel for positions that require a technical background could temporarily affect the ability of the Guarantor to implement its long-term strategy and could have a material adverse effect on the Guarantor's business, financial condition, results of operations and prospects.

The interests of the Guarantor's indirect shareholder, Energetický a průmyslový holding, a.s. ("EPH") may conflict with those of the Noteholders.

As at the date of this Prospectus, the Guarantor is 51 per cent. indirectly owned by the Slovak Republic and 49 per cent. indirectly owned by EPH, a Czech Republic based strategic investor. Situations may arise where the interests of the Slovak Republic and EPH may be different from the interests of the Noteholders and such differences could have a material adverse effect on the Guarantor's business, financial condition and results of operations, and prospects. The obligations of the Guarantor under the Notes do not benefit from any direct or indirect form of guarantees from its shareholders.

Risk related to changes in the demand for gas and for flexibility.

Demand for the gas business capabilities of the Guarantor is ultimately driven by demand for natural gas and flexibility in Europe, which depends on a number of factors outside its control, including gas prices, geopolitical developments and weather conditions (see the risk factor "*The current crisis in Ukraine creates political and economic uncertainty which could adversely impact the Guarantor's business, financial condition and results of operations.*"), alternative energy sources, the development of renewable energy sources (and state subsidies for them) climate fluctuations and environmental laws.

The Guarantor's activities fluctuate in accordance with the economic cycles and the general economic conditions of the geographical regions in which it operates. Any economic slowdown in those regions may lead to a reduction in gas consumption, and, consequently, would have a negative impact on the demand for gas transmission reducing the contract portfolios of the Guarantor. However, for example, the revenues of the Guarantor predominantly relate to the capacity purchased as opposed to volumes actually transmitted, it is less exposed to temporary fluctuations in economic conditions than other types of businesses.

The Guarantor's decisions to expand its transmission capacity or develop new interconnections have been and will continue to be based on projected demand for natural gas transmission: such projections are based on data currently available and historical information on market growth trends. Accordingly, if actual demand for natural gas transmission is not in line with the Guarantor's projections, the Guarantor may not earn the projected return on its investments, which could have an adverse effect on its business, financial condition and results of operations (see the risk factor "*The Guarantor's results of operations may be adversely affected by the development of alternative gas transmission routes.*").

Fluctuations in natural gas prices could lead to alternative sources of energy.

Natural gas prices are influenced by numerous external factors that have caused price fluctuations in the past. The Guarantor cannot control fluctuations in gas in international markets. The prices for gas have historically been volatile and there is no guarantee that prices will remain within projected levels. The subsidies of renewable sources of energy by the EU could also have an adverse effect on the use of natural gas. Higher natural gas prices in the long term may decrease the general demand in Europe for natural gas and thereby the volume of natural gas the Guarantor is contracted to transmit. Conversely, lower natural gas prices may increase the demand in Europe for natural gas, and thereby increasing the volume of natural gas the Guarantor is contracted to transmit.

Quick and easy access to renewable energy sources or alternative energy sources, such as fuel oil, liquefied petroleum gas, hard coal, electricity or heat generated by central combined heat and power plants or local or community heat plants, an increase in the price of natural gas relative to the prices of such alternative energy sources and the development of nuclear power engineering may weaken the position of the Guarantor, especially in the local energy markets. As with fluctuations in natural gas prices, this may have an adverse effect on the Guarantor's business, financial condition and results of operations.

EU or national regulation on subsidies for renewable energy sources may have an adverse impact on the Guarantor's profitability.

Any potential obligation to subsidise or work as an agent in the scheme of subsidies for renewable energy sources without proper compensation in tariffs could have a material adverse effect on the Guarantor's business, financial condition and results of operations.

Decisions by the EU or the Slovak Republic to subsidise renewable energy sources may reduce demand for gas and hence the volume of natural gas transported in the Slovak Republic and thereby reduce the Guarantor's revenues and negatively affect its business, financial condition and results of operations.

The Guarantor may be limited in terms of capital expenditures.

The Guarantor requires significant capital expenditure to be made on technology development, the renewal of the gas transmission networks and maintenance of its systems to meet its obligations under environmental laws and regulations. Changes to environmental legislation may require new and/or additional capital expenditures which may be more costly or time consuming. The Guarantor intends to continue to finance these capital expenditures from its operational cash-flow.

Particularly in the case of gas transmission, changes in geopolitical relationships (such as the current Russian-Ukraine crisis) can also lead to increased capital expenditure. The Guarantor intends to continue to finance these increased capital expenditures from its operational cash-flow. See "*Infrastructure Investment and Capital Expenditures*" in "*Description of the Guarantor—Business Overview and Principal Activities of Eustream*".

RONI has the power to require the Guarantor to carry out investments that are not included in its current infrastructure investment plans.

Under the Act on Energy, RONI has the power to require the Guarantor, in its capacity as a gas network operator, to carry out infrastructure investments subject to a competitive tender process if no other operator presents a bid. Accordingly, it may be required to carry out investments in addition to those envisioned in its business plan. Although such investment programmes usually aim at the development of the gas network in areas where a demand for additional transmission capacity exists, are developed in consultation with industry participants in an "open season" process, and, therefore, present a business opportunity for the Guarantor, the returns on such investment programmes are not guaranteed.

The Guarantor could incur unforeseen taxes, tax penalties and special levies which could adversely affect its business, financial condition and results of operations.

Tax rules, including those relating to the energy industry in the Slovak Republic, and its interpretation, may change, possibly with retrospective effect. Significant tax disputes with tax authorities, any change in the tax status of the Guarantor and any change in Slovak taxation legislation or its scope or interpretation could also have an adverse effect on the Guarantor's business, financial condition and results of operations.

Due to the recent global financial and economic crisis, the Slovak Republic experienced deterioration in its public finances. To reduce its public deficit, the Slovak Republic conducted fiscal consolidation under which it imposed measures such as a special levy on businesses in regulated industries, including the energy sector. The special levy is payable if the revenues from regulated activities are at least 50 per cent. of the total revenues of the regulated entity for the respective accounting period. For example, in 2013, the Guarantor incurred net costs of EUR 72.1 million, of which EUR 55.3 million related to the contribution of the transmission assets to the Guarantor and EUR 16.8 million related to costs arising from normal business activities, in respect of this special levy.

The special levy, which was originally planned to be in force until the end of 2013, has been extended until the end of 2016. Although not currently proposed by the government, it is possible that in the future the special levy will again be extended or similar taxes could be imposed in the Slovak Republic. The imposition of any such new taxes, or the increase of the current taxes in the Slovak Republic, could have an adverse effect on the Guarantor's business, financial condition and results of operations.

Risks relating to the balancing of the gas transmission network.

The Guarantor obtains portions of gas in-kind as part of the transmission tariff, which is an efficient mechanism by which the Guarantor can obtain gas for operational and technical needs, primarily to power the machinery needed in its operations. The gas in-kind received may be insufficient or there may be a surplus of gas in-kind in the Guarantor's network. As the Guarantor is legally required to maintain the transmission network balanced, such surplus is disposed of by means of a sale to the market. The economic result is dependent on the volume of actual gas flow and gas prices and is within the limited control of the Guarantor. In the short-term, changes in the volume of gas flow and/or the market gas price may have an adverse impact on Guarantor's revenues from the sale of gas in-kind.

The Guarantor's customers may fail to perform its obligations, which could harm its results of operations.

The Guarantor is exposed to the risk that some or all of customers may be unable or may refuse to perform its contractual financial obligations, whether as a result of a deterioration in its financial situation or in general economic conditions, or otherwise. As the Guarantor has concentrated exposures to a small number of customers with long-term contracts, a failure of one customer to perform its contractual obligations may have a negative impact on the Guarantor's business, financial condition and results of operations. For new contractual partners, i.e. for contracts entered into after 2005 and thus subject to the new regulation, the Guarantor requires such partners to deliver a financial guarantee of its obligations, which only cover several months of the contract's lifetime.

Risk related to insurance.

The Guarantor only has a limited benefit of insurance against damage for the pipelines it owns as the majority of the underground pipelines are not insured. The Guarantor's insurance does not cover political risks. In addition, the Guarantor has only insurance, in an amount limited to EUR 200 million, against business interruption. Any material damage to such pipelines could have a negative impact on the Guarantor's investment plan, business, financial condition and results of operations. However, the other assets of the Guarantor (other gas transmission assets, the compression stations and the pipeline located within compression stations) are insured against damages. The Guarantor is exposed to some operational risk that it will not be compensated for damage by a counter-party.

Risk related to bankruptcy proceedings.

The Guarantor's assets may be subject to attachment in the event of bankruptcy proceedings. Any such attachment could disrupt the Guarantor's operations, reduce efficiency and/or could be costly and time consuming to defend and therefore could negatively affect the Guarantor's business, financial condition and results of operations.

Risk relating to a malfunction or disruption of the Guarantor's information systems.

Information and communication technology plays an important role in the Guarantor's business operations. It operates highly complex and sophisticated information systems (such as servers, networks, applications and databases) which are essential for the everyday operations of its commercial and industrial business and are a key success factor for its business. A malfunction or disruption of service of one of these systems may have material negative consequences for the Guarantor. There is a risk that there might be unauthorised access to the Guarantor's sensitive data by third parties and improper use of such data, which may lead to the loss of company secrets and may result in a breach of applicable data protection regulations. As a result, any malfunction, breach or unauthorised use of such information technology systems could have a material adverse effect on the Guarantor's business, financial condition, results of operations and prospects.

The Guarantor's access to financing may be adversely affected by changes to its credit ratings and general economic conditions.

Deteriorations in the Guarantor's credit ratings or general economic conditions may affect its borrowing capacity and the cost of any future borrowing. The Guarantor's business is financed, as of the date of this Prospectus, through cash generated from its ongoing operations and, to a certain extent, by loans and issuance of debt securities. However, if the Guarantor were to experience a downgrade in credit ratings, the Guarantor would be exposed to the risk of higher costs to acquire such refinancing or cash. Failure by the Guarantor to find financing could have a material adverse effect on the Guarantor's business, financial condition and results of operations in periods where such financing is needed.

The legal infrastructure and the law enforcement system in the Slovak Republic are less developed compared to Western Europe.

The legal infrastructure and the law enforcement system in the Slovak Republic are less developed when compared to some Western European countries. The average length of judicial proceedings in commercial matters in the Slovak Republic in 2013 (according to the statistics published on the official website of the Slovak Ministry of Justice) was 14 months and may be longer when taken together with appeals, extraordinary remedial procedures or proceedings before the Slovak Constitutional Court. In some circumstances, it may not be possible to obtain legal remedies to enforce contractual or other rights in a timely manner or at all. Although institutions and legal and regulatory systems characteristic of parliamentary democracies have begun to develop in the Slovak Republic, the lack of an institutional history remains a problem. As a result, shifts in government policies and regulations and fiscal measures tend to be less predictable than in countries with more developed democracies. A lack of legal certainty or the inability to obtain effective legal remedies in a timely manner or at all may have a material adverse effect on the Guarantor's business, financial condition and results of operations.

The Guarantor is subject to risks associated with its international business. Fluctuations in foreign currency exchange could adversely affect the Guarantor's business, financial condition and results of operations.

The Guarantor is exposed to a variety of risks associated with operating an international business. As a result of the cross-border nature of its operations, the Guarantor is vulnerable to political, legal or economic instability (particularly with neighbouring countries and counterparties) which may harm its business activities. The Guarantor pursues hedging against certain risks, primarily gas price fluctuations, and there is no guarantee that such hedging will be effective against such risks. Risk associated with foreign exchange instability, foreign exchange controls, and currency fluctuations might also negatively affect the Guarantor's business, financial condition and results of operations.

Risks related to the Notes

Set out below is a brief description of certain risks relating to the Notes generally:

Notes may not be a suitable investment for all investors.

The Notes may not be a suitable investment for all investors. Each potential investor in the Notes must determine the suitability of that investment in light of its own circumstances. In particular, each potential investor should:

- have sufficient knowledge and experience to make a meaningful evaluation of the Notes, the merits and risks of investing in the Notes and the information contained in this Prospectus or any applicable supplement;
- have access to, and knowledge of, appropriate analytical tools to evaluate, in the context of its particular financial situation, an investment in the Notes and the impact the Notes will have on its overall investment portfolio;
- have sufficient financial resources and liquidity to bear all of the risks of an investment in the Notes, including where the currency for principal or interest payments is different from the potential investor's currency or where the currency for principal or interest payments is different from the currency in which such potential investor's financial activities are principally denominated;
- understand thoroughly the terms of the Notes and be familiar with the behaviour of any relevant indices and financial markets; and
- be able to evaluate (either alone or with the help of a financial adviser) possible scenarios for economic, interest rate and other factors that may affect its investment and its ability to bear the applicable risks.

New global note structure.

The Issuer intends that the Notes will be held by a common safekeeper for Euroclear or Clearstream, Luxembourg. This does not necessarily mean that the Notes will be recognised as eligible collateral for Eurosystem monetary policy and intra-day credit operations by the Eurosystem either upon issue or at any or all times during their life. Such recognition will depend upon the European Central Bank being satisfied that the applicable Eurosystem eligibility criteria have been met.

Redemption prior to maturity for tax reasons.

In the event that the Issuer would be obliged to increase the amounts payable in respect of the Notes due to any change in or amendment to the laws or regulations of The Netherlands or any political sub-division thereof or of any authority therein or thereof having the power to tax or in the interpretation or administration thereof, the Issuer may redeem all outstanding Notes in accordance with the Terms and Conditions of the Notes. It may not be possible to reinvest the redemption proceeds at an effective interest rate as high as the interest rate on the Notes and this may only be possible at a significantly lower rate.

Independent review and advice.

Each prospective investor in the Notes must determine, based on its own independent review and such professional advice as it deems appropriate under the circumstances, that its acquisition of the Notes is fully consistent with its financial needs, objectives and condition, complies and is fully consistent with all investment policies, guidelines and restrictions applicable to it and is a fit, proper and suitable investment for it, notwithstanding the clear and substantial risks inherent in investing in or holding the Notes. A prospective investor may not rely on the Issuer, the Guarantor or the Joint Lead Managers or any of their respective affiliates in connection with its determination as to the legality of its acquisition of the Notes or as to the other matters referred to above.

Legality of purchase.

Neither the Issuer, the Guarantor, the Joint Lead Managers nor any of their respective affiliates has or assumes responsibility for the lawfulness of the subscription or acquisition of the Notes by a prospective investor in the Notes, whether under the laws of the jurisdiction of its incorporation or the jurisdiction in which it operates (if different), or for compliance by that prospective investor with any law, regulation or regulatory policy applicable to it.

A Noteholder's actual yield on the Notes may be reduced from the stated yield by transaction costs.

When Notes are purchased or sold, several types of incidental costs (including transaction fees and commissions) are incurred in addition to the current price of the security. These incidental costs may significantly reduce or even exclude the profit potential of the Notes. For instance, credit institutions may charge their clients for own commissions which are either fixed minimum commissions or *pro rata* commissions depending on the order value. To the extent that additional—domestic or foreign—parties are involved in the execution of an order, including but not limited to domestic dealers or brokers in foreign markets, Noteholders must take into account that they may also be charged for the brokerage fees, commissions and other fees and expenses of such parties (third party costs). In addition to such costs directly related to the purchase of securities (direct costs), Noteholders must also take into account any follow-up costs (such as custody fees). Investors should inform themselves about any additional costs incurred in connection with the purchase, custody or sale of the Notes before investing in the Notes.

Subordination of claims of Noteholders who are Related Parties in Slovak insolvency proceedings.

Under Slovak bankruptcy Act No. 7/2005 Coll. on Bankruptcy and Restructuring, as amended (the "**Bankruptcy Act**") all claims which are or were owed by a debtor to any creditor which either is or was a Related Party of such debtor will be subordinated in insolvency and restructuring proceedings to claims of creditors who are not Related Parties and may only be satisfied after all claims of creditors who are not Related Parties have been fully satisfied.

For the purposes of the Bankruptcy Act, the term "**Related Party**" is defined very broadly and includes, among others, (i) a statutory representative, a managing employee or a member of supervisory body of the debtor, (ii) an individual or a legal entity which holds directly or indirectly at least 5 per cent. of the shares or voting rights in the debtor or may exercise influence over the management of the debtor comparable to influence corresponding to such shares or voting rights, (iii) a statutory representative, a managing employee or a member of supervisory body of the person in point (ii) above, (iv) a person with family or similar ties to the individuals described in points (i) through (iii) above, and (v) a legal entity in which the debtor or any of its Related Parties holds directly or indirectly at least 5 per cent. of the shares or voting rights in the relevant creditor or may exercise influence over the management of the creditor comparable to influence corresponding to such shares or voting rights. The subordination of claims that were at any time held by a Related Party may apply to such claims indefinitely irrespective of whether the claims are later transferred to a creditor that is not a Related Party. Therefore, if any Noteholder is, at the time of purchase of the Notes, or was, at any time prior to the purchase of the Notes, a Related Party of the Guarantor (even if at the time of the purchase of the Notes is no longer a Related Party) or subsequently becomes such a Related Party, the claims of such Noteholder against the Guarantor may be subordinated to the claims of all other creditors of the Guarantor, including claims under the Notes of Noteholders who are not Related Parties. The claims of Noteholders who acquire Notes that were at any time held by a Related Party of the Guarantor may still be subordinated notwithstanding the fact that such Noteholders are not and have never been Related Parties of the Guarantor.

The rule may also negatively affect the ability of the Issuer or the Guarantor to recover claims against its subsidiaries or shareholders or their respective Related Parties in restructuring or insolvency proceedings, including any claims under the note instrument issued by the Guarantor that will be purchased by the Issuer from the proceeds of the Notes. See "*Use of Proceeds*".

Risks related to the market generally.

Set out below is a brief description of the principal market risks, including liquidity risk, exchange rate risk, interest rate risk and credit risk:

The secondary market generally.

The Notes may have no established trading market when issued, and one may never develop. If a market does develop, it may not be very liquid. Therefore, investors may not be able to sell their Notes in the secondary market in which case the market or trading price and liquidity may be adversely affected or at prices that will provide them with a yield comparable to similar investments that have a developed secondary market.

The trading market for debt securities may be volatile and may be adversely impacted by many events.

The market for debt securities issued by the Issuer is influenced by economic and market conditions and, to varying degrees, market conditions, interest rates, currency exchange rates and inflation rates in other European and other industrialised countries. There can be no assurance that events in The Netherlands, the Slovak Republic, Europe or elsewhere will not cause market volatility or that such volatility will not adversely affect the price of Notes or that economic and market conditions will not have any other adverse effect.

Exchange rate risks and exchange controls.

The Issuer will pay principal and interest on the Notes in Euro. This presents certain risks relating to currency conversions if an investor's financial activities are denominated principally in a currency or currency unit (the "**Investor's Currency**") other than Euro. These include the risk that exchange rates may change significantly (including changes due to devaluation of Euro or revaluation of the Investor's Currency) and the risk that authorities with jurisdiction over the Investor's Currency may impose or modify exchange controls. An appreciation in the value of the Investor's Currency relative to the Euro would decrease (i) the Investor's Currency-equivalent yield on the Notes, (ii) the Investor's Currency equivalent value of the principal payable on the Notes and (iii) the Investor's Currency-equivalent market value of the Notes. Government and monetary authorities may impose (as some have done in the past) exchange controls that could adversely affect an applicable exchange rate. As a result, investors may receive less interest or principal than expected, or no interest or principal.

Interest rate risk.

Investment in the Notes involves the risk that subsequent changes in market interest rates may adversely affect the value of the Notes.

Market value of the Notes.

The value of the Notes depends on a number of interrelated factors, including economic, financial and political events in The Netherlands, the Slovak Republic or elsewhere, including factors affecting capital markets generally and the stock exchanges on which the Notes are traded. The price at which a Noteholder will be able to sell the Notes prior to maturity may be at a discount, which could be substantial, from the issue price or the purchase price paid by such purchaser.

Credit rating may not reflect all risks.

The Notes are expected to be rated A- (stable outlook) by Fitch and Baa1 (negative outlook) by Moody's. The ratings assigned by Fitch and Moody's to the Notes may not reflect the potential impact of all risks related to structure, market, additional factors discussed above, and other factors that may affect the value of the Notes. A rating is not a recommendation to buy, sell or hold securities and may be subject to suspension, reduction or withdrawal at any time by the assigning rating agency.

Change of law.

The Terms and Conditions of the Notes are governed by the laws of England and Wales in effect as at the date of this Prospectus. No assurance can be given as to the impact of any possible judicial decision or change to the laws of England and Wales or administrative practice or the official application or interpretation of the laws of England and Wales after the date of this Prospectus. Furthermore, the Guarantor operates in a heavily regulated environment and has to comply with extensive regulations in the Slovak Republic and elsewhere. No assurance can be given as to the impact of any possible judicial decision or change to laws or administrative practices after the date of this Prospectus.

Taxation.

Potential purchasers and sellers of the Notes should be aware that they may be required to pay taxes or other documentary charges or duties in accordance with the laws and practices of the country where the Notes are transferred or other jurisdictions. In some jurisdictions, no official statements of the tax authorities or court decisions may be available for innovative financial instruments such as the Notes.

Further, a Noteholder's effective yield on the Notes may be diminished by the tax impact on that Noteholder of its investment in the Notes. Potential investors are advised not to rely upon the tax summary contained in this Prospectus but to ask for their own tax adviser's advice on their individual taxation with respect to the acquisition, holding, sale and redemption of the Notes. Only these advisers are in a position to duly consider the specific situation of each potential investor. This investment consideration has to be read in connection with the taxation sections of this Prospectus. Each prospective investor should consult its own advisers as to legal, tax and related aspects of an investment in the Notes.

EU Savings Directive.

Under Council Directive 2003/48/EC regarding the taxation of savings income (as amended by an EU Council Directive adopted by the European Council on 24 March 2014), Member States are required to provide to the tax authorities of other Member States details of payments of interest and other similar income paid by a person to an individual in another Member State. These requirements will be broadened to expand the range of payments covered by the Directive to include (i) certain additional types of income and (ii) payments via certain entities or legal arrangements, or payments made via economic operations in certain circumstances, where the person regarded for the purposes of the Directive as the beneficial owner is an individual resident in that other Member State. Member States have until 1 January 2016 to implement national legislation giving effect to these additional requirements and the national legislation must apply from 1 January 2017. For a transitional period, Austria and Luxembourg are instead required (unless during such period they elect otherwise) to operate a withholding system in relation to such payments (the ending of such transitional period being dependent on the conclusion of certain other agreements relating to information exchange with certain other countries). Luxembourg has announced that it will no longer apply the withholding tax system as from 1 January 2015 and will provide details of payments of interest (or similar income) as from this date. A number of non-EU countries and territories have adopted similar measures.

If a payment were to be made or collected through a Member State which has opted for a withholding system and an amount of, or in respect of, tax were to be withheld from that payment, neither the Issuer nor any paying agent nor any other person would be obliged to pay additional amounts with respect to any Note as a result of the imposition of such withholding tax. The Issuer is required to maintain a Paying Agent in a Member State that is not obliged to withhold or deduct tax pursuant to the Directive.

U.S. withholding tax may apply.

Whilst the Notes are in global form and held by the common safekeeper for the ICSDs, in all but the most remote circumstances, it is not expected that the reporting regime and potential withholding imposed by sections 1471 through 1474 of the US Internal Revenue Code of 1986, as amended, and any regulations or agreements thereunder, official interpretations thereof, or law implementing an intergovernmental approach thereto ("**FATCA**"), will affect the amount of any payment received by the ICSDs. However, FATCA may affect payments made to custodians or intermediaries in the subsequent payment chain leading to the ultimate investor if any such custodian or intermediary generally is unable to receive payments free of FATCA withholding and the relevant Notes are treated, for US federal tax purposes, either as equity instruments or are issued, or materially modified, after the date that is six months after the publication of final regulations defining the term "foreign passthru payments" for the purposes of FATCA. It also may affect payment to any ultimate investor that is a financial institution that is not entitled to receive payments free of withholding under FATCA, or an ultimate investor that fails to provide its broker (or other custodian or intermediary from which it receives payment) with any information, forms, other documentation or consents that may be necessary for the payments to be made free of FATCA withholding. Investors should choose their custodians or intermediaries with care (to ensure each is compliant with FATCA or other laws or agreements related to FATCA) and provide each custodian or intermediary with any information, forms, other documentation or consents that may be necessary for such custodian or intermediary to make a payment free of FATCA withholding. Investors should consult their own tax adviser to obtain a more detailed explanation of FATCA and how FATCA may affect them. The Issuer's obligations under the Notes are discharged once it has paid the common safekeeper for the ICSDs (as holder of the Notes) and the Issuer, therefore, has no responsibility for any amount thereafter transmitted through the ICSDs and custodians or intermediaries.

Legal investment considerations may restrict certain investments.

The investment activities of certain investors are subject to legal investment laws and regulations, or review or regulation by certain authorities. Each potential investor should consult its legal advisers to determine whether and to what extent (i) Notes are legal investments for it, (ii) Notes can be used as collateral for various types of borrowing and (iii) other restrictions apply to its purchase or pledge of any Notes. Financial institutions should consult their legal advisers or the appropriate regulators to determine the appropriate treatment of Notes under any applicable risk-based capital or similar rules.

TERMS AND CONDITIONS OF THE NOTES

The following is the text of the terms and conditions of the Notes which, except for the text in italics, will be endorsed on each Note in definitive form:

The EUR 500,000,000 2.625 per cent. Guaranteed Notes due 2025 (the "**Notes**", which expression includes any further notes issued pursuant to Condition 14 (*Further issues*) and forming a single series therewith) of SPP Infrastructure Financing B.V. (the "**Issuer**") are subject to, and have the benefit of, a trust deed dated 12 February 2015 (as amended or supplemented from time to time, the "**Trust Deed**") between the Issuer, eustream, a.s. (the "**Guarantor**") and Citibank, N.A., London Branch as trustee (the "**Trustee**", which expression includes all persons for the time being trustee or trustees appointed under the Trust Deed) and are the subject of a paying agency agreement dated 12 February 2015 (as amended or supplemented from time to time, the "**Agency Agreement**") between the Issuer, the Guarantor, Citibank, N.A., London Branch as principal paying agent (the "Principal Paying Agent", which expression includes any successor principal paying agent appointed from time to time in connection with the Notes), the paying agents named therein (together with the Principal Paying Agent, the "**Paying Agents**", which expression includes any successor or additional paying agents appointed from time to time in connection with the Notes) and the Trustee. Certain provisions of these Conditions are summaries of the Trust Deed and the Agency Agreement and are subject to their detailed provisions. The holders of the Notes (the "**Noteholders**") and the holders of the related interest coupons (the "**Couponholders**" and the "**Coupons**", respectively) are bound by, and are deemed to have notice of, all the provisions of the Trust Deed and the Agency Agreement applicable to them. Copies of the Trust Deed and the Agency Agreement are available for inspection by Noteholders during normal business hours at the London Branch for the time being of the Trustee, being at the date hereof Citigroup Centre, Canada Square, Canary Wharf, London E14 5LB, United Kingdom and at the Specified Offices (as defined in the Agency Agreement) of each of the Paying Agents, the initial Specified Offices of which are set out below.

1. Form, Denomination and Title

The Notes are in bearer form in denominations of EUR 100,000 and EUR 1,000 in excess thereof with Coupons attached at the time of issue. Title to the Notes and the Coupons will pass by delivery. The holder of any Note or Coupon shall (except as otherwise required by law) be treated as its absolute owner for all purposes (whether or not it is overdue and regardless of any notice of ownership, trust or any other interest therein, any writing thereon or any notice of any previous loss or theft thereof) and no person shall be liable for so treating such holder. No person shall have any right to enforce any term or condition of the Notes or the Trust Deed under the Contracts (Rights of Third Parties) Act 1999.

2. Status and Guarantee

(a) *Status of the Notes*: The Notes constitute direct, general, unconditional and unsubordinated obligations of the Issuer which will at all times rank *pari passu* among themselves and at least *pari passu* with all other present and future unsecured and unsubordinated obligations of the Issuer, save for such obligations as may be preferred by provisions of law that are both mandatory and of general application.

(b) *Guarantee of the Notes:* The Guarantor has in the Trust Deed unconditionally and irrevocably guaranteed the due and punctual payment of all sums from time to time payable by the Issuer in respect of the Notes. This guarantee (the "**Guarantee of the Notes**") constitutes direct, general, unconditional and unsubordinated obligations of the Guarantor which will at all times rank at least *pari passu* with all other present and future unsecured and unsubordinated obligations of the Guarantor, save for such obligations as may be preferred by provisions of law that are both mandatory and of general application.

3. Negative Pledge

So long as any Note remains outstanding (as defined in the Trust Deed), neither the Issuer nor the Guarantor shall, and the Issuer and the Guarantor shall procure that no Subsidiary of the Guarantor will, create or permit to subsist any Security Interest upon the whole or any part of its present or future undertaking, assets or revenues (including uncalled capital) to secure any Relevant Indebtedness or Guarantee of Relevant Indebtedness without (a) at the same time or prior thereto securing the Notes equally and rateably therewith to the satisfaction of the Trustee or (b) providing such other security for the Notes as the Trustee may in its absolute discretion consider to be not materially less beneficial to the interests of the Noteholders or as may be approved by an Extraordinary Resolution (as defined in the Trust Deed) of Noteholders.

In these Conditions:

"**Guarantee**" means, in relation to any Indebtedness of any Person, any obligation of another Person to pay such Indebtedness including (without limitation):

(a) any obligation to purchase such Indebtedness;

(b) any obligation to lend money, to purchase or subscribe shares or other securities or to purchase assets or services in order to provide funds for the payment of such Indebtedness;

(c) any indemnity against the consequences of a default in the payment of such Indebtedness; and

(d) any other agreement to be responsible for such Indebtedness;

"**Indebtedness**" means any indebtedness of any Person for money borrowed or raised including (without limitation) any indebtedness for or in respect of:

(a) amounts raised by acceptance under any acceptance credit facility;

(b) amounts raised under any note purchase facility;

(c) the amount of any liability in respect of leases or hire purchase contracts which would, in accordance with applicable law and generally accepted accounting principles, be treated as finance or capital leases;

(d) the amount of any liability in respect of any purchase price for assets or services the payment of which is deferred for a period in excess of 60 days; and

(e) amounts raised under any other transaction (including, without limitation, any forward sale or purchase agreement) having the commercial effect of a borrowing;

"**Person**" means any individual, company, corporation, firm, partnership, joint venture, association, organisation, state or agency of a state or other entity, whether or not having separate legal personality;

"**Relevant Indebtedness**" means any Indebtedness which is in the form of or represented by any bond, note, debenture, debenture stock, loan stock, certificate or other instrument which is, or is capable of being, listed, quoted or traded on any stock exchange or in any securities market (including, without limitation, any over-the-counter market);

"**Security Interest**" means any mortgage, charge, pledge, lien or other security interest including, without limitation, anything analogous to any of the foregoing under the laws of any jurisdiction; and

"**Subsidiary**" means, in relation to any Person (the "**first Person**") at any particular time, any other Person (the "**second Person**"):

(a) whose affairs and policies the first Person controls or has the power to control, whether by ownership of share capital, contract, the power to appoint or remove members of the governing body of the second Person or otherwise; or

(b) whose financial statements are, in accordance with applicable law and generally accepted accounting principles, consolidated with those of the first Person.

4. Interest

The Notes bear interest from 12 February 2015 (the "**Issue Date**") at the rate of 2.625 per cent. per annum, (the "**Rate of Interest**") payable in arrear on 12 February in each year (each, an "**Interest Payment Date**"), subject as provided in Condition 6 (*Payments*).

Each Note will cease to bear interest from the due date for final redemption unless, upon due presentation, payment of principal is improperly withheld or refused, in which case it will continue to bear interest at such rate (both before and after judgment) until whichever is the earlier of (a) the day on which all sums due in respect of such Note up to that day are received by or on behalf of the relevant Noteholder and (b) the day which is seven days after the Principal Paying Agent or the Trustee has notified the Noteholders that it has received all sums due in respect of the Notes up to such seventh day (except to the extent that there is any subsequent default in payment).

The amount of interest payable on each Interest Payment Date shall be EUR 2,625 in respect of each Note of EUR 100,000 denomination and EUR 26.25 in respect of each Note of EUR 1,000 denomination. If interest is required to be paid in respect of a Note on any other date, it shall be calculated by applying the Rate of Interest to the Calculation Amount, multiplying the product by the relevant Day Count Fraction and rounding the resulting figure to the nearest euro (half a euro being rounded upwards) and multiplying such rounded figure by a fraction equal to the denomination of such Note divided by the Calculation Amount, where:

"**Calculation Amount**" means EUR 1,000;

"**Day Count Fraction**" means, in respect of any period, the number of days in the relevant period, from (and including) the first day in such period to (but excluding) the last day in such period, divided by the number of days in the Regular Period in which the relevant period falls; and

"**Regular Period**" means each period from (and including) the Issue Date or any Interest Payment Date to (but excluding) the next Interest Payment Date.

5. Redemption and Purchase

(a) *Scheduled redemption*: Unless previously redeemed, or purchased and cancelled, the Notes will be redeemed at their principal amount on 12 February 2025, subject as provided in Condition 6 (*Payments*).

(b) *Redemption for tax reasons:* The Notes may be redeemed at the option of the Issuer in whole, but not in part, at any time, on giving not less than 30 nor more than 60 days' notice to the Noteholders in accordance with Condition 15 (*Notices*) (which notice shall be irrevocable) at their principal amount, together with interest accrued to the date fixed for redemption, if, immediately before giving such notice, the Issuer satisfies the Trustee that:

(i) (A) the Issuer has or will become obliged to pay additional amounts as provided or referred to in Condition 7 (*Taxation*) as a result of any change in, or amendment to, the laws or regulations of The Netherlands or any political subdivision or any authority thereof or therein having power to tax, or any change in the application or official interpretation of such laws or regulations (including a holding by a court of competent jurisdiction), which change or amendment becomes effective on or after the Issue Date; and (B) such obligation cannot be avoided by the Issuer taking reasonable measures available to it; or

(ii) (A) the Guarantor has or (if a demand was made under the Guarantee of the Notes) would become obliged to pay additional amounts as provided or referred to in Condition 7 (*Taxation*) or the Guarantee of the Notes or the Guarantor has or will become obliged to make any such withholding or deduction as is referred to in Condition 7 (*Taxation*) or the Guarantee of the Notes, as the case may be, from any amount paid by it to the Issuer in order to enable the Issuer to make a payment of principal or interest in respect of the Notes, in either case as a result of any change in, or amendment to, the laws or regulations of the Slovak Republic or any political subdivision or any authority thereof or therein having power to tax, or any change in the application or official interpretation of such laws or regulations (including a holding by a court of competent jurisdiction), which change or amendment becomes effective on or after the Issue Date; and (B) such obligation cannot be avoided by the Guarantor taking reasonable measures available to it;

provided, however, that no such notice of redemption shall be given earlier than 90 days prior to the earliest date on which the Issuer or the Guarantor would be obliged to pay such additional amounts or the Guarantor would be obliged to make such withholding or deduction if a payment in respect of the Notes were then due or (as the case may be) a demand under the Guarantee of the Notes were then made.

Prior to the publication of any notice of redemption pursuant to this Condition, the Issuer shall deliver or procure that there is delivered to the Trustee:

(A) a certificate signed by two directors of the Issuer stating that the circumstances referred to in (i)(A) and (i)(B) above prevail and setting out the details of such circumstances or (as the case may be) a certificate by two directors of the Guarantor stating that the circumstances referred to in (ii)(A) and (ii)(B) above prevail and setting out the details of such circumstances; and

(B) an opinion in form and substance satisfactory to the Trustee of independent legal advisers of recognised standing to the effect that the Issuer or (as the case may be) the Guarantor has or will become obliged to pay such additional amounts or (as the case may be) the Guarantor has or will become obliged to make such withholding or deduction as a result of such change or amendment.

The Trustee shall be entitled to accept such certificate and opinion as sufficient evidence of the satisfaction of the circumstances set out in (i)(A) and (i)(B) above or (as the case may be) (ii)(A) and (ii)(B) above, in which event they shall be conclusive and binding on the Noteholders.

Upon the expiry of any such notice as is referred to in this Condition 5(b), the Issuer shall be bound to redeem the Notes in accordance with this Condition 5(b).

(c) *Redemption on Change of Control*: If at any time while any Note remains outstanding, either of the following events shall occur (each, as applicable, a "**Put Event**"):

(i) a Change of Control occurs and, if at the start of the Change of Control Period the Notes are rated by any Rating Agency, a Rating Downgrade in respect of that Change of Control occurs within such Change of Control Period; or

(ii) a Change of Control occurs and, on the occurrence of the Change of Control, the Notes are not rated by any Rating Agency;

then the Holder of each Note will have the option (the "**Put Option**") (unless, prior to the giving of the Put Event Notice (as defined below), the Issuer gives notice of its intention to redeem the Notes under Condition 5(b) (*Redemption for tax reasons*) to require the Issuer to redeem or, at the Issuer's option, to purchase or procure the purchase of that Note on the Optional Redemption Date (as defined below), at its principal amount together with (or, where purchased, together with an amount equal to) accrued interest up to but excluding the Optional Redemption Date.

For the purposes of this Condition 5(c):

A "**Change of Control**" shall be deemed to have occurred if:

(i) the Slovak Republic ceases to hold, directly or indirectly at least 50 per cent. *plus* one share of the ordinary shares of the Issuer and the Guarantor; or

(ii) any person or persons (other than the Slovak Republic or Energeticky a prumyslovy holding, a.s.) acting in concert or any person or persons acting on their behalf, at any time directly or indirectly come(s) to acquire control (whether through share- ownership, acquisition of voting rights, the ability to direct management, or otherwise) of the Issuer or Guarantor.

"**Change of Control Period**" means the period (i) commencing on the date that is the earlier of (A) the date of the first public announcement of the relevant Change of Control and (B) the date of the earliest Potential Change of Control Announcement (as defined below), if any, and (ii) ending on the date which is 120 days after the date of the relevant public announcement (such 120th day, the "**Initial Longstop Date**"); *provided that,* unless any other Rating Agency has on or prior to the Initial Longstop Date effected a Rating Downgrade in respect of its rating of the Notes, if a Rating Agency publicly announces, at any time during the period commencing on the date which is 60 days prior to the Initial Longstop Date and ending on the Initial Longstop Date, that it has placed its rating of the Notes under consideration for rating review either entirely or partially as a result of the relevant public announcement of the Change of Control or Potential Change of Control Announcement, the Change of Control Period shall be extended to the date which falls 60 days after the date of such public announcement by such Rating Agency;

"**Rating Agency**" means any of the following: (i) Fitch Ratings Limited or Moody's Investors Service Limited; or (ii) any other rating agency of equivalent international standing specified from time to time by the Issuer, and, in each case, their respective successors or affiliates;

a "**Rating Downgrade**" shall be deemed to have occurred in respect of a Change of Control if, within the Change of Control Period, the rating previously assigned to the Notes by any Rating Agency is (i) withdrawn or (ii) changed from an investment grade rating (BBB-/Baa3, or their respective equivalents for the time being, or better) to a non-investment grade rating (BB+/Ba1, or their respective equivalents for the time being, or worse) or (iii) if such rating previously assigned to the Notes by any Rating Agency was below an investment grade rating (as described above), lowered by at least one full rating notch (for example, from BB+ to BB or their respective equivalents); and

"**Potential Change of Control Announcement**" means any public announcement or statement by the Issuer, the Guarantor, the Slovak Republic or any other shareholder of the Issuer or Guarantor, or any actual or potential bidder or any designated adviser thereto relating to any specific and near-term potential Change of Control (where "**near-term**" shall mean that such potential Change of Control is reasonably likely to occur, or is publicly stated by the Issuer, any such actual or potential bidder or any such designated adviser to be intended to occur, within 120 days of the date of such announcement or statement).

Promptly upon the Issuer becoming aware that a Put Event has occurred, the Issuer shall give notice (a "**Put Event Notice**") to the Noteholders in accordance with Condition 15 (*Notices*) specifying the nature of the Put Event and the circumstances giving rise to it and the procedure for exercising the Put Option contained in this Condition.

To exercise the Put Option, the Noteholder must deposit any applicable Note, together with each unmatured Coupon relating thereto (if any), to the account of any Paying Agent for the account of the Issuer within the period (the "**Put Period**") of 30 days after the day on which the Put Event Notice is given, together with a duly signed and completed Put Option Notice in the form (for the time being current and substantially in the form set out in the Agency Agreement) obtainable from the specified office of any Agent.

Subject to the deposit of any such Notes to the account of an Agent for the account of the Issuer as described above, the Issuer shall redeem the Notes in respect of which the Put Option has been validly exercised as provided above on the date which is the fifth business day following the end of the Put Period (the "**Optional Redemption Date**"). The Agent to whom a Note has been so deposited shall deliver a duly completed Put Option Receipt to the depositing Noteholder. No Note, once so deposited with a duly completed Put Option Notice in accordance with this Condition 5c., may be withdrawn; *provided, however, that* if, prior to the relevant Optional Redemption Date, any such Note becomes immediately due and payable or, upon due presentation of any such Note on or prior to the end of the Put Period, payment of the redemption moneys is improperly withheld or refused on the relevant Optional Redemption Date, the relevant Agent shall mail notification thereof to the depositing Noteholder at such address as may have been given by such Noteholder in the relevant Put Option Notice and shall hold such Note at its Specified Office for collection by the depositing Noteholder against surrender of the relevant Put Option Receipt. For so long as any outstanding Note is held by an Agent in accordance with this Condition, the depositor of such Note and not such Agent shall be deemed to be the holder of the Note for all purposes.

(a) *No other redemption*: The Issuer shall not be entitled to redeem the Notes otherwise than as provided in paragraphs (a) (*Scheduled Redemption*) to (c) (*Redemption on Change of Control*) above, or through purchase and cancellation in accordance with paragraphs (b) (*Purchase*) and (c) (*Cancellation*) below.

(b) *Purchase:* The Issuer, the Guarantor or any Subsidiary of the Guarantor may at any time purchase Notes in the open market or otherwise and at any price, *provided that* all unmatured Coupons are purchased therewith.

(c) *Cancellation*: All Notes so redeemed or purchased by the Issuer, Guarantor or any Subsidiary of the Guarantor and any unmatured Coupons attached to or surrendered with them may at their option be cancelled and may, if cancelled, not be reissued or resold.

6. Payments

(a) *Principal*: Payments of principal shall be made only against presentation and (*provided that* payment is made in full) surrender of Notes at the Specified Office of any Paying Agent outside the United States by Euro cheque drawn on, or by transfer to a Euro account (or other account to which Euro may be credited or transferred) maintained by the payee with, a bank in a city in which banks have access to the TARGET System.

(b) *Interest:* Payments of interest shall, subject to paragraph (g) (*Payments other than in respect of matured Coupons*) below, be made only against presentation and (*provided that* payment is made in full) surrender of the appropriate Coupons at the Specified Office of any Paying Agent outside the United States in the manner described in paragraph (a) (*Principal*) above.

(c) *Interpretation*: In these Conditions:

"**TARGET2**" means the Trans-European Automated Real-Time Gross Settlement Express Transfer payment system which utilises a single shared platform and which was launched on 19 November 2007;

"**TARGET Settlement Day**" means any day on which TARGET2 is open for the settlement of payments in euro; and

"**TARGET System**" means the TARGET2 system.

(d) *Payments subject to fiscal laws*: All payments in respect of the Notes are subject in all cases to (i) any applicable fiscal or other laws and regulations in the place of payment, but without prejudice to the provisions of Condition 7 (*Taxation*), and (ii) any withholding or deduction required pursuant to an agreement described in section 1471(b) of the United States Internal Revenue Code of 1986, as amended (the "**Code**") or otherwise imposed pursuant to sections 1471 to 1474 of the Code, any regulations or agreements thereunder, any interpretations thereof, or (without prejudice to the provisions of Condition 7 (*Taxation*)), any law implementing an intergovernmental approach thereto. No commissions or expenses shall be charged to the Noteholders or Couponholders in respect of such payments.

(e) *Deduction for unmatured Coupons:* If a Note is presented without all unmatured Coupons relating thereto, then:

(i) if the aggregate amount of the missing Coupons is less than or equal to the amount of principal due for payment, a sum equal to the aggregate amount of the missing Coupons will be deducted from the amount of principal due for payment; *provided, however, that* if the gross amount available for payment is less than the amount of principal due for payment, the sum deducted will be that proportion of the aggregate amount of such missing Coupons which the gross amount actually available for payment bears to the amount of principal due for payment;

(ii) if the aggregate amount of the missing Coupons is greater than the amount of principal due for payment:

(A) so many of such missing Coupons shall become void (in inverse order of maturity) as will result in the aggregate amount of the remainder of such missing Coupons (the "**Relevant Coupons**") being equal to the amount of principal due for payment; *provided, however, that* where this sub-paragraph would otherwise require a fraction of a missing Coupon to become void, such missing Coupon shall become void in its entirety; and

(B) a sum equal to the aggregate amount of the Relevant Coupons (or, if less, the amount of principal due for payment) will be deducted from the amount of principal due for payment; *provided, however, that*, if the gross amount available for payment is less than the amount of principal due for payment, the sum deducted will be that proportion of the aggregate amount of the Relevant Coupons (or, as the case may be, the amount of principal due for payment) which the gross amount actually available for payment bears to the amount of principal due for payment.

Each sum of principal so deducted shall be paid in the manner provided in paragraph (a) (*Principal*) above against presentation and (*provided that* payment is made in full) surrender of the relevant missing Coupons. No payments will be made in respect of void coupons.

(f) *Payments on business days*: If the due date for payment of any amount in respect of any Note or Coupon is not a business day in the place of presentation, the holder shall not be entitled to payment in such place of the amount due until the next succeeding business day in such place and shall not be entitled to any further interest or other payment in respect of any such delay. In this paragraph, "**business day**" means, in respect of any place of presentation, any day on which banks are open for presentation and payment of bearer debt securities and for dealings in foreign currencies in such place of presentation and, in the case of payment by transfer to a Euro account as referred to above, on which the TARGET System is open.

(g) *Payments other than in respect of matured Coupons*: Payments of interest other than in respect of matured Coupons shall be made only against presentation of the relevant Notes at the Specified Office of any Paying Agent outside the United States.

(h) *Partial payments*: If a Paying Agent makes a partial payment in respect of any Note or Coupon presented to it for payment, such Paying Agent will endorse thereon a statement indicating the amount and date of such payment.

7. Taxation

All payments of principal and interest in respect of the Notes and the Coupons by or on behalf of the Issuer or the Guarantor shall be made free and clear of, and without withholding or deduction for or on account of, any present or future taxes, duties, assessments or governmental charges of whatever nature imposed, levied, collected, withheld or assessed by or on behalf of The Netherlands or the Slovak Republic or any political subdivision thereof or any authority therein or thereof having power to tax, unless the withholding or deduction of such taxes, duties, assessments or governmental charges is required by law. In that event the Issuer or (as the case may be) the Guarantor shall pay such additional amounts as will result in receipt by the Noteholders and the Couponholders after such withholding or deduction of such amounts as would have been received by them had no such withholding or deduction been required, except that no such additional amounts shall be payable in respect of any Note or Coupon presented for payment:

(a) by or on behalf of a holder which is liable to such taxes, duties, assessments or governmental charges in respect of such Note or Coupon by reason of its having some connection with the jurisdiction by which such taxes, duties, assessments or charges have been imposed, levied, collected, withheld or assessed other than the mere holding of the Note or Coupon; or

(b) where such withholding or deduction is imposed on a payment to an individual and is required to be made pursuant to European Council Directive 2003/48/EC or any other Directive implementing the conclusions of the ECOFIN Council meeting of 2627 November 2000 or any law implementing or complying with, or introduced in order to conform to, this Directive; or

(c) by or on behalf of a holder who would have been able to avoid such withholding or deduction by presenting the relevant Note or Coupon to another Paying Agent in a member state of the EU; or

(d) more than 30 days after the Relevant Date except to the extent that the holder of such Note or Coupon would have been entitled to such additional amounts on presenting such Note or Coupon for payment on the last day of such period of 30 days.

For the avoidance of doubt, no additional amounts shall be payable where any withholding or deduction is required pursuant to an agreement described in section 1471(b) of the Code, or otherwise imposed pursuant to sections 1471 through 1474 of the Code and any regulations, agreements or undertakings thereunder or official interpretations thereof or similar law implementing an intergovernmental approach thereto.

In these Conditions, "**Relevant Date**" means whichever is the later of (1) the date on which the payment in question first becomes due and (2) if the full amount payable has not been received in a city in which banks have access to the TARGET System by the Principal Paying Agent or the Trustee on or prior to such due date, the date on which (the full amount having been so received) notice to that effect has been given to the Noteholders.

Any reference in these Conditions to principal or interest shall be deemed to include any additional amounts in respect of principal or interest (as the case may be) which may be payable under this Condition 7 (*Taxation*) or any undertaking given in addition to or in substitution of this Condition 7 (*Taxation*) pursuant to the Trust Deed.

If the Issuer or the Guarantor becomes subject at any time to any taxing jurisdiction other than The Netherlands or the Slovak Republic respectively, references in these Conditions to The Netherlands or the Slovak Republic shall be construed as references to The Netherlands or (as the case may be) the Slovak Republic and/or such other jurisdiction.

8. Events of Default

If any of the following events occurs, then the Trustee at its discretion may and, if so requested in writing by holders of at least one quarter of the aggregate principal amount of the outstanding Notes or if so directed by an Extraordinary Resolution, shall (subject, in the case of the happening of any of the events mentioned in paragraph (b) (*Breach of other obligations*) below, to the Trustee having certified in writing that the happening of such event is in its opinion materially prejudicial to the interests of the Noteholders and, in all cases, to the Trustee having been indemnified and/or prefunded and/or provided with security to its satisfaction) give written notice to the Issuer declaring the Notes to be immediately due and payable, whereupon they shall become immediately due and payable at their principal amount together with accrued interest without further action or formality:

(a) *Non-payment*: the Issuer fails to pay any amount of principal in respect of the Notes on the due date for payment thereof or fails to pay any amount of interest in respect of the Notes within 7 days of the due date for payment thereof; or

(b) *Breach of other obligations:* the Issuer or the Guarantor defaults in the performance or observance of any of its other obligations under or in respect of the Notes or the Trust Deed and such default (i) is, in the opinion of the Trustee, incapable of remedy or (ii) being a default which is, in the opinion of the Trustee, capable of remedy, remains unremedied for 45 days after the Trustee has given written notice thereof to the Issuer and the Guarantor; or

(c) *Cross-default of Issuer, Guarantor or Subsidiary:*

(i) any Indebtedness of the Issuer, the Guarantor or any Subsidiary of the Guarantor is not paid when due or (as the case may be) within any originally applicable grace period;

(ii) any such Indebtedness becomes (or becomes capable of being declared) due and payable prior to its stated maturity otherwise than at the option of the Issuer, the Guarantor or (as the case may be) the relevant Subsidiary of the Guarantor or (*provided that* no event of default, howsoever described, has occurred) any person entitled to such Indebtedness; or

(iii) the Issuer, the Guarantor or any Subsidiary of the Guarantor fails to pay when due any amount payable by it under any Guarantee of any Indebtedness;

provided that the amount of Indebtedness referred to in sub-paragraph (i) and/or subparagraph (ii) above and/or the amount payable under any Guarantee referred to in sub-paragraph (iii) above individually or in the aggregate exceeds EUR 20,000,000 (or its equivalent in any other currency or currencies); or

(d) *Unsatisfied judgment:* one or more judgment(s) or order(s) for the payment of any amount/an amount in excess of EUR 20,000,000 (or its equivalent in any other currency or currencies), whether individually or in aggregate, is rendered against the Issuer, the Guarantor or any Subsidiary of the Guarantor and continue(s) unsatisfied and unstayed for a period of 45 days after the date(s) thereof or, if later, the date therein specified for payment; or

(e) *Security enforced*: a secured party takes possession, or a receiver, manager or other similar officer is appointed, of any part of the undertaking, assets and revenues of the Issuer, the Guarantor or any Subsidiary of the Guarantor, which exceeds an amount of EUR 20,000,000 (or its equivalent in any other currency or currencies), whether individually or in the aggregate; or

(f) *Insolvency, etc.:* (i) the Issuer, the Guarantor or any Subsidiary of the Guarantor becomes insolvent, over indebted, or is unable to pay its debts as they fall due, (ii) any corporate action, legal proceedings or other procedure or step is taken in relation to (1) bankruptcy of the Issuer, Guarantor or any Subsidiary of the Guarantor or (2) restructuring of the Issuer, the Guarantor or any Subsidiary of the Guarantor or a similar arrangement with any creditor of the Issuer, the Guarantor or any Subsidiary of the Guarantor, unless the petition to commence such proceedings or procedure is discharged, stayed or dismissed within 60 calendar days of such commencement; (iii) an administrator or liquidator is appointed (or application for any such appointment is made) in respect of the Issuer, the Guarantor or any Subsidiary of the

Guarantor or the whole or any part of the undertaking, assets and revenues of the Issuer, the Guarantor or any Subsidiary of the Guarantor, (iii) the Issuer, the Guarantor or any Subsidiary of the Guarantor takes any action for a readjustment or deferment of any of its obligations or makes a general assignment or an arrangement or composition with or for the benefit of its creditors or declares a moratorium in respect of any of its Indebtedness or any Guarantee of any Indebtedness given by it or (iv) the Issuer, the Guarantor or any Subsidiary of the Guarantor ceases or threatens to cease to carry on all or any substantial part of its business; or

(g) *Winding up, etc.:* an order is made or an effective resolution is passed for the winding up, liquidation or dissolution of the Issuer, the Guarantor or any Subsidiary of the Guarantor; or

(h) *Analogous event*: any event occurs which under the laws of The Netherlands or the Slovak Republic has an analogous effect to any of the events referred to in paragraphs (d) (*Unsatisfied judgment*) to (g) (*Winding up, etc.*) above; or

(i) *Failure to take action, etc.*: any action, condition or thing at any time required to be taken, fulfilled or done in order (i) to enable the Issuer and the Guarantor lawfully to enter into, exercise their respective rights and perform and comply with their respective obligations under and in respect of the Notes or the Trust Deed, (ii) to ensure that those obligations are legal, valid, binding and enforceable and (iii) to make the Notes, the Coupons and the Trust Deed admissible in evidence in the courts of The Netherlands and the Slovak Republic is not taken, fulfilled or done; or

(j) *Unlawfulness:* it is or will become unlawful for the Issuer or the Guarantor to perform or comply with any of its obligations under or in respect of the Notes or the Trust Deed; or

(k) *Guarantee not in force: the Guarantee of the Notes is not* (*or is claimed by the* Guarantor not to be) in full force and effect.

9. Prescription

Claims for principal shall become void unless the relevant Notes are presented for payment within ten years of the appropriate Relevant Date. Claims for interest shall become void unless the relevant Coupons are presented for payment within five years of the appropriate Relevant Date.

10. Replacement of Notes and Coupons

If any Note or Coupon is lost, stolen, mutilated, defaced or destroyed, it may be replaced at the Specified Office of the Principal Paying Agent, subject to all applicable laws and stock exchange requirements, upon payment by the claimant of the expenses incurred in connection with such replacement and on such terms as to evidence, security, indemnity and otherwise as the Issuer may reasonably require. Mutilated or defaced Notes or Coupons must be surrendered before replacements will be issued.

11. Trustee and Paying Agents

Under the Trust Deed, the Trustee is entitled to be indemnified and relieved from responsibility in certain circumstances and to be paid its costs and expenses in priority to the claims of the Noteholders. In addition, the Trustee is entitled to enter into business transactions with the Issuer, the Guarantor and any entity relating to the Issuer or the Guarantor without accounting for any profit.

In the exercise of its powers and discretions under these Conditions and the Trust Deed, the Trustee will have regard to the interests of the Noteholders as a class and will not be responsible for any consequence for individual holders of Notes or Coupons as a result of such holders being connected in any way with a particular territory or taxing jurisdiction.

In acting under the Agency Agreement and in connection with the Notes and the Coupons, the Paying Agents act solely as agents of the Issuer, the Guarantor and (to the extent provided therein) the Trustee and do not assume any obligations towards or relationship of agency or trust for or with any of the Noteholders or Couponholders.

The initial Paying Agents and their initial Specified Offices (as defined in the Trust Deed) are listed below. The Issuer and the Guarantor reserve the right (with the prior approval of the Trustee) at any time to vary or terminate the appointment of any Paying Agent and to appoint a successor principal paying agent and additional or successor paying agents; *provided, however, that* the Issuer and the Guarantor shall at all times maintain a principal paying agent and a paying agent in an EU member state that will not be obliged to withhold or deduct tax pursuant to any law implementing European Council Directive 2003/48/EC.

Notice of any change in any of the Paying Agents or in their Specified Offices shall promptly be given to the Noteholders.

12. Meetings of Noteholders; Modification and Waiver; Substitution of the Issuer

(a) *Meetings of Noteholders*: The Trust Deed contains provisions for convening meetings of Noteholders to consider matters relating to the Notes, including the modification of any provision of these Conditions or the Trust Deed. Any such modification may be made if sanctioned by an Extraordinary Resolution. Such a meeting may be convened by the Issuer and the Guarantor (acting together) or by the Trustee and shall be convened by the Trustee upon the request in writing of Noteholders holding not less than one-tenth of the aggregate principal amount of the outstanding Notes. The quorum at any meeting convened to vote on an Extraordinary Resolution will be two or more voters holding or representing more than half of the aggregate principal amount of the outstanding Notes or, at any adjourned meeting, two or more voters being or representing Noteholders whatever the principal amount of the Notes held or represented; *provided, however, that* certain proposals (including any proposal to change any date fixed for payment of principal or interest in respect of the Notes, to reduce the amount of principal or interest payable on any date in respect of the Notes, to alter the method of calculating the amount of any payment in respect of the Notes or the date for any such payment, to change the currency in which amounts due in respect of the Notes are payable, to modify the provisions of the Guarantee of the Notes or to change the quorum requirements relating to meetings or the majority required to pass an Extraordinary Resolution (each, a "**Reserved Matter**")) may only be sanctioned by an Extraordinary Resolution passed at a meeting of Noteholders at which two or more voters holding or representing not less than two-thirds or, at any adjourned meeting, one third of the aggregate principal amount of the outstanding Notes form a quorum. Any Extraordinary Resolution duly passed at any such meeting shall be binding on all the Noteholders and Couponholders, whether present or not.

In addition, a resolution in writing signed by or on behalf of all Noteholders who for the time being are entitled to receive notice of a meeting of Noteholders under the Trust Deed will take effect as it were an Extraordinary Resolution. Such a resolution in writing may be contained in one document or several documents in the same form, each signed by or on behalf of one or more Noteholders.

(b) *Modification and waiver:* The Trustee may, without the consent of the Noteholders or Couponholders agree to any modification of these Conditions or the Trust Deed (other than in respect of a Reserved Matter) which is, in the opinion of the Trustee, proper to make if, in the opinion of the Trustee, such modification will not be materially prejudicial to the interests of Noteholders and to any modification of the Notes or the Trust Deed which is of a formal, minor or technical nature or is to correct a manifest error.

In addition, the Trustee may, without the consent of the Noteholders or Couponholders authorise or waive any proposed breach or breach of the Notes or the Trust Deed (other than a proposed breach or breach relating to the subject of a Reserved Matter) if, in the opinion of the Trustee, the interests of the Noteholders will not be materially prejudiced thereby.

Unless the Trustee agrees otherwise, any such authorisation, waiver or modification shall be notified to the Noteholders as soon as practicable thereafter.

(c) *Substitution of the Issuer:* The Trust Deed contains provisions under which the Guarantor or any other company may, without the consent of the Noteholders or Couponholders assume the obligations of the Issuer as principal debtor under the Trust Deed and the Notes *provided that* certain conditions specified in the Trust Deed are fulfilled, including, in the case of a substitution of the Issuer by a company other than the Guarantor, a requirement that the Guarantee of the Notes is fully effective in relation to the obligations of the new principal debtor under the Trust Deed and the Notes.

No Noteholder or Couponholder shall, in connection with any substitution, be entitled to claim any indemnification or payment in respect of any tax consequence thereof for such Noteholder or (as the case may be) Couponholder except to the extent provided for in Condition 7 (*Taxation*) (or any undertaking given in addition to or substitution for it pursuant to the provisions of the Trust Deed).

13. Enforcement

The Trustee may at any time, at its discretion and without notice, institute such proceedings as it thinks fit to enforce its rights under the Trust Deed in respect of the Notes, but it shall not be bound to do so unless:

(a) it has been so requested in writing by the holders of at least one quarter of the aggregate principal amount of the outstanding Notes or has been so directed by an Extraordinary Resolution; and

(b) it has been indemnified and/or prefunded and/or provided with security to its satisfaction.

No Noteholder may proceed directly against the Issuer or the Guarantor unless the Trustee, having become bound to do so, fails to do so within a reasonable time and such failure is continuing.

14. Further Issues

The Issuer may from time to time, without the consent of the Noteholders or Couponholders and in accordance with the Trust Deed, create and issue further notes having the same terms and conditions as the Notes in all respects (or in all respects except for the first payment of interest) so as to form a single series with the Notes. The Issuer may from time to time, with the consent of the Trustee, create and issue other series of notes having the benefit of the Trust Deed.

15. Notices

Notices to the Noteholders shall be valid if published in a leading English language daily newspaper published in Dublin (which is expected to be *The Irish Times*). Any such notice shall be deemed to have been given on the date of first publication. Couponholders shall be deemed for all purposes to have notice of the contents of any notice given to the Noteholders.

16. Governing Law and Jurisdiction

(a) *Governing law*: The Notes and the Trust Deed and any non-contractual obligations arising out of or in connection with the Notes and the Trust Deed are governed by English law.

(b) *Jurisdiction:* Each of the Issuer and the Guarantor has in the Trust Deed (i) agreed for the benefit of the Trustee and the Noteholders that the courts of England shall have exclusive jurisdiction to settle any dispute (a "**Dispute**") arising out of or in connection with the Notes (including any non-contractual obligations arising out of or in connection with the Notes); (ii) agreed that those courts are the most appropriate and convenient courts to settle any Dispute and, accordingly, that it will not argue that any other courts are more appropriate or convenient; (iii) designated a person in England to accept service of any process on its behalf; (iv) consented to the enforcement of any judgment; and (v) to the extent that it may in any jurisdiction claim for itself or its assets immunity from suit, execution, attachment (whether in aid of execution, before judgment or otherwise) or other legal process, and to the extent that in any such jurisdiction there may be attributed to itself or its assets or revenues such immunity (whether or not claimed), agreed not to claim and irrevocably waived such immunity to the full extent permitted by the laws of such jurisdiction. The Trust Deed also states that nothing contained in the Trust Deed prevents the Trustee or any of the Noteholders from taking proceedings relating to a Dispute ("**Proceedings**") in any other courts with jurisdiction and that, to the extent allowed by law, the Trustee or any of the Noteholders may take concurrent Proceedings in any number of jurisdictions.

SUMMARY OF PROVISIONS RELATING TO THE NOTES IN GLOBAL FORM

The Notes will initially be in the form of the Temporary Global Note which will be deposited on or around the Closing Date with a common safekeeper for Euroclear and Clearstream, Luxembourg.

The Notes will be issued in new global note ("**NGN**") form. On 13 June 2006 the European Central Bank (the "**ECB**") announced that Notes in NGN form are in compliance with the "Standards for the use of EU securities settlement systems in ESCB credit operations" of the central banking system for the euro (the "**Eurosystem**"), provided that certain other criteria are fulfilled. At the same time the ECB also announced that arrangements for Notes in NGN form will be offered by Euroclear and Clearstream, Luxembourg as of 30 June 2006 and that debt securities in global bearer form issued through Euroclear and Clearstream, Luxembourg after 31 December 2006 will only be eligible as collateral for Eurosystem operations if the NGN form is used.

The Notes are intended to be held in a manner which would allow Eurosystem eligibility—that is, in a manner which would allow the Notes to be recognised as eligible collateral for Eurosystem monetary policy and intra-day credit operations by the Eurosystem either upon issue or at any or all times during their life. Such recognition will depend upon satisfaction of the Eurosystem eligibility criteria.

The Temporary Global Note will be exchangeable in whole or in part for interests in the Permanent Global Note not earlier than 40 days after the Closing Date upon certification as to non-U.S. beneficial ownership. No payments will be made under the Temporary Global Note unless exchange for interests in the Permanent Global Note is improperly withheld or refused. In addition, interest payments in respect of the Notes cannot be collected without such certification of non-U.S. beneficial ownership.

The Permanent Global Note will become exchangeable in whole, but not in part, for Notes in definitive form ("**Definitive Notes**") in the denomination of EUR 100,000 or EUR 1,000 each at the request of the bearer of the Permanent Global Note against presentation and surrender of the Permanent Global Note to the Principal Paying Agent if either of the following events (each, an "**Exchange Event**") occurs: (a) Euroclear or Clearstream, Luxembourg is closed for business for a continuous period of 14 days (other than by reason of legal holidays) or announces an intention permanently to cease business or (b) any of the circumstances described in Condition 8 (*Events of Default*) occurs.

So long as the Notes are represented by a Temporary Global Note or a Permanent Global Note and the relevant clearing system(s) so permit, the Notes will be tradeable only in the minimum authorised denomination of EUR 100,000 and higher integral multiples of EUR 1,000, notwithstanding that no Definitive Notes will be issued with a denomination above EUR 199,000. Whenever the Permanent Global Note is to be exchanged for Definitive Notes, the Issuer shall procure the prompt delivery (free of charge to the bearer) of such Definitive Notes, duly authenticated and with Coupons attached, in an aggregate principal amount equal to the principal amount of the Permanent Global Note to the bearer of the Permanent Global Note against the surrender of the Permanent Global Note to or to the order of the Principal Paying Agent within 30 days of the occurrence of the relevant Exchange Event.

In addition, the Temporary Global Note and the Permanent Global Note will contain provisions which modify the Terms and Conditions of the Notes as they apply to the Temporary Global Note and the Permanent Global Note. The following is a summary of certain of those provisions:

Payments: All payments in respect of the Temporary Global Note and the Permanent Global Note will be made against presentation and (in the case of payment of principal in full with all interest accrued thereon) surrender of the Temporary Global Note or (as the case may be) the Permanent Global Note to or to the order of any Paying Agent and will be effective to satisfy and discharge the corresponding liabilities of the Issuer in respect of the Notes. On each occasion on which a payment of principal or interest is made in respect of the Temporary Global Note or (as the case may be) the Permanent Global Note, the Issuer shall procure that the payment is entered *pro rata* in the records of Euroclear and Clearstream, Luxembourg.

Payments on business days: In the case of all payments made in respect of the Temporary Global Note and the Permanent Global Note "**business day**" means any day on which the TARGET System is open.

Exercise of put option: In order to exercise the option contained in Condition 5(c) (*Redemption on Change of Control*) the bearer of the Permanent Global Note must, within the period specified in the Conditions for the deposit of the relevant Note and put notice, give written notice of such exercise to the Principal Paying Agent specifying the principal amount of Notes in respect of which such option is being exercised. Any such notice will be irrevocable and may not be withdrawn.

Notices: Notwithstanding Condition 15 (*Notices*), while all the Notes are represented by the Permanent Global Note (or by the Permanent Global Note and/or the Temporary Global Note) and the Permanent Global Note is (or the Permanent Global Note and/or the Temporary Global Note are) deposited with a common safekeeper for Euroclear and Clearstream, Luxembourg, notices to Noteholders may be given by delivery of the relevant notice to Euroclear and Clearstream, Luxembourg and, in any case, such notices shall be deemed to have been given to the Noteholders in accordance with Condition 15 (*Notices*) on the date of delivery to Euroclear and Clearstream, Luxembourg.

USE OF PROCEEDS

The proceeds of the issue of the Notes are expected to amount to approximately EUR 500,000,000 prior to the total expenses incurred (including the combined management and underwriting commission of the Joint Lead Managers) in connection with the issue of the Notes. The proceeds (after deduction of the total expenses incurred) will be lent to the Guarantor by way of a note instrument purchased by the Issuer. The Guarantor will upstream the proceeds, directly or indirectly, to its ultimate shareholders, the Slovak Republic and EPH. Any proceeds of the Notes upstreamed directly or indirectly by the Guarantor to Slovak Gas Holding B.V. may be used to repay debt at that level in respect of which the Joint Lead Managers and/or their respective affiliates are lenders.

DESCRIPTION OF THE ISSUER

1. General Information About the Issuer

SPP Infrastructure Financing B.V. (the "**Issuer**") was incorporated as a private limited liability company (*besloten vennootschap met beperkte aansprakelijkheid*) with duration under the laws of The Netherlands on 24 May 2013 by notarial deed of incorporation in accordance with Section 2:175(2) of the Dutch Civil Code. The Issuer's current sole shareholder is SPP Infrastructure, a.s. ("**SPPI**"). The Issuer and its articles of association have been registered with the trade register of the Dutch Chamber of Commerce with number 57993610.

Pursuant to a reorganisation plan approved by the Slovak Republic on 4 September 2013 and completed on 4 June 2014 (the "**Reorganisation Plan**"), SPPI is the holding company through which EPH (through the wholly-owned Slovak Gas Holding B.V.) and the Slovak Republic hold interests in the Issuer and the operating subsidiaries (together with SPPI, the "**SPPI Group**") that make up the gas transmission, gas distribution and gas storage businesses of the SPPI Group.

The registered office of the Issuer is at Weteringschans 26, 1017 SG, Amsterdam, The Netherlands. The telephone number of the Issuer is +31 205301260 and the fax number of the Issuer is +31 205301279. As at the date of this Prospectus, the Issuer has no subsidiaries. As at the date of this Prospectus, the share capital of the Issuer is EUR 400,000 divided into 4,000 ordinary shares with a nominal value of EUR 100 each (the "**Issuer Shares**") all of which are fully paid.

The Issuer Shares are held by SPPI, the parent company of the Issuer and the Guarantor. The Issuer, therefore, is an affiliate of the Guarantor. The Issuer operates in accordance with the SPPI Group's corporate governance policies. The Issuer is not committed to any significant investments. However, the Issuer intends to lend funds to the SPPI Group under intercompany loan agreements (see "*Borrowings*" below).

2. Strategy

The Issuer is a special financing entity with no business operations other than the entry into financing arrangements (including the issuance of the Notes) and certain ancillary arrangements. The Issuer operates to service the financial interests of the entities in the SPPI Group.

3. Borrowings

In 2013, the Issuer issued in aggregate EUR 750 million 3.75 per cent. Guaranteed Notes due 2020 guaranteed by the Guarantor (the "**Guaranteed Notes**"). As at the date of this Prospectus, the Issuer has no other outstanding indebtedness.

4. Management

The Issuer has a board of directors consisting of two members. The board of directors is responsible for managing the business of the Issuer in accordance with Dutch law and the Issuer's articles of association. The business address of the members of the board of directors is Weteringschans 26, 1017 SG, Amsterdam, The Netherlands.

The following table sets out details of the members of the board of directors of the Issuer, their function and principal activities outside of the Issuer as at the date of this Prospectus:

Name and surname	*Principal outside business activities, where these are significant*
Nicolaas Scholtens	Member of the Board of Directors, HC FIN3 B.V. Member of the Board of Directors, PT-Holding Investment B.V. Member of the Board of Directors, Seattle Holding B.V. Member of the Board of Directors, Slovak Gas Holding B.V. Member of the Board of Directors, EPH Gas Holding B.V.
Marek Spurný	Member of the Board of Directors, EPH Member of the Board of Directors, Slovak Gas Holding B.V. Member of the Supervisory Board, Pražská teplárenská, a.s. Member of the Board of Directors, EP Renewables a.s. Member of the Supervisory Board, Montprojekt, a.s.

There are no conflicts of interest between the duties of the persons listed above to the Issuer and their private interests or other duties.

The Issuer currently has no employees.

5. Financial Statements

The financial year of the Issuer is the calendar year. The Issuer has produced financial statements as at and for the financial year ended 31 December 2013 and the interim financial statements as at and for the six-month period ended 30 June 2014.

The Issuer is obliged to publish its annual accounts on an annual basis following approval of the annual accounts by the annual general meeting of SPPI, its shareholder. The next annual general meeting of SPPI will take place in August or September 2015.

Any published annual audited financial statements prepared for the Issuer will be obtainable free of charge from the specified office of the Paying Agent.

6. Auditors

The interim financial statements of the Issuer as at and for the six months ended 30 June 2014 have been reviewed by KPMG Accountants N.V. ("**KPMG**") and the financial statements of the Issuer as at and for the year ended 31 December 2013 have been audited by KPMG in accordance with Dutch law. KPMG is an independent registered accounting firm. The address of KPMG is Laan van Langerhuize 1, 1186 DS Amstelveen, The Netherlands. The auditor who signs on behalf of KPMG is a member of the Netherlands Institute of Chartered Accountants (*Nederlandse Beroepsorganisatie van Accountants*). The auditors of the Issuer have no material interest in the Issuer.

7. Recent Developments

There have been no material recent developments in the business of the Issuer since 30 June 2014.

DESCRIPTION OF THE GUARANTOR

1. Introduction

The company eustream, a.s. ("**Eustream**" or the "**Guarantor**") is engaged in the transmission of natural gas in the Slovak Republic. Eustream owns the gas transmission network and pipeline in the Slovak Republic.

Eustream is a joint stock company (akciová spoločnost') and is a wholly-owned subsidiary of SPPI. Eustream is indirectly owned by the Slovak Republic (approximately 51 per cent.) and EPH (approximately 49 per cent., including management control), a Czech Republic based strategic investor. Pursuant to the Reorganisation Plan, a reorganisation of Slovenský plynárenský priemysel, a.s. and its subsidiaries was finalised whereby EPH and the Slovak Republic remained the ultimate shareholders of Eustream (see "*—History and Development of Eustream*").

As at the date of this Prospectus, Eustream operates approximately 2,332 kilometres of high-pressure pipelines running across the Slovak Republic. In 2013, 58.5 billion cubic metres of natural gas were transmitted through Eustream's transmission network.

Eustream's total revenue for the six-month period ended 30 June 2014, the year ended 31 December 2013 and the year ended 31 December 2012 was EUR 299.32 million, EUR 696.98 million and EUR 785.07 million, respectively. Eustream's Adjusted EBITDA[1] for the six-month period ended 30 June 2014, the year ended 31 December 2013 and the year ended 31 December 2012 was EUR 255.28 million, EUR 546.36 million and EUR 645.87 million, respectively.

Eustream's net debt[2] as at 30 June 2014 and 31 December 2013 was EUR 760.52 million and EUR 686.49 million, respectively. There was no indebtedness as at 31 December 2012 and net cash position was EUR 54.53 million.

Eustream's assets are located exclusively in the territory of the Slovak Republic, where it provides gas transmission for the Slovak and European markets. The Slovak Republic is one of the stronger economies in the EU with sustainable public finance and a sound financial sector. The Slovak Republic joined the

[1] EBITDA is defined as operating profit/loss adjusted for depreciation and amortisation. Adjusted EBITDA is defined as EBITDA adjusted for leasing of the transmission assets. The Guarantor believes that EBITDA and Adjusted EBITDA provide additional useful information for the purposes of measuring the operating results of the Guarantor. EBITDA and Adjusted EBITDA are not measures under the International Financial Reporting Standards ("**IFRS**") and should not be considered as an alternative to IFRS measures of profit/loss or as an indicator of operating performance or a measure of free cash flows from operations under IFRS or as an indicator of liquidity. EBITDA and Adjusted EBITDA are not uniform or standardised measures and their calculation, accordingly, may vary significantly from company to company.

Reconciliation of net profit to EBITDA and Adjusted EBITDA:

	For the six-month period ended June 30 (unaudited)		**For the year ended December 31 (audited)**	
	2014	**2013**	**2013**	**2012**
	(EUR thousands)		*(EUR thousands)*	
Net profit for the period	**164,181**	**143,163**	**319,362**	**265,939**
Income tax	50,828	47,357	86,781	67,119
Financial income	(23,805)	(759)	(10,455)	(1,822)
Financial expense	15,198	53	8,090	207
Operating profit (loss)	**206,402**	**189,814**	**403,778**	**331,443**
Depreciation and amortisation	48,874	34,010	89,870	8,237
EBITDA	**255,276**	**223,824**	**493,648**	**339,680**
Lease of transmission network	—	52,708	52,708	306,193
Adjusted EBITDA	**255,276**	**276,532**	**546,356**	**645,873**

[2] Net debt is defined as notes or bonds and loans received less cash and cash equivalents and restricted cash.

Eurozone in 2009. According to Eurostat, the global economic slowdown caused a 5.3 per cent decline in Slovak GDP in 2009. However, GDP grew in real terms by 4.8 per cent. in 2010 (EU27 average 2.0 per cent.), by 2.7 per cent. in 2011 (EU27 average 1.7 per cent.), by 1.6 per cent. in 2012 (EU27 average showed a decline of 0.4 per cent.) and by 1.4 per cent. in 2013 (EU27 average 0.1 per cent.). The main driver of the Slovak Republic's economy has been the expansion of its export capacity and milder fiscal consolidation. Slovak public debt reached 51.7 per cent. of GDP as of the end of 2013 (EU27 average 87.4 per cent.). The budget deficit was 4.2 per cent. of GDP in 2012 and 2.6 per cent. in 2013, slightly above and below the EU27 averages of 3.9 and 3.3 per cent., respectively. According to the draft budgetary plan for 2015 issued by the Ministry of Finance of the Slovak Republic in October 2014, the budget deficit was expected to be approximately 2.9 per cent. of GDP in 2014.

As at the date of this Prospectus, the Slovak Republic is rated A with a positive outlook by Standard & Poor's Rating Service, A2 with a stable outlook by Moody's and A+ with a stable outlook by Fitch.

As of the date of this Prospectus, the Guarantor has not issued any securities admitted to trading on any public market in the Slovak Republic or elsewhere. The Guarantor has provided a guarantee with respect to the Guaranteed Notes.

2. General Information about eustream, a.s.

Eustream was incorporated in the Slovak Republic on 10 December 2004 and is registered in the Commercial Register of District Court Bratislava I, Section: Sa, under reference number 3480/B, with company identification number 35 910 712. Eustream is a joint stock company (*akciová spoločnosť*) with a board of directors (*predstavenstvo*) governed by (i) the laws and regulations applicable to commercial companies in the Slovak Republic, in particular, the Slovak Commercial Code, as amended (Act No. 513/1991 Coll.), and (ii) specific provisions of Slovak law in relation to natural gas transmission network, including the Act on Energy and the Act on Regulation implementing the Third Gas Directive and the Gas Regulation. The registered office of Eustream is Votrubova 11/A, 821 09 Bratislava. Eustream's telephone number is +421 (2) 6250 7111, 7112 and its website is http://www.eustream.sk.

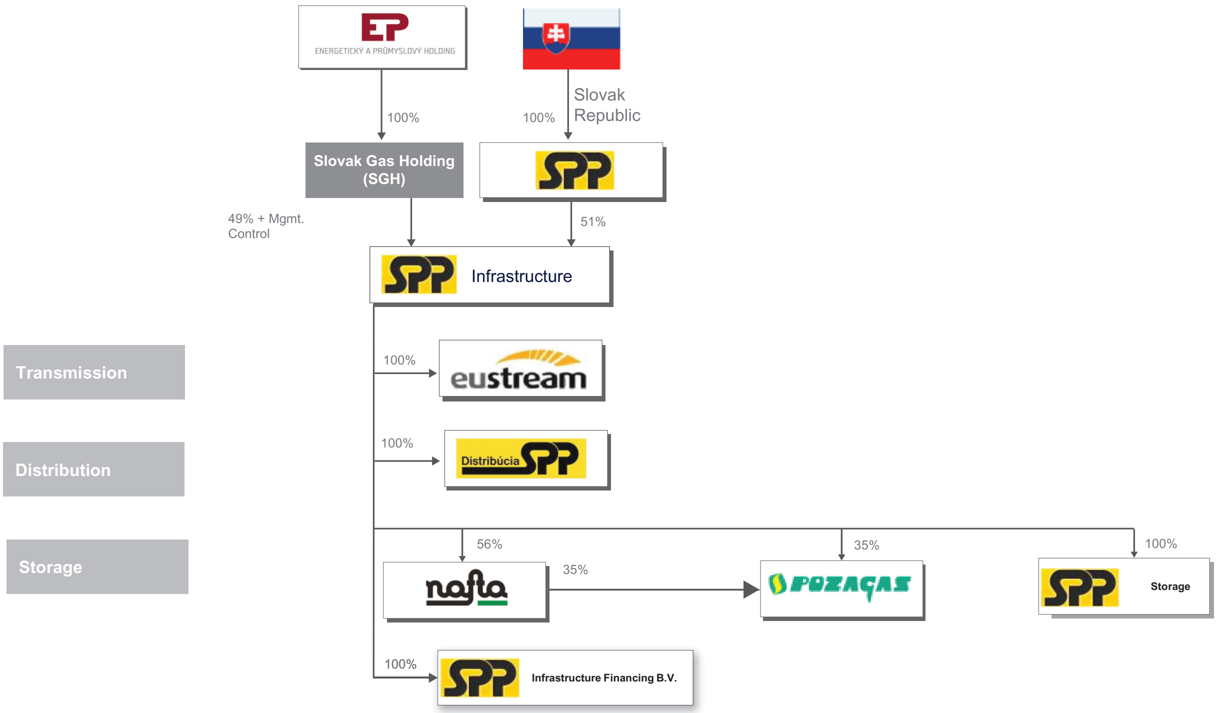
a. History and development of Eustream

Eustream is the result of more than 45 years of international gas transmission through the Slovak Republic. The first pipeline began operations in 1967 with the opening of the International Gas Pipeline "Brotherhood". The first volumes of gas for foreign customers were transported in 1968 via the Brotherhood pipeline. This pipeline was used for transporting the first deliveries of gas from Russia to Austria in 1968 and is still a part of the Slovak gas distribution system currently owned and operated by SPP — distribúcia , a.s. ("**SPPD**"). After construction of several parallel transit pipelines, the Czechoslovak transmission system via the Slovak Republic to Western European countries has been in operation since December 1972. On 1 January 1993, Czechoslovakia separated as a political union and the Czech Republic and the Slovak Republic emerged as independent states. As a consequence, the Czechoslovak gas transmission system was also split. Global gas transmission services in the Slovak territory were incorporated into the business activities of Slovenský plynárenský priemysel, š.p., a fully state-owned enterprise ("**SPP s.p.**"). In 2001, SPP was established by converting SPP s.p. into a joint-stock company. In 2002, the Slovak Republic sold an approximate 49 per cent. share of SPP and relinquished management control to the strategic investors E.ON Ruhrgas and GDF Suez. In response to the legislative requirements of "legal unbundling", SPP preprava, a.s. was established and started operations as a TSO on 1 July 2006. In 2008, SPP-preprava, a.s. was renamed to eustream, a.s., in compliance with the regulatory policy of the EU which required complete separation of branding strategies for transmission activities from the trading activities of vertically integrated gas companies. Since its founding, the gas transmission system operated by Eustream has been continuously upgraded in-line with the growing demands of the European gas market.

On 23 January 2013, EPH acquired from E.ON Ruhrgas and GDF Suez the approximate 49 per cent. share (including management control) in SPP, a.s. ("**SPP**"). In response to the Third Energy Package, implemented into the Slovak legal system mainly by the Act on Energy and Act on Regulation, Eustream applied for certification as an independent transmission operator ("**ITO**"). In order for Eustream to receive successful certification, SPP transferred the transmission assets, including the pipelines, to Eustream in February 2013, effectively making Eustream the owner of such assets under its operation. The pipelines were previously owned by SPP and leased to Eustream (See "*—Property and Equipment*" below). The ITO assessment procedure was successfully completed. In August 2013, the European

Commission issued its opinion on the certification, followed by the decision of RONI, that granted ITO certification to Eustream in November 2013. This certification process confirmed compliance of Eustream with requirements of independency within a vertically integrated gas undertaking.

The following diagram shows the ownership structure of the entities owned by SPPI as at the date of this Prospectus:



b. Strategy of Eustream

The corporate purpose of Eustream is to transport natural gas reliably through the Slovak Republic to the Slovak and European markets and thereby contribute to the energy security of countries in Western, Eastern and Southern Europe. Eustream is not involved in the businesses of gas storage, supply or distribution.

Eustream's long-term strategy focuses on the following goals: (i) continuing to provide reliable gas transmission services, (ii) maintaining strategic significance in terms of traditional deliveries of Russian gas to the countries located in Western, Eastern and Southern Europe and (iii) pursuing new interconnections and participating in the evolving European gas map by attracting the newly planned pipeline corridors (such as the European North-South Corridor) to be directly linked with Eustream's system.

Eustream believes that the most important part of its strategy is to properly fulfil its existing contracts by continuing its track record of uninterrupted operations. In addition, Eustream continuously monitors the efficiency of its network and continuously seeks to reduce the cost of gas transmission for its customers.

In terms of Eustream's strategy regarding new potential contracts, the demand drivers for transmission capacities are impacted by:

- demand of natural gas, in particular Russian gas, in Europe;
- development of alternative gas routes;
- gas shippers' preference of gas transmission route driven by economic and political factors;
- natural gas price differentials and volume availability in different locations; and
- regulatory developments.

On the European level, Eustream participates together with other European TSOs in the development and implementation of two out of the four priority gas corridors identified by the European Commission, namely (i) the North-South gas interconnections in Central Eastern and South Eastern Europe ("**NSI East Gas**") as the gas infrastructure for regional connections between and in the Baltic Sea region, the Adriatic and Aegean Seas, the Eastern Mediterranean Sea and the Black Sea, and for enhancing diversification and security of gas supply, and (ii) the Southern Gas Corridor ("**SGC**") as infrastructure for the transmission of gas from the Caspian Basin, Central Asia, the Middle East and the Eastern Mediterranean Basin to the European Union to enhance diversification of gas supply.

In October 2013, the European Commission identified projects of common interest ("**PCIs**") necessary to implement the energy infrastructure priority corridors and areas and benefiting from accelerated planning and permit granting procedures, improved regulatory treatment, and the possibility to receive financial support under the so-called "Connecting Europe Facility". In relation to the NSI East Gas corridor, the identified PCIs include projects allowing bidirectional flows between Poland, Czech Republic, Slovakia and Hungary, linking the liquefied natural gas terminals in Poland and Croatia. Eustream is involved in two such PCIs, namely the Poland-Slovakia interconnection and the Slovakia-Hungary interconnection. The Slovak-Hungarian interconnector is fully completed on both the Slovak and Hungarian sides. The pipeline testing began at the end of 2014 and Eustream expects the planned launch to occur in early 2015. The Slovak-Polish interconnector is in the preparatory phase and it is envisaged that the project could be operational in 2018 or 2019. The Slovak-Polish interconnector is also among the priority projects with significant contribution to European energy security, as listed in the European Energy Security Policy communications published on 28 May 2014.[3]

Recently, the situation in Ukraine has significantly impacted the traditional European gas sector and has brought about increased demand for natural gas imports from the reverse direction, i.e. from the west (Poland, Hungary and the Slovak Republic). Given that the capacities of Eustream, which are currently fully commissioned, are the greatest among the three available routes, Eustream, with the assistance of the European Commission, has implemented reverse flow gas capacities for Ukraine.

With regard to potential new areas of business, Eustream is and will remain predominantly focused on its traditional business activities of gas transmission. Acquisitions do not form a part of Eustream's business strategy and are only considered in case of extremely high strategic relevance and compatibility with Eustream's core business, such as the current minor investment in the Central European Gas Hub. Unless any new activities or acquisitions are (i) directly associated with gas transmission and (ii) exceptionally compatible with Eustream's activities, long-term strategy and current risk profile or (iii) required by a development from regulation, Eustream does not plan to expand its scope of business.

c. Key strengths of Eustream

- Eustream's revenues are considered by management to be stable and predictable due to its 100 per cent. ship-or-pay contracts (whereby Eustream receives the contracted transmission fees even if the booked capacity is not utilised) held with counterparties with reliable credit standings, which typically have long contract maturities. Approximately 70 per cent. of current total technical capacity[4] is contracted until 2019 and approximately 50 per cent. of total technical capacity is contracted until 2028. In addition to contracts held with major shipping companies, the largest contract is with the major Russian gas shipper.

- Eustream's core business is highly cash generative which allows it to operate without relying on additional operational financing. The core business has very limited non-discretionary capital expenditure requirements as Eustream carefully evaluates each individual capital expenditure investment in a standardised process that evaluates legal/regulatory requirements and economic and strategic criteria. Eustream's cash flow from operations is supported by its modern infrastructure, which has historically provided for predictable and stable maintenance costs. Only after carefully considering all operational and investment cash needs and future debt service, does Eustream distribute excess cash to its shareholder via dividends and/or intercompany debt.

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3 http://ec.europa.eu/energy/doc/20140528_energy_security_communication.pdf, Annex 2: Status of Key Security of Supply Infrastructure Projects.

4 Including capacity in the direction of Ukraine and Hungary which is being finalised.

- Eustream has a key strategic role for the Slovak Republic (the Slovak Republic is an approximately 51 per cent. indirect shareholder of Eustream) and the EU, with its pipeline system serving as the largest gas corridor for deliveries of Russian natural gas to Western Europe, even after the Nord Stream project was commissioned. Eustream covers almost 48 per cent. of the total capacity of the transit corridors carrying Russian gas to Western Europe. Eustream utilises a conservative approach in terms of net leverage and targets a maximum level of leverage set at 2.5x EBITDA as set out in the shareholders' agreement entered into by, among others, Slovak Gas Holding B.V., EPH, the Slovak Republic and SPP on 29 May 2014.

- Eustream has a strong monthly operational cash-flow profile due to (i) its monthly revenues resulting from the ship-or-pay contracts, which are not subject to utilisation of the booked capacity, (ii) its monthly operational expenditures that are significantly lower than its revenues and (iii) limited one-off monthly payments (such as for capital expenditures or tax settlements). Eustream's monthly operational cash-flow is negative only in cases resulting from such one-off payments.

- Regulation of gas transmission in the Slovak Republic is based on a clear and stable framework, providing a good degree of visibility of revenue generation. Regulation of natural gas transmission tariffs is based on the methodology of direct comparison of the prices ("benchmarking"). In November 2013, Eustream was certified as an ITO.

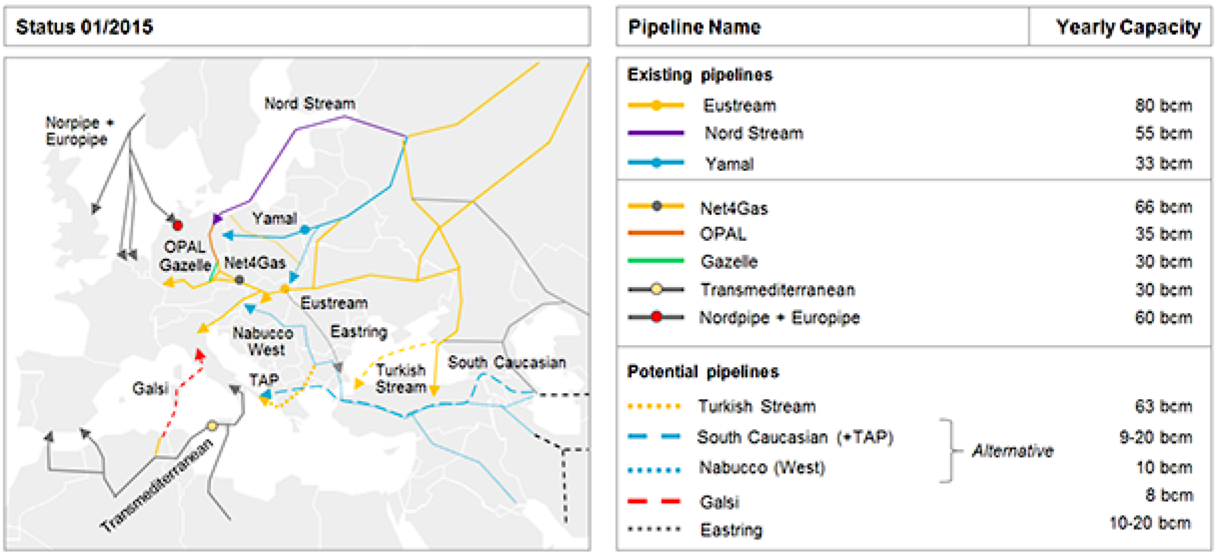
- Eustream believes that it will continue to be able to attract high calibre professionals, with good experience in the energy industry.

3. Business Overview and Principal Activities of Eustream

a. Presentation of Eustream's gas transmission business

Eustream is the owner and operator of one of the major European gas pipelines and is the only gas TSO in the Slovak Republic. The transmission network of Eustream is part of the "Central Corridor" which is the largest and the most important piped gas import route into Europe. The "Central Corridor" consists of the existing onshore pipelines in Central and Eastern Europe that import Russian gas to Western and Southern Europe. This "Central Corridor" includes the Slovak pipeline system (continuing with adjacent pipeline systems in the Czech Republic and Austria) with annual physical east-west capacity of approximately 80 billion cubic metres and additional capacities in other directions and the Yamal pipeline system across Poland with annual capacity of approximately 33 billion cubic metres.

The following diagram[5] shows the piped gas import routes in Europe as at the date of this Prospectus:



[5] Source: Eustream.

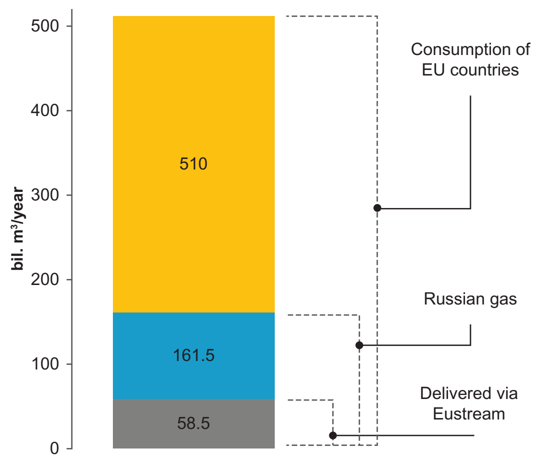
Eustream is the largest natural gas transporter within the EU, accounting for almost half of the total gas transporting capacity from Russia to Western Europe, and for approximately 25 per cent. of Europe's total piped gas import capacity[6]. Eustream's strong and stable financial performance is due to its contract portfolio and in particular, a 100 per cent. ship-or-pay contracts, whereby Eustream receives the contracted transmission fees even if the booked capacity is not utilised, with a major Russian gas shipper accounting for approximately 50 billion cubic metres/year of transmission capacity (approximately 50 per cent. of Eustream's current annual transmission capacity[7]) running until 2028 (see "—*Customers and Long-Term Contracts*" below). In addition, Eustream has entered into five or six large contracts with leading European utilities and gas companies and a number of small-sized contracts with various well-known European gas trading companies. The contracts will expire gradually over the next seven years. Furthermore, in 2014 Eustream has experienced an increase in contracted volume resulting from the reverse flow to Ukraine. Eustream generates revenue from transmission fees as compensation for booked capacities and gas in-kind that is received legally for operational purposes (see "—*Tariffs for Using the Gas Transmission Network*" below). Over 90 per cent. of Eustream's revenues are collected in Euros and there are no revenues denominated in Russian rubles.

Eustream's total revenue for the six-month period ended 30 June 2014, the year ended 31 December 2013 and the year ended 31 December 2012 were EUR 299.32 million, EUR 696.98 million and EUR 785.07 million, respectively.

b. Gas Transmission

i. General

Since 1968, Eustream has transmitted more than 2 trillion cubic metres of natural gas across the territory of the Slovak Republic. As at the date of this Prospectus, the annual capacity of the transmission system operated and maintained by Eustream is more than 100 billion cubic metres[8], which equals roughly 20 times the overall domestic gas consumption of the Slovak Republic. This demonstrates how a significant portion of Eustream's business has been developed for international gas transmission. In 2013, Eustream transported 58.5 billion cubic metres of gas, which was about 11.5 per cent. of the total EU consumption as shown on the following chart[9]. All entry and exit points for gas transmission provide for physical reverse flow so that gas can be transported both from east to west and from west to east through the Slovak Republic.



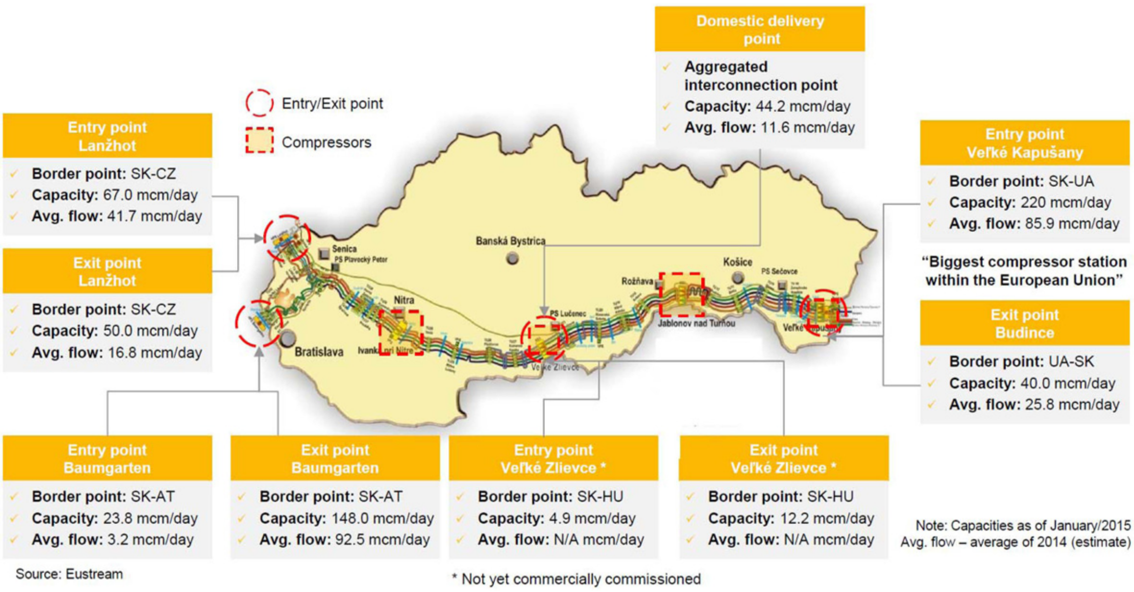
[6] Source: Eustream.
[7] Including capacity in the direction of Ukraine and Hungary which is being finalised.
[8] Including capacity in the direction of Ukraine and Hungary which is being finalised.
[9] Source: Eustream.

Eustream allows access to the gas transmission network and offers its customers transmission services on a transparent and non-discriminatory basis (see also "*—Third party access to the network*" and "*—Compliance programme relating to third party access to the network*" below). Contracts entered into on a long-term basis prior to 2004 (when the regulation of gas transmission was introduced in the Slovak Republic) are in compliance with the previously applicable legislation. Access regimes stipulated in contracts entered into from 2005 onwards are in full compliance with current legislation and gas industry standards. The contractual partners of Eustream include major energy companies from EU and non-EU member states. Eustream's transmission tariffs are regulated, which to date have given rise to a predictable return on investments (see "*—Tariffs for Using the Gas Transmission Network*" and "*—Customers and Long-Term Contracts*" below).

ii. Eustream's gas transmission network

At present, Eustream is the sole TSO in the Slovak Republic. Eustream's network currently connects to the transmission networks of three countries, Ukraine, the Czech Republic and Austria. Eustream has finalised the construction of the interconnection to Hungary, as well as to Ukraine and plans to expand its network and establish connections to Poland. As at the date of this Prospectus, its main assets consist of four or five parallel gas transmission pipelines (depending on the section of the network) running across the Slovak Republic with a total length of approximately 2,332 kilometres. Eustream's gas transmission network has an annual physical east-west capacity of over 80 billion cubic metres and a maximum daily capacity of approximately 295 million cubic metres. The network offers additional capacities in other directions in addition to the traditional direction. The aggregated entry transmission capacity of all entry points is approximately 327 million cubic metres per day[10]. The gas transmission network is supported by four large compressor stations with an aggregated power of almost 600 megawatts. The most important compressor station is located at Veľké Kapušany at the Ukrainian-Slovak border and is the biggest compressor station in the EU. As at the date of this Prospectus, it has a total output of about 290 megawatts, allowing entry flow of almost 220 million cubic metres per day.

The following diagram[11] shows the entry/exit points of Eustream's gas transmission network along with their individual capacities as of the date of this Prospectus and average flow for the year ended 31 December 2014:



[10] Excluding the capacity from Hungary which is being finalised.

[11] Source: Eustream.

1. Emergency responsiveness

The Russian-Ukrainian gas crisis that began on 6 January 2009 and lasted for two weeks, during a period of extreme cold weather, tested Eustream's transmission network as it was Eustream's first instance of using reverse physical flow as a mode of operation. Eustream was able to demonstrate its ability to comply with its commitments by responding promptly to consumer needs. To do so, Eustream strengthened its cross-border capacities by implementing technical measures to enable physical reverse flows and establishing new transmission routes, especially between the Slovak Republic and Hungary. In cooperation with the neighbouring TSOs in the Czech Republic and Austria, Eustream quickly implemented (within three days) a provisional reverse flow solution at the entry/exit points of Lanžhot and Baumgarten. In the course of that year, Eustream further reinforced the provisional solutions with a more systematic and robust technological solution. The entire costs, including adjustments along the internal part of the Slovak transmission network, amounted to EUR 65 million. The reverse flow from the Czech Republic has been used regularly during the last two years. The reverse flow from Austria is not currently used regularly but is physically tested before each winter season. In September 2014, with the assistance of the European Commission, Eustream has finalised and commissioned the new reverse flow capacities to Ukraine, which have been further expanded in November 2014 and January 2015 in order to address the recently increased demand for capacities in this direction.

2. New gas flow evolution

In contrast to the traditional use of Eustream's transmission system, which has transported natural gas east to west primarily from the entry border point at Veľké Kapušany to the exit border points at Baumgarten and Lanžhot, recent developments indicate a change in the direction of natural gas flow. Historically, Eustream's transmission system has also been a crossroad for separating Russian gas flows to Western Europe (Lanžhot exit point) from those to Southern Europe (Baumgarten exit point). In 2013, the company transported approximately 58.5 billion cubic metres of natural gas—an increase of 2.0 billion cubic metres from 2012.

The Nord Stream pipeline commissioned in November 2011 has impacted the flow of natural gas through Eustream's transmission system. Primarily the utilisation from Veľké Kapušany to Lanžhot has been negatively affected because Eustream uses this route to transport natural gas to the countries of Western Europe, just as Nord Stream, which is a transmission competitor, does. As a result, the risk of non-renewal of the existing long-term contracts attributable to this direction of gas flow has increased since the end of the long-term contracts. A situation of increased gas demand may also motivate shippers to book additional long-term capacities using the Nord Stream pipeline.

Although Nord Stream has negatively impacted new demand for Eustream's capacity in the traditional east-west direction, its commissioning has increased demand for capacity in the north-to-south route from Lanžhot to Baumgarten, with the network of Eustream representing one of the major routes for natural gas flow from countries located in northern Europe to southern Europe.

iii. Third party access to the network

The European and Slovak regulatory framework in the gas sector is intended to ensure competitive and efficient European gas markets. An important element of that framework is the principle of transparent and non-discriminatory access to gas transmission networks. Accordingly, the Act on Energy requires gas transmission network operators such as Eustream to guarantee a right of access to the transmission network, ancillary services and to an accumulation of gas in the network to all gas market participants. To facilitate the cross-border transit of gas in compliance with the Act on Energy and the Gas Regulation, Eustream, subject to economic viability, is required to construct cross-border connection points which are needed for the integration of transmission networks in the European Economic Area. In setting the conditions under which Eustream and other network operators are required to grant access to their networks, they are discouraged from discriminating between different network users or different categories of network users. Subject to limited exceptions, such as lack of capacity or a need to give priority to public service obligations, Eustream may not refuse access to its gas transmission network. Temporary exemptions may also be granted by RONI on the basis of serious economic and financial difficulties with take-or-pay contracts.

iv. *Operation of Eustream's network*

Eustream's transport service consists of taking-over the gas delivered to it by the shipper at one or more entry points and delivering an equivalent quantity of gas to one or more exit points, within the limits of daily and hourly capacities established by the relevant contract. Subject to capacity limitations, the network of Eustream is designed in such a way to transport natural gas in between any combination of entry/exit points. The delivery of gas of a contractually specified quality and quantity and the balancing of natural gas flows requires sophisticated modelling; for example, firmly established expertise in the areas of safety, flow split and quality monitoring. Furthermore, pursuant to the Act on Energy, network operators such as Eustream are required to ensure that their networks are safe and efficient and to ensure that gas flows are balanced at all times, taking into account technical constraints.

v. *Tariffs for using the gas transmission network*

Eustream generates revenue by charging tariffs for the transmission of gas through its pipelines and by the sale of gas in-kind which it receives from shippers and which remains in the network of Eustream after serving the network's technological needs. Transmission tariffs in the Slovak Republic are set based on direct comparison of tariffs (also known as benchmarking) from other transmission system operators, primarily competitors across Europe. These transmission tariffs, which are supported by benchmarking, are directly set by RONI and are not impacted by natural gas prices. Eustream is obligated to submit price proposals to RONI for every 5 years (the duration of the regulatory period), which to date has not rejected a price proposal that Eustream has submitted. According to the current regulations, a client can at any time enter into a regulated long-term contract with prices that are independent of price regulatory changes during the contractual term, subject only to pre-defined escalation that amounts to 50 per cent. of European inflation.

In 2013, the majority of Eustream's revenues were from transmission fees. The transmission fees are fixed from the start for each contract and are therefore not subject to renegotiation, termination or other adjustments (other than for inflation as discussed above).

In addition to the transmission fees, network users are required to provide in-kind gas, predominantly as a fixed percentage of actual gas transmission volume at each entry and exit point, for operational needs. The network users may agree with Eustream to provide in-kind gas in a financial form (the amount of respective in-kind gas multiplied by CEGHIX price published on the website of CEGH Gas Exchange of Wiener Börse (www.ceghex.com) valid on the date of gas transmission). Gas for operational needs covers among other things, the energy needs for the operation of compressors and the gas balance differences related to the measurement of gas flows. As Eustream is legally responsible for network balance, it will sell any gas in-kind it has received that is not consumed. Since the volume of gas in-kind is variable, any revenue from this mandatory sale of residual gas in-kind is also variable.

vi. *Compliance programme relating to third party access to the network*

In accordance with the Act on Energy, Eustream has established a compliance programme setting out its internal organisational measures designed to prevent discriminatory practices in relation to third party access to Eustream's transmission network and specifying the duties of Eustream's employees to achieve such purpose. The compliance programme applies to all Eustream personnel. Eustream has appointed, upon prior approval by RONI, a compliance officer whose task is to ensure Eustream's compliance with non-discriminatory principles. The compliance officer reports annually to RONI in relation to Eustream's measures taken to implement the compliance programme.

vii. *Crisis management in the gas industry*

The Act on Energy provides that operators of gas transmission networks such as Eustream may be ordered to comply with certain crisis measures in the general economic interest as may be determined and approved by the Ministry of Economy of the Slovak Republic and approved by the Slovak government. Such crisis measures may be imposed on all relevant gas market participants by the national gas dispatching company of the Slovak Republic, which is nominated by the Ministry of Economy of the Slovak Republic (currently, SPPD acts as Slovak gas dispatching company). If such temporary crisis measures result in a restriction or an interruption of gas transmission, Eustream is by law released from its liabilities towards the affected customers.

viii. Technical and Quality Standards for the gas transmission network

Eustream's operation and maintenance activities reflect relevant European and Slovak technical standards. The following standards belong among the most important:

STN EN 1594	Gas supply systems
STN 38 6405	Gas equipment. Principles for operation
STN 38 6410	Gas pipings and gas service pipes of high pressure
STN 38 6417	Gas regulating station
STN 73 3050	Earth works. General requirements
STN EN 12583	Gas supply systems. Compressor stations. Functional requirement
STN EN 14505	Cathodic protection of complex structures
STN EN 60079-17	Explosive atmospheres. Part 17: Electrical installations inspection and maintenance
STN EN ISO 9712	Non-destructive testing. Qualification and certification of NDT personnel
STN EN 12954	Cathodic protection of buried or immersed structures. General principles and application for pipelines

(see also "—*Environmental and Safety Policies*" below).

In addition, RONI sets quality standards regarding connection to the transmission network, restoring gas transmission after a failure and observing continuity of gas transmission. According to §3 of RONI Decree No. 278/2012 Coll., the following quality standards are among the most important:

- issuing a written opinion on the connection of a gas facility to the transmission network within 30 days from receipt of such request for connection;
- enabling gas transmission, after the gas facility has been connected to the transmission network, from the date agreed in the transmission agreement;
- restoring the transmission of gas (i) within 24 hours from when the TSO learned about the disruption or (ii) within two working days from when the delivery of the request from a transmission network user for restoration of gas transmission after an interruption or a restriction of gas transmission;
- meeting gas quality criteria for the gas transmission in accordance with the quality of gas delivered for gas transmission by a transmission network user and pursuant to terms of the transmission contract;
- written notification of the TSO to a transmission network user on the status of gas quality verification within 15 days from the receipt of the request from a transmission network user regarding deterioration of gas quality during the transmission;
- arranging for the testing of a designated metre within 15 days of receipt of such request from a gas transmission network user;
- verification of the correctness of the settlement of payments for gas transmission and correcting the identified deficiencies within 30 days from receipt of such request; and
- sending written notification to the transmission network user on the planned interruption or restriction of gas transmission at least 30 days in advance.

Due to the consistent monitoring of quality standards and adherence to RONI regulations, Eustream has not recorded any significant complaints and no material fines have been imposed on Eustream in this respect.

ix. Property and Equipment

In February 2013, SPP transferred the title of the transmission assets and pipelines to Eustream. As such, Eustream currently owns all of its pipelines and transmission assets, and it holds the title to or has the right to use, by virtue of leases, all of the land underlying its compression stations and administrative buildings. Eustream's transmission assets are mainly comprised of pipelines, compression stations and administrative buildings. The net book value of Eustream's fixed assets was EUR 2.415 billion as at 30 June 2014 and EUR 2.440 billion as at 31 December 2013. This value is substantially higher than the net book value as at 31 December 2012 because fixed transmission assets amounting to EUR 2.411 billion were contributed to Eustream in 2013.

x. Borrowings

In 2013, the Issuer issued in aggregate EUR 750 million 3.75 per cent. Guaranteed Notes due 2020 guaranteed by Eustream. The proceeds of the issuance of the Guaranteed Notes were lent to Eustream by way of a note instrument purchased by the Issuer. With effect as of 15 July 2014, Eustream exercised the right for partial early redemption of the note instrument. Of the original principal amount of EUR 742,140,000, the early repayment relates to a part of the note instrument in the amount of EUR 3,162,000.

Eustream has an investment loan of EUR 74,925,000 from the European Investment Bank that was drawn on 28 February 2014. This loan has been used for the financing of capital expenditures and the obligations under the loan rank *pari passu* with other unsecured obligations.

xi. Infrastructure Investments and Capital Expenditures

In line with the Gas Regulation, TSOs in regional cooperation within the European Network of Transmission System Operators for Gas ("**ENTSOG**") must publish a regional investment plan every two years (the "**Gas Regional Investment Plan**" or "**GRIP**"). The aim of a GRIP is to show a regional gas infrastructure outlook, consistent with ENTSOG's ten-year network development plan which assesses and identifies potential future infrastructure investments, viable gas transmission networks and necessary regional interconnections, all of which are relevant from a commercial or security of supply point of view.

Eustream, by reason of its and its pipelines' location, belongs to both Central-Eastern Europe (Austria, Bulgaria, Croatia, Czech Republic, Germany, Hungary, Poland, Romania, Slovenia and the Slovak Republic) and the Southern Corridor (Austria, Bulgaria, Croatia, Cyprus, Greece, Hungary, Italy, Romania, the Slovak Republic and Slovenia) regions. Accordingly, Eustream is participating in the GRIPs for both regions. The most recent GRIPs for the Central-Eastern Europe and Southern Corridor were published in May 2014 and June 2014, respectively, and cover the period from 2014 to 2023.

The Third Gas Directive gave new powers to the national regulatory authorities regarding the monitoring of investments. In particular, gas transmission network operators are required to submit to national regulatory authorities a ten-year network development plan based on existing and forecasted supply and demand. The plan should indicate the main transmission infrastructures that should be built or upgraded over the next ten years, identify new investments which will have to be executed in the next three years and provide a time frame for each investment project. National regulatory authorities are to organise a public consultation on the transmission network operators' plans and publish the analysis and result of the consultation. National regulators are also to examine the consistency of the plan with the European ten-year network development plan published by ENTSOG and, if any doubt arises, consult the Agency for the Cooperation of Energy Regulators. They may also require transmission network operators to amend their plan.

Pursuant to the Act on Energy, Eusteam is required to elaborate and submit annually to the Ministry of Economy and RONI a ten-year plan of transmission network development, together with a report on the implementation of the plan. The first such plan was submitted in November 2013 and covers the period from 2014 to 2023. The current plan for the period from 2015 to 2024 is composed of the following projects:

- reverse flow of natural gas in the direction to Ukraine;
- the Poland-Slovak Republic gas interconnector;
- increase of capacity of the Lanžhot entry point;

- increase of capacity at domestic points (new intra-state delivery station Ardovo); and
- projects to increase the integrity of the transmission system.

Under the implementation of the Third Gas Directive, RONI has the power to require Eustream, in its capacity as a gas network operator, to carry out infrastructure investments subject to a competitive tender process if no other operator presents a bid. Accordingly, it may be required to carry out investments in addition to those envisioned in its business plan. However, as such investment programmes are usually market driven and are developed in consultation with industry participants in an "open season" process, this presents a business opportunity and Eustream would generally have an interest in meeting such a demand for additional infrastructure.

Currently, Eustream continues to promote important international projects, aiming for deeper involvement within the liquid gas market and for strengthening its business operations. The most advanced project, the Slovak-Hungarian gas pipeline interconnector, is fully completed, with a total length of 111 kilometres (19 kilometres in the Slovak Republic and 92 kilometres in Hungary) and was developed with the assistance of the European Commission. Currently, tests are in progress. This new cross-border pipeline will connect the Slovak and Hungarian transmission systems with a bi-directional annual capacity of over 4.5 billion cubic metres. The launch of operations is scheduled for 2015. The capital expenditure for the Slovak-Hungarian gas pipeline interconnector as at 30 June 2014 was EUR 12.7 million in the Slovak Republic (with co-financing from the European Energy Programme for Recovery).

Eustream has also finalised a new interconnection with Ukraine, with the last phase completed in January 2015. This project consists of implementing the new interconnection point Budince which is located in the vicinity of the compressor station in Veľké Kapušany. Here, Eustream is utilising an existing pipeline, which is approximately 7 kilometres long and was previously owned by SPPD, that runs to the border with Ukraine and is connected to the Ukrainian system and a newly established measurement facility in the area of the compressor station in Veľké Kapušany. The pipeline currently yields an annual capacity of 14.6 billion cubic metres.

The Poland–Slovak Republic gas interconnector is currently in the engineering phase for which EU public funding support ("**CEF programme**") was granted. Eustream is also seeking support from the CEF programme for the construction of this interconnector. The project could be operational in 2018 or 2019.

In addition, on 28 November 2014 Eustream proposed project Eastring, a new pipeline connecting the entry border point at Veľké Kapušany at the Ukrainian-Slovak border with the Romanian-Bulgarian transit pipeline to be built to carry natural gas from Western Europe to the Balkan countries, thereby providing them with a diversification of natural gas sources and transmission routes. The project's mission lies in finding a solution that will:

- provide an alternative gas supply route to, and alternative gas sources, cross border liquidity and attractive transmission fees for, Romania, Moldova and the Balkan countries (primarily Bulgaria);
- serve as an alternative to the South Stream project for Romania, Moldova and the Balkan countries;
- not be linked to any particular gas supplier and be open without limitation to all gas sources/ suppliers;
- be compliant with EU law, increase cross-border interconnectivity and liquidity and represent an important step towards the single EU gas market;
- facilitate future access to new gas sources without being limited to only one supplier; and
- represent the most economic and time efficient solution by utilising the robust existing infrastructure.

All of these projects have strategic importance as they serve as a backbone for the EU-wide and co-financed north-south interconnection project, contribute to the EU's energy security and address the demand in Ukraine.

xii. Maintenance and Safety

1. General

Safe and reliable gas transmission goes hand-in-hand with the continuous effort to invest into new technologies and regular maintenance. Eustream synchronises the maintenance schedule with all concerned parties such as network operators and shippers. Further, Eustream sends material information to its customers regarding factors that influence its ability to provide full capacity.

2. Pipeline integrity management system, intelligent pigging

The Pipeline Integrity Management System ("**PIMS**") of Eustream is based on the standard ASME B31.8S and is a comprehensive approach to pipeline maintenance. Pipeline assessment is based on information from different sources, the more important sources being data from internal inspections, data from the active corrosion protection system and data from the geographical information system. The data is evaluated by using a risk index. The risk index integrates into one value not only the technical condition of a pipeline, but also the environment (soil, geology, etc.) of where the pipeline is situated and possible consequences in cases of pipeline damage (population, reduction of gas transition, etc.). Annual maintenance plans are based on results from PIMS.

Pipelines are internally inspected (i.e. "in line inspections" ("**ILI**") also known as "intelligent pigging") regularly by Eustream. The results of ILI report the real technical condition of the pipelines and these results are one of the most valuable inputs in the PIMS. After delivering the results, the inspection findings are analysed and assessed, and maintenance activities are planned accordingly. Assessment of the inspection results are based on international codes and are evidenced by maintenance certificates. Intervals between ILI of the lines are defined individually for each line as determined by several factors such as the age of the pipeline, frequency of the defects from previous inspection, type of coating, aggressiveness of the soil etc. The entire cycle of planning, ILI, assessment, and repairs contribute to the safe and reliable operation of Eustream's pipelines. All such activities are governed by Eustream's internal guidelines.

3. Pipeline safety procedures

Periodical aerial inspections of the area over and around the pipeline system are performed in accordance with the requirements of the Act on Energy and the Slovak technical standard for gas supply systems. This standard obliges gas system operators to monitor and check gas pipelines and the land over them periodically with a special focus to monitor the activities of third parties near the pipeline routes. Eustream uses periodical aerial inspections to fulfil this obligation. Periodical aerial inspections are visual inspections of transmission pipelines, gas facilities, and protective and safety zones in order to increase the safety of transmission system operation. Close attention is paid to activities of third parties along pipelines and in their vicinity in order to foresee potential pipeline damage. The aerial inspections using helicopters are performed by Eustream's specialists once a month from March until October and once every two months from November until February.

The facilities of Eustream are protected by technical security which is integrated into the security system. The physical protection of the buildings and facilities of Eustream is provided by a contracted private security service.

The protection of the national and European critical infrastructure is performed within the energy sector and gas industry under the direct supervision of the Ministry of Economy of the Slovak Republic, pursuant to Act No. 45/2011 Coll. on protection of critical infrastructure, by which Directive 2008/114/EC of 8 December 2008 on the identification and designation of European critical infrastructures and the assessment of the need to improve their protection has been transposed into the national legal framework.

4. Insurance

Eustream has insurance coverage for commercial property, such as the compressor stations, and also coverage for employees' health. The insurance coverage does not cover the underground pipelines itself (as it is not economical), however it does cover the above ground river crossings and also the risk of business interruption up to EUR 200 million.

Currently, Eustream has the following insurance contracts:

- Commercial Property Insurance – Assets insurance includes the insurance of movable and immovable property with the exception of the transmission pipelines. The compressors that are planned to remain in the fleet after the optimisation programme and pipelines located in the compressor station areas are fully covered. The property insurance covers all risks, i.e. natural disasters (flood, storm, fire, lightning, etc.), theft, machinery breakdown, damage of electronics and damage of shipments in the motor vehicles.

- Third Party Liability Insurance – Insurance for damage to third parties covers the damage to property and health of the third parties which may arise from Eustream's operational activities. It includes damages caused by interruption, fluctuation or limited gas supply including lost profit, the environmental damage, subrogation right of health insurances in consequence of job-related illness and work injury. It also covers the cost of a legal defence associated with damages to the property or health of third parties who pursue a claim through the courts.

- Director's and Officer's Liability Insurance – Insurance covering damages caused by Eustream's representatives (board of directors, supervisory board, executive managers) resulting from the performance of their duties. To be legally enforceable, damages must be the result of an unforeseeable and an unintended, and not intentional, conduct.

- Other immaterial insurance contracts – Property Insurance (cash register), Open Cargo Insurance Policy, Accident Insurance (medical expenses insurance for travel abroad) and Accident Insurance (relating to aerial inspections of pipelines).

c. Customers and Long-Term Contracts

Eustream is the largest single carrier of Russian gas into the EU. Eustream's portfolio of customers consists mainly of a Russian supplier, Western European utilities, gas suppliers and gas traders. A significant portion of capacity is booked by counterparties based in key locations on the European gas map and who have historically met their payments in a timely fashion. In recent years, there have been no incidences of payment default by Eustream's customers.

The profitability of Eustream's business is primarily driven by bookings for the transmission of gas, which mostly follow long-term contracts. All contracts, regardless of duration, are based on a 100 per cent. ship-or-pay principle, whereby Eustream receives the contracted transmission fees even if the booked capacity is not utilised. Transmission fees and gas-in-kind volumes are specific to each contract and depend on pre-defined entry and exit points, pre-defined duration and contracted capacity. The quality of natural gas is the same across all shippers.

Gas transmission is a highly regulated industry and as such terms and pricing of contracts are heavily influenced by regulation at the national, European and international level. In terms of the number of contracts, there are nearly one hundred contracts in place. The vast majority of the capacity bookings are composed of (i) a large contract securing gas transit from Russia to countries in Southern Europe with a capacity of approximately 50 billion cubic metres (approximately 50 per cent. of Eustream's current annual transmission capacity[15]) until 2028 and (ii) five or six long-term contracts with large shippers which will expire gradually within the next seven years (two of these will still be in place in 2020). The remaining contracts are either yearly or short-term contracts with small shippers. The large contract securing gas transit from Russia to countries in Southern Europe (in the direction of the exit/entry point at Baumgarten) is regulated in accordance with applicable regulations (see "*—Tariffs for Using the Gas Transmission Network*").

d. Competition

Eustream faces competition from other current pipelines that transmit gas across Europe from east to west: namely the Yamal and Nord Stream pipelines. The impact of the implementation of the Yamal pipeline has been reflected in Eustream's revenues since 2000. The commissioning of Nord Stream had already been considered and taken into consideration when Eustream and a Russian supplier concluded a long-term transmission contract in 2008.

[15] Including capacity in the direction of Ukraine and Hungary which is being finalised.

Eustream faces potential competition from other planned pipelines that would transmit gas across Europe from east to west and north to south. Two planned pipeline routes south of the pipeline system of Eustream, South Stream and Nabucco West, are in development or planning stages and, if completed, would also transport gas from the east to west of Europe into the areas where Eustream currently transmits gas. In addition, there are other projects in planning phases that if completed, would compete with Eustream's north-to-south gas transmission.

South Stream is a proposed gas pipeline to transport Russian natural gas through the Black Sea to Bulgaria, Serbia, Hungary and further to Austria and then to Italy and/or Western Europe. The planned overall annual capacity is 63 billion cubic metres structured as four parallel offshore and two parallel onshore pipelines, which would be commissioned gradually. In addition, the actual scope of realisation and time of commissioning are questionable as the project is facing challenges with EU competition regulation compliance regarding prohibition of gas suppliers to control pipeline access. The South Stream project is also seen as a competitor to the planned Nabucco West pipeline and other pipelines importing gas from non-Russian sources. On 1 December 2014, Vladimir Putin announced the cancellation of South Stream and certain alternative projects that would involve re-routing of an equal capacity to Turkey and Greece. The future of the South Stream project is therefore uncertain.

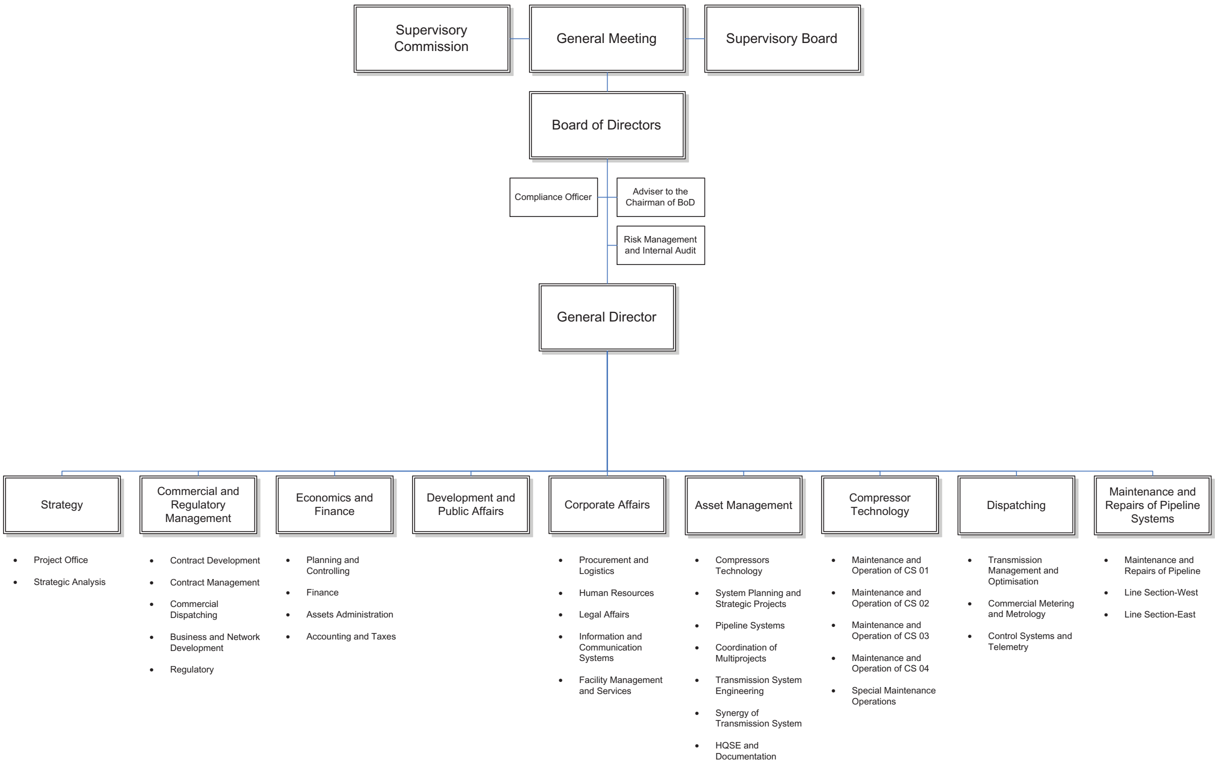
The Nabucco pipelines are planned for the import of Caspian gas. The import of Caspian gas is hampered by a lack of gas interconnections between the EU and Caspian Sea. Nabucco is the best known gas pipeline that is planned to transport gas from Azerbaijan and Turkmenistan (and recently also Iraq) through Turkey to EU countries via the Baumgarten hub in Austria. Currently the Nabucco project consists of two pipelines: TANAP (Trans Anatolian Pipeline) through Turkish territory and Nabucco West, which would transport gas through Europe (across Bulgaria, Romania, Hungary). This pipeline is the most politically supported route for Caspian gas to the EU. The alternative to Nabucco West is the Trans Adriatic Pipeline, which could potentially begin operations in 2020. Upon completion, these three pipelines will be competing with each other. According to the current plans, the capacity of these pipelines will be moderate, ranging up to 10 billion cubic metres/year for each (with potential claimed scalability).

e. Organisations

Eustream is internally organised as follows:

- the asset management unit, in charge of asset development and construction of facilities and strategic development and planning of the network and setting the asset maintenance strategy;
- the dispatching unit in charge of gas transmission management and optimisation, commercial metering and metrology and control systems and telemetry;
- the compressor technology unit in charge of all compressor stations and central maintenance focused on compressor technology;
- the maintenance and repairs of pipeline systems unit in charge of maintenance of pipelines systems and line section equipment;
- the commercial and regulatory management unit, in charge of transmission related services and procedures, contract portfolio management, market and economic analyses, regulatory affairs and communication with national and European regulatory authorities;
- the economics and finance unit in charge of accounting, management of cash-flow and economic affairs;
- the corporate affairs unit in charge of legal services, procurement and logistics, human resources information and communication systems and facility management;
- the development and public affairs unit in charge of strategic development projects and activities; and
- the strategic unit in charge of strategic planning, analyses, evaluations and selected cross-divisional projects.

The diagram[12] below shows the internal organisation of Eustream as at the date of this Prospectus:



f. Environmental and Safety Policies

One of the main focuses of Eustream is to ensure the safe, reliable and efficient operation of its gas transmission system. Environmental protection, sustainable development and safety are key considerations. Accordingly, Eustream has set up an integrated management system comprised of the following objectives:

- achieving levels of reliability and safety that match the highest standards of the profession;
- developing gas infrastructure so as to optimise the transport of natural gas;
- educating, promoting and ensuring compliance among employees of safety and environmental policies;
- setting measurable emission and infrastructure development targets and regular monitoring of such targets;
- continuous assessment of the gas transmission system, focusing on meeting the requirements of Slovak and EU legislation;
- regular auditing (both internal and external audits) of the gas transmission system; and
- regular reporting on the gas transmission system performance by employees to management officers.

Regarding environmental protection, Eustream concentrates on:

- waste management in order to reduce the volume of produced waste;
- water management optimisation;
- intensive supervision of the technical condition of gas facilities in order to cut down emissions of greenhouse gases; and
- reducing noise emissions especially at the compressor stations.

12 Source: Eustream.

Eustream has not experienced a single accident or incident of damage to the pipeline system resulting in serious environmental impact because of its careful handling of the operation of the transmission system and compliance with safety standards in the workplace.

With Eustream's new optimised compressor technology, industrial emission of carbon monoxide and nitrogen oxides has been significantly reduced in comparison to the emission levels in 2011. The increased efficiency of the transmission network and the reduction of industrial emissions was achieved through investment projects, namely (i) the modification of turbine technology for lower emissions, (ii) the implementation of tandem turbines at Veľké Zlievce with low emission technology in accordance with new environmental legislation, (iii) the increased compression ratio and (iv) the decommissioning of old units with low efficient combustion processes in all of Eustream's compressor stations.

In addition, Eustream is required to obtain certain certifications with respect to (1) health and safety in the work place and (2) the use of individual elements of the environment, in particular:

- ISO 14001 certification for environmental management;
- ISO 9001 certification for quality management;
- ISO 50001 certification for energy management;
- ISO 3834-2 certification for welding management; and
- OHSAS 18001 certification for health and safety management at work.

g. Licences, Permits and Authorisations

Eustream holds the material licence which allows for it to engage in gas transmission. In addition to this material licence, Eustream holds licences for production, distribution and supply of heat and licences to allow for its ordinary business activities such as installation, repair, maintenance, professional inspections and tests of gas and pressure facilities and technical testing, metering and analysing.

h. Regulatory Background

The gas industry sector in Europe has been governed mainly by three liberalisation directives. The first European liberalisation directive (Directive 98/30/EC) concerning common rules for the internal market in natural gas (the "**First Gas Directive**") came into force on 10 August 1998 and constituted the first step towards the creation of an open and integrated internal market in the EU. The First Gas Directive established common rules regarding the storage, transmission, supply and distribution of natural gas. The aim of the First Gas Directive was to promote full, fair competition in the market, while maintaining a structural framework favourable to the funding of large international natural gas and liquefied natural gas projects.

The First Gas Directive sets out the following principles:

- *The separation of internal accounts for gas transmission, distribution and storage businesses*. This was the first move in an effort to bring an end to integrated business models that had combined transmission, storage and supply of natural gas within a single company. The First Gas Directive created a regulated economic environment in which natural gas transmission and storage businesses are required, among other things, to grant access to their networks and facilities to all gas suppliers on a transparent basis;
- *Third party access to networks and third party access to storage*. Access conditions, including pricing conditions, must be non-discriminatory and are subject to approval by RONI;
- *The gradual opening up of the energy markets, with the possibility in the long term for end-users to choose their gas supplier.* This possibility was limited, in the First Gas Directive, among others to industrial customers with consumption of more than 25 million cubic metres of gas per year; and
- *Strict confidentiality of data*. Operators of gas distribution networks and storage facilities are required to preserve the confidentiality of commercially sensitive information obtained in the context of their business. Distribution network operators are not permitted to abuse commercially sensitive information in the context of providing or negotiating access to their systems.

The First Gas Directive was replaced by European Directive 2003/55/EC (the "**Second Gas Directive**") adopted on 26 June 2003. The Second Gas Directive was intended to accelerate the process of liberalisation of the gas markets with a view to achieving a fully operational internal market. In particular, it provided for the separation of accounts between the activities of transmission, storage, distribution and the sale of gas. Legal separation of gas transmission and distribution activities had to take place by 1 July 2004, although combined operators were permitted subject to complying with a number of conditions intended to ensure their independence. The Second Gas Directive also set out a timetable for the liberalisation of the markets, with eligibility for non-domestic customers from 1 July 2004, and the complete liberalisation of the markets (including eligibility for individuals) by 1 July 2007. The Second Gas Directive was implemented in the Slovak Republic through enactment of the former energy act, Act no. 656/2004 Coll. on Energy, as amended. In the Slovak Republic, the legal separation of transmission and distribution activities from other gas industry activities took place on 1 July 2006.

The final in the series of the liberalisation directives of the EU was the Third Gas Directive. The Third Gas Directive was published in the EU's Official Journal on 14 August 2009. It was implemented into Slovak law by the Act on Energy and subject to certain exceptions took effect in the Slovak Republic on 1 September 2012.

The Third Gas Directive enhanced the independence and powers of national regulatory authorities. It required designation of a single national regulatory authority at the national level that is legally distinct and functionally independent from any other public or private entity, any market interest and any political body and that exercises its powers impartially and transparently. In the Slovak Republic, RONI, as the independent national regulatory, is responsible for monitoring and enforcing compliance of market participants with the laws and regulations applicable to the energy markets. RONI also intervenes in any disputes that may arise between participants in the markets.

The Third Gas Directive generally seeks to achieve greater transparency and independence of transmission operators such as Eustream. Eustream, as a gas transmission network operator belonging to a vertically integrated group of companies, falls directly within the scope of the provisions of the Third Gas Directive in relation to transmission network operators. The Third Gas Directive sets out principles that will apply, among other things:

- to relations between Eustream and its parent company;
- to the corporate governance of Eustream;
- to the independent ethical conduct of the directors, officers and employees of Eustream; and
- to the relationship of Eustream with other parts of the vertically integrated companies, particularly with regard to the planning of investments.

The Third Gas Directive, together with the Gas Regulation and other EU legislation, comprise the so-called Third Energy Package. The Gas Regulation sets out important obligations for the storage operators regarding the third party access, the principles of capacity-allocation mechanisms, congestion management and transparency requirements.

The Third Energy Package has also introduced a system for the development and implementation of European-wide network codes, which enable the harmonisation of the technical, operational and market rules for transmission networks across the European Union. These codes include the codes for tariffs, balancing, capacity allocation mechanisms and interoperability and guidelines for congestion management procedures. In addition to harmonised gas rules on congestion management procedures adopted in 2012, the first EU-wide gas network code on capacity allocation mechanisms in gas transmission systems was adopted in 2013 (applicable from 1 November 2015). The second EU-wide gas network code on gas balancing of transmission networks was adopted in 2014 (entering into force on 1 October 2015). This network code foresees the possibility for TSOs to implement interim measures to foster the liquidity of the short-term wholesale gas market to the extent possible. In order to do so, a TSO must develop and implement the interim measures on the basis of a report subject to public consultation with the stakeholders and approval by the national regulatory authority. Eustream plans to implement such interim measures and has already developed the required report for which it commenced the consultation process with stakeholders.

i. Regulatory Authorities

RONI, as an independent regulatory authority in the Slovak Republic, is responsible for monitoring and enforcing compliance by market participants with the laws and regulations applicable to the energy markets. RONI also intervenes in any disputes that may arise between participants in the markets. As a Slovak regulated entity, Eustream is not only subject to the authority of RONI, but also the Slovak Ministry of Economy, Slovak Trade Inspection and the Anti-Monopoly Office. The Slovak Ministry of Economy is responsible for formulating the national energy policy, promulgating the unbundling rules and setting the emergency response standards aimed to ensure security of natural gas supply.

4. Major Shareholders and Organisational Structure of the Guarantor

Eustream is directly wholly-owned by SPPI. SPPI is currently approximately 51 per cent. owned by the Slovak Republic and approximately 49 per cent. owned (including management control) by EPH. Pursuant to the Third Gas Directive, operators of gas transmission networks such as Eustream must meet a certain number of requirements intended to ensure their independence from the vertically integrated undertaking of which they form a part (see "—*Regulatory Background*"). In order to demonstrate its compliance with the requirements of the Third Gas Directive in respect of its gas transmission activities, Eustream has completed a complex process of unbundling from the SPPI Group and is now fully operationally independent. This includes the effective unbundling of corporate and support functions by implementing its own organisational structure, separating all hardware and information technology, finances, human resources, and head office, from SPP, its parent before the Reorganisation Plan. This major step in legal unbundling was achieved even before the Third Gas Directive was transposed into the Slovak legal system.

5. Employees

As an employer, Eustream attracts highly qualified professionals and supports a diverse workforce. As at the date of this Prospectus, Eustream has 760 employees, of whom 135 were women, which represents 17.8 per cent. of the total workforce. Almost 48.0 per cent. of the employees have a university degree and 38.5 per cent. have completed their secondary education. Currently, there is no woman on the board of directors or in senior management and seven women work in the middle management of the company. One of the younger employees is a member of the board of directors and four of the younger employees are in the middle management of Eustream. Eustream places strong emphasis on the accurate, timely and transparent communication of all changes and key information to the staff. Eustream ensures that the remuneration system has clear, fair and motivational rules and that rewards are directly linked to performance evaluations. The motivation of employees is supported by social care guaranteed by a collective agreement.

6. Administrative, Management and Supervisory Bodies

a. Board of Directors

Eustream is managed by a board of directors whose term of office is fixed at four years by Eustream's articles of association. The applicable legal regulation requires and provides for the independence of the board of directors in performing its executive powers and separation of the board of directors from the shareholders, including decisions on the matters related to day-to-day activities of the transmission system operator and the management of the transmission network. Three of the five directors are nominated by EPH and two directors are nominated by the Slovak Republic. Appointment or election and recall of directors are subject to prior approval by RONI.

Name and surname	*Current function within Eustream*	*Principal outside business activities, where these are significant*
Tomáš Mareček	Chairman of the Board of Directors	Member of the Board of Directors, Pražská teplárenská a.s. Member of the Supervisory Board, EP Industries a.s. Executive Director, EGEM s.r.o.
Robert Hančák	Vice-Chairman of the Board of Directors	None
Miroslav Bodnár	Member of the Board of Directors	Member of the Supervisory Board, Central European Gas Hub AG Member of the Management Board, European Network of Transmission Operators for Gas (non-profit)
Kamil Peteraj	Member of the Board of Directors	None
Jan Mašinda	Member of the Board of Directors	Member of the Board of Directors, United Energy a.s

As at the date of this Prospectus, the business address of all of the members of the Board of Directors of Eustream is Votrubova 11/A, 821 09 Bratislava, The Slovak Republic.

Biographies of the Board of Directors

Tomáš Mareček - Chairman of the Board of Directors

Tomáš Mareček graduated from the Faculty of Finance of VŠE (The University of Economics) in Prague in 2004. He started his professional career by joining the department of Mergers and Acquisitions of J&T Group in 2004. In 2004, he worked for Kablo Elektro a.s., where he was involved in the company's restructuring and subsequently served as a finance director. From 2007 to 2009, he was involved in the successful acquisitions of several companies. Since 2011, he has been vice-chairman of Pražská teplárenská a.s. and is also a member of the supervisory board of EP Industries, a.s. Since 24 January 2013, he has been the Chairman of the Board of Directors of Eustream.

Robert Hančák - Vice-Chairman of the Board of Directors

Robert Hančák completed his university studies at the University of Economics in Bratislava and postgraduate studies at the Faculty of Law of Comenius University in Bratislava. He started his professional career by joining the Tax Authority Bratislava IV in 1993. His professional experience includes several managerial positions in commercial companies such as Merimex Int. s.r.o. (1995), RENTA g.i.a.s. (1995 – 1997), and J&T Real Estate a.s. (1997 – 2006). From 2006 to 2010, he held the position of General Director of the Economic Section at the Ministry of Interior of the Slovak Republic. From 2011 to 2012, he was responsible for managing the major road projects in Strabag. Since 20 September 2012, he has been Vice-Chairman of the Board of Directors of Eustream.

Miroslav Bodnár - Member of the Board of Directors

Miroslav graduated from the Faculty of International Affairs of the University of Economics in Prague. After a short experience in the banking industry, he joined EPH in 2009 and has worked in the mergers and acquisitions department with a focus on identifying and evaluating acquisition projects in the energy business. In March 2013, he joined Eustream as a member of the supervisory board and supervisory commission, and served in these positions until May 2014. Since June 2013, he has held the position of Strategy Director. He represents Eustream in the supervisory board of the Central European Gas Hub (the natural gas trading platform in Central and Eastern Europe). Since June 2014, he has been a member of the board of directors of Eustream.

Kamil Peteraj - Member of the Board of Directors

Kamil studied at the Vienna University of Economics and Business and graduated from the Faculty of Management of Comenius University and the Faculty of Law of Paneuropean University in Bratislava. In the 1990s, he worked as an interpreter and translator. From 2001 to 2012, he was the English-Slovak interpreter for the President of the Slovak Republic. His working experience includes several managerial positions in the commercial companies Entrans s.r.o. (2003 – 2013) and KL Consult s.r.o. (2006 – 2013). Since 2013, he has been the adviser to the State Secretary of the Ministry of Environment of the Slovak Republic. Since 26 August 2014, he has been a member of the board of directors of Eustream.

Jan Mašinda - Member of the Board of Directors

Jan graduated from the Czech Technical University in Prague in 1971. He started his professional career at Energoprojekt Praha, s.p. In 1984, he joined ŠKODA PRAHA a.s. Between 1993 and 1998, he worked at H&D Engineering s.r.o., and from 1998 he worked at Horizon Energy Development s.r.o. (a subsidiary of National Fuel Gas Inc., located in Buffalo, New York). Since 2005, he has been the energy group chief engineer of EP Investment Advisors, s.r.o. and EP Energy, a.s. Since 28 November 2014, he has been a member of the board of directors of Eustream.

b. Senior Management

Rastislav Ňukovič - General Director

Rastislav Ňukovič studied at the Faculty of Electrical Engineering and Informatics of the Slovak University of Technology in Bratislava. From 2000 to 2002, he completed his postgraduate studies specialising in the gas industry at the Faculty of Environmental Protection of the Institute of Chemical Technology in Prague. In 1998, he began his career in the gas industry as an IT system administrator in the Slovtransgaz division of SPP, where he later became Head of the Department of Assembly and Technical Support. Between 2005 and 2008, he worked as the Head of Centralised Maintenance and from 2009 to 2011, he managed the section of strategic projects, where he was responsible for the management and coordination of all projects relating to the transmission network. In 2012 and since 2014, he has been the Asset Management Director and General Director of Eustream, respectively.

Peter Tóth - Asset Management Director

Peter Tóth graduated from the Slovak University of Technology in 1997 with a degree in Mechanical Engineering/Energy Technology in Bratislava. In 2001, he received a PhD from the same university, where he later worked as a teacher from 2001 to 2004. In 2005, he joined the gas industry after accepting a job offer from SPP, where he held a position in technical system planning. In 2008, he became the Head of System Planning and Strategic Projects of Eustream. Afterwards, he became the Director of Strategic Projects. Since September 2012, he has been the Director of Asset Management of Eustream and is responsible for transmission system optimisation.

Ján Janus - Dispatching Director

Ján graduated from the Faculty of Mechanical Engineering at the Technical University of Košice in 1982 and from 1986 to 1988 he completed postgraduate studies in Prague. He started his career in 1982 in Tranzitní plynovod Praha as a machine technologist at the compressor station at Veľké Kapušany. After three years, he became head of the border transfer station. Between 1993 and 2004, he worked in the Slovtransgaz division of SPP, first as head of the transmission management department and later as the technical director. He has been Dispatching Director since 2004 and is responsible for the operation of dispatching control systems, transmission management, the purchase of electricity, trading of emissions quotas, commercial metering and metrology.

Anton Zelenaj - Compressor Technology Director

Anton graduated from the Department of Machinery and Tool Design Technology at the Technical University in Vladimir, Russia. After graduating from his studies, in 1992 and 1993 he focused on his own computer business. He began his career in the gas industry in 1993 when he joined the Slovtransgaz division of SPP as a technician. In 1995, he worked as a pipeline technician and in 1997, as the head of the pipeline diagnostics department. Between 2004 and 2008, he was director of the Ivanka pri Nitre area. In 2009, he was the director of the centralised maintenance section and was responsible for the maintenance and repair of compressors and pipelines. Since 2011, he has held the post of Director of Technical Competence Centre. Since January 2015, he has been the Director of Compressor Technology.

Vladimír Potočný - Director of Maintenance and Repairs of Pipeline Systems

Vladimír completed his university studies in 1982 at the Faculty of Mechanical Engineering of the Technical University in Košice. Later, he continued his studies in the gas industry department of the Slovak University of Technology in Bratislava and in the industrial engineering and logistics department at the University of Žilina. From the beginning, his professional career has been linked with the gas industry. In 1985, he joined the company Tranzitní plynovod Praha. He has more than 25 years of experience in managing the operation and maintenance of technology for compressor stations and pipeline systems. Since 2004, he was the Director of Technical Competence Centre in Eustream where he was responsible for Eustream's technical policy. Since 2011 and January 2015, he has been the Director for Maintenance and Repairs and the Director of Pipeline Systems, respectively.

Milan Sedláček - Commercial and Regulatory Director

Milan Sedláček graduated from the Faculty of Electrotechnics and Informatics at the Slovak Technical University in Bratislava with a degree in technical cybernetics as well as in automation and control in 1989 and 1994, respectively. In 1994, he joined the gas industry by joining the predecessor of Eustream as an IT specialist. From 2000 to 2014, he worked in several managerial positions. During this period, he managed the conclusion of several transport capacity contracts, regulatory matters relating to gas transport and customer relations. He was also responsible for communication with RONI and state authorities regarding the regulation of gas transportation. On 28 February 2013, he was appointed as the Compliance Program Manager under the Act on Energy. Since September 2014, he has been the Commercial and Regulatory Director.

Peter Pčola - Economics and Finance Director

Peter Pčola graduated in 2004 from the Slovak University of Agriculture with a degree in international business. He continued his studies by qualifying and gaining the ACCA membership and completing a four-semester course oriented on the gas industry at the Institute of Chemical Technology in Prague. He started his professional career by joining Deloitte (Bratislava) as an auditor where he participated in audits of several major banks, financial institutions and manufacturing companies in the Slovak Republic. In 2008, he managed the internal audit department of Pivovary Topvar of the SAB Miller Group. His career in the gas industry began in 2009 at SPPD as the head of controlling. In January 2014, he became the head of the finance department and deputy section director, where he was responsible for accounting, tax, reporting, controlling and treasury. In 2013, he also served as the executive of SPP – distribúcia Servis, s.r.o. and Plynárenská metrológia, s.r.o. Since January 2015, he has been the Economics and Finance Director of Eustream.

Petr Krafka - Corporate Affairs Director

Petr graduated from the Ostrava Business School and started his professional career in the automotive industry. In 2008, he became a general manager of a Polish subsidiary of Fortuna Entertainment Group, a Czech betting company. In 2011, he joined Sazka, a leading Czech betting company, where he was responsible for the distribution network. When the procurement function was established as a separate division within Eustream on 1 June 2013, Petr was appointed as the director of the procurement division. Since November 2014, he has been the Corporate Affairs Director.

Mirek Topolánek - Development and Public Affairs Director

Mirek Topolánek graduated from the Faculty of Mechanical Engineering at the Technical University in Brno. He started his professional career as a senior designer in automation and mechanisation at OKD Ostrava, and later as a specialist of measuring and control systems at Energoprojekt Praha. From 1991 to 2003, he was executive director, and later chairman, of the board of directors at VAE, l.t.d. (an engineering, procurement and construction company in the energy sector). In 1996, he started his political career as a member of the Czech Parliament, later as Prime Minister of the Czech Republic and in 2009, he was President of the European Council and actively managed the gas crisis and organised the eleventh Southern Corridor Summit. Since leaving politics, he has been active in the energy business and in educational activities. In 2011, he was elected as the Chairman of the Association of District Heating in the Czech Republic. He is also Chairman of the Supervisory Board of the Opatovice Power Plant. In 2013 to 2014, he was appointed as the Director for Development & Foreign Relations, NAFTA (Bratislava). In November 2014, he began work at Eustream as the Development and Public Affairs Director.

Miroslav Bodnár - Member of the Board of Directors

Miroslav graduated from the Faculty of International Affairs of the University of Economics in Prague. After a short experience in the banking industry, he joined EPH in 2009 and has worked in the mergers and acquisitions department with a focus on identifying and evaluating acquisition projects in the energy business. In March 2013, he joined Eustream as a member of the supervisory board and supervisory commission, and served in these positions until May 2014. Since June 2013, he has held the position of Strategy Director. He represents Eustream in the supervisory board of the Central European Gas Hub (the natural gas trading platform in Central and Eastern Europe). Since June 2014, he has been a member of the board of directors of Eustream.

c. Supervisory Board

The supervisory board, as the supreme supervisory body of the company, is in charge of supervising the execution of powers by the board of directors and the performance of Eustream's business activities. The supervisory board submits its reports (mostly on the proposals of the board of directors) to the general meeting. Out of the six members of the supervisory board, four are elected by the general meeting for a three-year term and two are elected by the employees of the company, as required by mandatory provisions of Slovak law.

Name and surname	*Current function within Eustream*	*Principal outside business activities, where these are significant*
Peter Trgiňa	Chairman of the Supervisory Board	None
Daniel Křetínský	Vice-Chairman of the Supervisory Board	Managing Director of EPH
Andrej Lendvay	Member of the Supervisory Board	None
Viktor Mihálik	Member of the Supervisory Board	None
Otto Halás	Member of the Supervisory Board	Member of the Supervisory Board, Slovgeoterm a.s.
Viera Pet'ková	Member of the Supervisory Board	None

d. Supervisory Commission

The supervisory commission is a body of Eustream established in accordance with and with competence laid down in the Act on Energy. The supervisory commission consists of five members, who are elected and recalled by the general meeting. Appointment or election and recall of members of the supervisory commission are subject to prior approval by RONI. Powers of the supervisory commission include, *inter alia*, election and recall of members of the board of directors, approval of proposals for the financial plans and proposal concerning the distribution of profit or settlement of losses as submitted by the board of directors. The articles of association of Eustream and by-laws of the supervisory commission provide details of the activities of the supervisory commission.

Name and surname	*Current function within Eustream*	*Principal outside business activities, where these are significant*
Daniel Křetínský	Chairman of the Supervisory Commission	Managing Director of EPH
Ružena Lovasová	Vice-Chairman of the Supervisory Commission	Executive Director, Energy Solutions s.r.o.
Hana Krejčí	Member of the Supervisory Commission	Member of the Supervisory Board, Pražská teplárenská a.s.
Roman Karlubík	Member of the Supervisory Commission	Executive Director, Chemox Holding, s.r.o. Chairman of the Board of Directors, VUP, a.s.
Jan Stříteský	Member of the Supervisory Commission	Member of the Supervisory Board, První brněnská strojírna a.s.

Some members of the supervisory board and supervisory commission are also employees of Eustream. There are no other material contracts with or loans to members of the board of directors, senior management, supervisory board or supervisory commission. There are no conflicts of interests between the duties owed by members of the board of directors and their private interests and/or other duties.

7. Recent Developments

There have been no material recent developments in the business of Eustream since 30 June 2014.

TAXATION

The following is a general description of certain tax considerations in The Netherlands and the Slovak Republic relating to the Notes. It does not purport to be a complete analysis of all tax considerations relating to the Notes in those countries or elsewhere. Prospective purchasers of the Notes should consult their own tax advisers as to the consequences under the tax laws of the country in which they are resident for tax purposes and the tax laws of The Netherlands and the Slovak Republic for acquiring, holding and disposing of the Notes and receiving payments of interest, principal and/or other amounts under the Notes.

This summary is based on the law in effect on the date of this Prospectus and its prevailing interpretations available on or before this date. It is subject to any change in the law or interpretations that may take effect after such date, which could apply retroactively and therefore affect the continued validity of this summary, which will not be updated to reflect any such change. This summary assumes that each transaction with respect to the Notes is conducted at arm's length.

Investors should also bear in mind that the appointment by an investor in the Notes, or any person through which an investor holds the Notes, of a custodian, collection agent or similar person in relation to such Notes in any jurisdiction may have tax implications. Investors should consult their own tax advisers regarding the tax consequences related to any such appointment.

The Netherlands

This taxation summary solely addresses the principal Netherlands tax consequences of the acquisition, the ownership and disposition of Notes issued by the Issuer after the date hereof held by a Noteholder who is not a resident of The Netherlands. It does not consider every aspect of taxation that may be relevant to a particular Noteholder under special circumstances or who is subject to special treatment under applicable law. Where in this summary English terms and expressions are used to refer to Netherlands concepts, the meaning to be attributed to such terms and expressions shall be the meaning to be attributed to the equivalent Netherlands concepts under Netherlands tax law.

This summary is based on the tax laws of The Netherlands as they are in force and in effect on the date of this Prospectus. The Netherlands means the part of the Kingdom of The Netherlands located in Europe. The laws upon which this summary is based are subject to change, potentially with retroactive effect. A change to such laws may invalidate the contents of this summary, which will not be updated to reflect any such change. This summary assumes that each transaction with respect to Notes is at arm's length. The Issuer has been advised that under the existing laws of The Netherlands:

Withholding Tax

All payments by Issuer under Notes can be made free of withholding or deduction of any taxes of whatever nature imposed, levied, withheld or assessed by The Netherlands or any political subdivision or taxing authority thereof or therein.

Taxes on Income and Capital Gains

A Noteholder will not be subject to any Netherlands taxes on income or capital gains in respect of Notes, including such tax on any payment under Notes or in respect of any gain realised on the disposal deemed disposal or exchange of Notes, provided that:

(i) such holder is neither a resident nor deemed to be a resident of The Netherlands (which may include individuals resident in the European Economic Area, Switzerland and the non-European part of The Netherlands, who derive, alone or together with their partner, 90% or more of their income from The Netherlands);

(ii) such holder does not have an enterprise or an interest in an enterprise that is, in whole or in part, carried on through a permanent establishment or a permanent representative in The Netherlands and to which enterprise or part of an enterprise, as the case may be, Notes are attributable;

(iii) if such holder is an individual, neither such holder nor any of his spouse, his partner, a person deemed to be his partner, or other persons sharing such person's house or household, or certain other of such persons' relatives (including foster children), whether directly and/or indirectly as (deemed) settlor, grantor or similar originator (the "**Settlor**"), or upon the death of the Settlor, his/her beneficiaries (the "**Beneficiaries**") in proportion to their entitlement to the estate of the Settlor, of a trust, foundation or similar arrangement (a "**Trust**"), (a) indirectly has control of the proceeds of Notes in The Netherlands, nor (b) has a substantial interest in Issuer and/or any other entity that legally or de facto, directly or indirectly, has control of the proceeds of Notes in The Netherlands. For purposes of this clause (iii), a substantial interest is generally not present if a holder does not hold, alone or together with his spouse, his partner, a person deemed to be his partner, other persons sharing such person's house or household, certain other of such person's relatives (including foster children), or a Trust of which he or any of the aforementioned persons is a Settlor or a Beneficiary, whether directly or indirectly, (a) the ownership of, certain other rights, such as usufruct, over, or rights to acquire (whether or not already issued), shares representing five per cent. or more of the total issued and outstanding capital (or the issued and outstanding capital of any class of shares) of a company; (b) the ownership of, or certain other rights, such as usufruct, over profit participating certificates (*winstbewijzen*), or membership rights in a cooperative association, that relate to five per cent. or more of the annual profit of a company or co-operative association or to five per cent. or more of the liquidation proceeds of a company or co-operative association; or (c) membership rights representing five per cent. or more of the voting rights in a co-operative association's general meeting;

(iv) if such holder is a company, such holder (a) has no substantial interest in the Issuer, or (b) has a substantial interest in the Issuer that is not held with the avoidance of Netherlands income tax or dividend withholding tax as (one of) the main purpose(s), or (c) has a substantial interest in the Issuer that can be allocated to its business assets. For the purposes of this clause (iv), a substantial interest is generally not present if a holder does not hold, whether directly or indirectly, (a) the ownership of, certain other rights, such as usufruct, over, or rights to acquire (whether or not already issued) shares representing five per cent. or more of the total issued and outstanding capital (or of the issued and outstanding capital of any class of shares) of a company; or (b) the ownership of, or certain other rights, such as usufruct, over profit participating certificates (*winstbewijzen*) that relate to five per cent. or more of the annual profit of a company or to five per cent. or more of the liquidation proceeds of a company; and

(v) if such holder is an individual, such income or capital gain does not form a "benefit from miscellaneous activities" in The Netherlands (*resultaat uit overige werkzaamheden*) which, for instance, would be the case if the activities in The Netherlands with respect to Notes exceed "normal active asset management" (*normaal, actief vermogensbeheer*) or if income and gains are derived from the holding, whether directly or indirectly, of (a combination of) shares, debt claims or other rights (together, a *lucratief belang*) that the holder thereof has acquired under such circumstances that such income and gains are intended to be remuneration for work or services performed by such holder (or a related person) in The Netherlands, whether within or outside an employment relation, where such lucrative interest provides the holder thereof, economically speaking, with certain benefits that have a relation to the relevant work or services.

A Noteholder will not be subject to taxation in The Netherlands by reason only of the execution, delivery and/or enforcement of the documents relating to an issue of Notes or the performance by Issuer of its obligations thereunder or under Notes.

Gift, Estate or Inheritance Taxes

No gift, estate or inheritance taxes will arise in The Netherlands with respect to an acquisition of Notes by way of a gift by, or on the death of, a holder who is neither resident nor deemed to be resident in The Netherlands for Netherlands inheritance and gift tax purposes, unless in the case of a gift of Notes by an individual who at the date of the gift was neither resident nor deemed to be resident in The Netherlands, such individual dies within 180 days after the date of the gift, while being resident or deemed to be resident in The Netherlands.

For the purposes of The Netherlands gift and inheritance tax, an individual with The Netherlands nationality will be deemed to be resident in The Netherlands if he has been resident in The Netherlands at any time during the ten years preceding the date of the gift or his death.

For the purposes of The Netherlands gift tax, an individual not holding The Netherlands nationality will be deemed to be resident in The Netherlands if he has been resident in The Netherlands at any time during the twelve months preceding the date of the gift.

For the purposes of The Netherlands gift and inheritance tax, a gift that is made under a condition precedent is deemed to have been made at the moment such condition precedent is satisfied. If the condition precedent is fulfilled after the death of the donor, the gift is deemed to be made upon the death of the donor.

For the purposes of The Netherlands gift, estate and inheritance taxes, (i) a gift by a Trust, will be construed as a gift by the Settlor, and (ii) upon the death of the Settlor, as a rule, his/her Beneficiaries, will be deemed to have inherited directly from the Settlor. Subsequently, the Beneficiaries will be deemed the Settlor of the Trust for purposes of The Netherlands gift, estate and inheritance tax in case of subsequent gifts or inheritances.

Value Added Tax

There is no Netherlands value added tax payable in respect of payments in consideration for the issue of Notes, in respect of the payment of interest or principal under Notes, or the transfer of Notes.

Other Taxes and Duties

There is no Netherlands registration tax, capital tax, stamp duty or any other similar tax or duty payable in The Netherlands by a Noteholder in respect of or in connection with the execution, delivery and/or enforcement by legal proceedings (including any foreign judgment in the courts of The Netherlands) of the Notes or the performance of the obligations of Issuer under the Notes.

Residence

A Noteholder will not be treated as a resident of The Netherlands by reason only of the holding of Notes or the execution, performance, delivery and/or enforcement of Notes.

The Slovak Republic

This taxation summary solely addresses the principal Slovak tax consequences of the acquisition, ownership and disposition of the Notes issued by the Issuer after the date hereof and held by a Noteholder. It does not consider every aspect of taxation that may be relevant to a particular Noteholder under special circumstances or who is subject to special treatment under applicable law. Where English terms and expressions are used in this summary to refer to Slovak concepts, the meaning to be attributed to such terms and expressions shall be the meaning to be attributed to the equivalent Slovak concepts under Slovak tax law.

Income Tax

Withholding Tax

Interest payments made under the Notes by the Issuer, an entity not treated as a resident of the Slovak Republic for tax purposes and which is not conducting business activities on the territory of the Slovak Republic through a permanent establishment ("**Non-Slovak Tax Resident**"), are not subject to Slovak withholding tax.

Slovak Individuals

Interest income on the Notes paid to an individual who is considered to be a Slovak tax resident ("**Slovak Individual**") is subject to taxation in the Slovak Republic and shall be included in his/her personal income tax base and taxed in his/her personal income tax return.

Similarly, capital gain (*i.e.* the difference between (i) the sale price and (ii) the acquisition price of the Notes, increased by related costs connected with the acquisition and sale of the Notes) realised by a Slovak Individual upon the sale of the Notes is subject to personal income tax and shall be included in his/her personal income tax base and taxed in his/her personal income tax return.

The personal income of the Slovak Individual is subject to progressive taxation with the rates of 19% or, for annual income exceeding approx. EUR 35,000, 25%. Depending on the Slovak Individual's overall tax position, he/she may be entitled to a tax exemption up to the amount of EUR 500 from income realised from the sale of the Notes in one tax period. In general, any loss realised by a Slovak Individual is tax non-deductible with some specific exemptions defined in the Slovak tax law.

Slovak Corporations

A corporation which is treated as a Slovak tax resident ("**Slovak Business**") is subject to corporate income tax on income on the Notes and on capital gain (*i.e.* the difference between (i) the sale price and (ii) the accounting value of the Notes) realised from the sale of the Notes.

In general, income derived from the Notes would be included in the tax base of a Slovak Business and taxed at a corporate income tax rate of 22%. Any loss incurred by the Slovak Business upon the sale of the Notes should generally be tax non-deductible, with some exceptions, for example (i) the loss up to the amount of the income from the Note already included in the tax base, or (ii) if the Slovak Business is a professional security trader.

Permanent establishment

Interest income from the Notes and capital gain realised from the sale of the Notes which is attributable to the Slovak permanent establishment of a foreign company are subject to 22% corporate income tax in the Slovak Republic. This income should be included in the tax base of the Slovak permanent establishment as a result of its business activities performed in the Slovak Republic and taxed in its income tax return. Any loss incurred upon the sale of the Notes should generally be tax non-deductible, with some exceptions, for example (i) the loss up to the amount of the income from the Note already included in the tax base, or (ii) if the Slovak permanent establishment is conducting business in the Slovak Republic as a professional security trader.

Non-Slovak Tax Residents

Interest payments made by the Issuer, as a Non-Slovak Tax Resident, under the Notes to another Non-Slovak Tax Resident is not subject to Slovak taxation.

Capital gain realised by a Non-Slovak Tax Resident upon the sale of the Notes is not subject to Slovak taxation.

Payments made by the Guarantor

If the payments to the Noteholders are called upon under the Guarantee, such payments may under specific circumstances be subject to withholding tax or securing tax in the Slovak Republic.

Interest payments from the Notes made by the Guarantor to the Noteholders are not subject to Slovak withholding tax unless they are paid to:

(a) a Slovak Individual, where the payer of withholding tax is generally an investment firm (in Slovak: *obchodník s cennými papiermi*) holding the Notes of the Slovak Individual; or

(b) a non-profit organisation deemed to be a tax resident of the Slovak Republic, the Slovak National Property Fund or the Slovak National Bank ("**Specific Entity**"), where the payer of the withholding tax is the Specific Entity that is the recipient of the income.

Capital gains are only subject to withholding tax in Slovakia if they are made by the Guarantor and paid to a Specific Entity.

Interest payments under (a) and (b) and capital gains described above are subject to 19% withholding tax (the 35% rate applies if the recipient of the payment has a registered seat or permanent residence in a state which is not on the "whitelist" maintained and published online by the Slovak Ministry of Finance; the "whitelist" should contain states with which the Slovak Republic has concluded a Double Tax Treaty or Tax Information Exchange Agreement) (the "**Non-Treaty State**").

If these payments are attributable to a permanent establishment of a Non-Slovak Tax Resident that is not a tax resident of an EU/EEA Member State and this Non-Slovak Tax Resident does not make regular tax prepayments in Slovakia, they may be subject to securing tax of 19% (or 35%, if the recipient has a registered seat or permanent residence in the Non-Treaty State). If it is withheld by the payer to secure the Slovak tax obligation of the recipient of the income (i.e. the Noteholder), it is considered to be a tax prepayment and it may be offset against the overall tax payable by the Slovak permanent establishment on the basis of an annual income tax return filed in the Slovak Republic by such non-EU/EEA tax resident recipient.

Accounting Aspects

Slovak tax residents that are subject to Slovak accounting standards are required to recognise interest income on an accrual basis for accounting purposes and, accordingly, include this income in their general tax base for Slovak income tax purposes in the given period.

Slovak tax residents that prepare their financial statements under the Slovak Accounting Standards for Entrepreneurs or under International Financial Reporting Standards as adopted by the EU may be required to revaluate the Notes to fair value for accounting purposes, whereby the revaluation would be accounted for as a gain or loss. Such gain is generally taxable and the corresponding loss should generally be tax deductible for Slovak tax purposes.

Gift, Estate or Inheritance Taxes

No gift or inheritance taxes apply in the Slovak Republic. No estate tax applies in the Slovak Republic with respect to the Notes.

Other applicable taxes

No Slovak stamp duty, registration, transfer or similar taxes will be payable in connection with the acquisition, ownership, sale or disposal of the Notes by Slovak tax residents.

EU Directive on the Taxation of Savings Income (Directive 2003/48/EC)

Under Council Directive 2003/48/EC regarding the taxation of savings income (as amended by an EU Council Directive adopted by the European Council on 24 March 2014), Member States are required to provide to the tax authorities of other Member States details of payments of interest and other similar income paid by a person to an individual in another Member State. These requirements will be broadened to expand the range of payments covered by the Directive to include (i) certain additional types of income and (ii) payments via certain entities or legal arrangements, or payments made via economic operations in certain circumstances, where the person regarded for the purposes of the Directive as the beneficial owner is an individual resident in that other Member State. Member States have until 1 January 2016 to implement national legislation giving effect to these additional requirements and the national legislation must apply from 1 January 2017. For a transitional period, Austria and Luxembourg are instead required (unless during such period they elect otherwise) to operate a withholding system in relation to such payments (the ending of such transitional period being dependent on the conclusion of certain other agreements relating to information exchange with certain other countries). Luxembourg has announced that it will no longer apply the withholding tax system as from 1 January 2015 and will provide details of payments of interest (or similar income) as from this date. A number of non-EU countries and territories have adopted similar measures.

If a payment were to be made or collected through a Member State which has opted for a withholding system and an amount of, or in respect of, tax were to be withheld from that payment, neither the Issuer nor any Paying Agent nor any other person would be obliged to pay additional amounts with respect to any Note as a result of the imposition of such withholding tax. The Issuer is required to maintain a Paying Agent in a Member State that is not obliged to withhold or deduct tax pursuant to the Directive.

SUBSCRIPTION AND SALE

Citigroup Global Markets Limited, ING Bank N.V., London Branch, Société Générale and UniCredit Bank AG (together, the "**Joint Lead Managers**") have, pursuant to a Subscription Agreement dated 9 February 2015, jointly and severally agreed with the Issuer and the Guarantor, subject to the satisfaction of certain conditions, to subscribe for the Notes at 99.255 per cent. of their principal amount, less any applicable commissions and expenses as agreed between the Issuer, the Guarantor and Joint Lead Managers. In addition, the Issuer has agreed to reimburse the Joint Lead Managers for certain of their expenses in connection with the issue of the Notes. The Subscription Agreement entitles the Joint Lead Managers to terminate it in certain circumstances prior to payment being made to the Issuer.

Certain of the Joint Lead Managers and their affiliates have engaged, and may in the future engage, in investment banking and/or commercial banking transactions with, and may perform services for the Issuer, the Guarantor and their affiliates in the ordinary course of business. In addition, in the ordinary course of their business activities, the Joint Lead Managers and their affiliates may make or hold a broad array of investments and actively trade debt and equity securities (or related derivative securities) and financial instruments (including bank loans) for their own account and for the accounts of their customers; such investments and securities activities may involve securities and/or instruments of the Issuer, the Guarantor and their affiliates. Certain of the Joint Lead Managers or their affiliates that have a lending relationship with the Issuer, the Guarantor or their affiliates, routinely hedge their credit exposure to the Issuer consistent with their customary risk management policies. Typically, such Joint Lead Managers and their affiliates would hedge such exposure by entering into transactions which consist of either the purchase of credit default swaps or the creation of short positions in securities, including potentially the Notes. Any such short positions could adversely affect future trading prices of the Notes. The Joint Lead Managers and their affiliates may also make investment recommendations and/or publish or express independent research views in respect of such securities or financial instruments and may hold, or recommend to clients that they acquire, long and/or short positions in such securities and instruments.

United States of America

The Notes have not been and will not be registered under the Securities Act and may not be offered or sold within the United States or to, or for the account or benefit of, U.S. persons except in certain transactions exempt from the registration requirements of the Securities Act. Terms used in this paragraph have the meanings given to them by Regulation S under the Securities Act.

The Notes are subject to U.S. tax law requirements and may not be offered, sold or delivered within the United States or its possessions or to a United States person, except in certain transactions permitted by U.S. tax regulations. Terms used in this paragraph have the meanings given to them by the United States Internal Revenue Code and regulations thereunder.

Each Joint Lead Manager has represented, warranted and agreed that, except as permitted by the Subscription Agreement, it will not offer, sell or deliver the Notes, (a) as part of their distribution at any time or (b) otherwise, until 40 days after the later of the commencement of the offering and the issue date of the Notes, within the United States or to, or for the account or benefit of, U.S. persons, and that it will have sent to each dealer to which it sells Notes during the distribution compliance period a confirmation or other notice setting forth the restrictions on offers and sales of the Notes within the United States or to, or for the account or benefit of, U.S. persons.

In addition, until 40 days after commencement of the offering, an offer or sale of Notes within the United States by a dealer (whether or not participating in the offering) may violate the registration requirements of the Securities Act.

United Kingdom

Each Joint Lead Manager has represented, warranted and agreed that:

(a) it has only communicated or caused to be communicated and will only communicate or cause to be communicated an invitation or inducement to engage in investment activity (within the meaning of Section 21 of the FSMA) received by it in connection with the issue or sale of the Notes in circumstances in which Section 21(1) of the FSMA does not apply to the Issuer; and

(b) it has complied and will comply with all applicable provisions of the FSMA with respect to anything done by it in relation to the Notes in, from or otherwise involving the United Kingdom.

The Netherlands

Each Joint Lead Manager has represented, warranted and agreed that unless Article 5:20(5) of the Dutch Financial Supervision Act (*Wet op het financieel toezicht*) is not applicable, it will not make an offer of Notes to the public in The Netherlands in reliance on Article 3(2) of the Prospectus Directive unless (i) such offer is made exclusively to persons or entities which are qualified investors as defined in the Dutch Financial Supervision Act or (ii) standard exemption wording is disclosed as required by Article 5:20(5) of the Dutch Financial Supervision Act, provided that no such offer of Notes shall require the Issuer or any Joint Lead Manager to publish a prospectus pursuant to Article 3 of the Prospectus Directive or supplement a prospectus pursuant to Article 16 of the Prospectus Directive.

For the purposes of this provision, the expression an "offer of Notes to the public" means: making a sufficiently specific offer, directly or indirectly, to more than one individual or legal entity, concerning the sale or acquisition of securities, or inviting an individual or legal entity to make an offer in respect of such securities.

Slovak Republic

None of the Notes have been issued or will be issued as a bond within the meaning of the Slovak Act No. 530/1990 Coll., on bonds, as amended.

No public offering of the Notes has been made or will be made within the meaning of the Slovak Act No. 566/2001 Coll. on Securities and Investment Services, as amended (the "**Slovak Securities Act**") and no application for an approval of a prospectus for any of the Notes has been filed with the National Bank of Slovakia and no prospectus for any of the Notes will be approved by the National Bank of Slovakia. Under the Slovak Securities Act, "public offering" means any communication to a wider group of persons containing information on the securities to be offered and the terms of their acquisition, which is sufficient for an investor to make a decision to purchase or subscribe to such securities.

None of the Notes have been or will be, based on an application by the Issuer, admitted to trading on any regulated market in the Slovak Republic.

Each Joint Lead Manager has represented, warranted and agreed that it has not taken and will not take any action which would result in an approval of the National Bank of Slovakia (or any organiser of a regulated market in the Slovak Republic) or in any filing with the National Bank of Slovakia being required in respect of the Notes in accordance with the Slovak Securities Act and it has complied and will comply with all other applicable provisions (if any) of the Slovak Securities Act and other laws of the Slovak Republic (as they may be further amended or superseded from time to time) with respect to anything done by it in relation to the Notes in, from or otherwise involving the Slovak Republic.

The Czech Republic

None of the Notes have been issued or will be issued as a bond within the meaning of the Czech Act No. 190/2004 Coll., on bonds, as amended. No public offering of the Notes has been made or will be made within the meaning of Czech Act No. 256/2004 Coll., on conducting business on the capital market, as amended (the "**Czech Capital Market Act**") and no application for an approval of a prospectus for any of the Notes has been filed with the Czech National Bank and no prospectus for any of the Notes will be approved by the Czech National Bank. Under the Czech Capital Market Act, "public offering" means any communication to a wider group of persons containing information on the investment securities (such as the Notes) to be offered and the terms of their acquisition, which is sufficient for an investor to make a decision to purchase or subscribe to these investment securities.

None of the Notes have been or will be, based on an application by the Issuer, admitted to trading on any regulated market in the Czech Republic.

Each Joint Lead Manager has represented, warranted and agreed that it has not taken and will not take any action which would result in an approval of the Czech National Bank (or any organiser of a regulated market in the Czech Republic) being required in respect of the Notes pursuant to the Czech Capital Market Act and it has complied and will comply with all other applicable provisions (if any) of the Czech Capital Market Act and other laws of the Czech Republic (as they may be further amended or superseded from time to time) with respect to anything done by it in relation to the Notes in, from or otherwise involving the Czech Republic.

General

Persons into whose possession this Prospectus comes are required by the Issuer and the Joint Lead Managers to comply with all applicable laws and regulations in each country or jurisdiction in which they purchase, offer, sell or deliver Notes or possess, distribute or publish this Prospectus or any other offering material relating to the Notes, in all cases at their own expense.

No action has been taken in any jurisdiction that would permit a public offering of any of the Notes, or the possession or distribution of the Prospectus or any other offering material, in any country or jurisdiction in which an action for that purpose is required.

The Issuer, the Guarantor and the Joint Lead Managers do not represent that this Prospectus may be lawfully distributed or that the Notes may be lawfully offered, in compliance with any applicable registration or other requirements in any such jurisdiction, or pursuant to an exemption available thereunder, or assume any responsibility for facilitating any such distribution or offering.

Each Joint Lead Manager has represented, warranted and agreed to the Issuer and the Guarantor that it complies with and will comply with all applicable laws and regulations in each country or jurisdiction in which it purchases, offers, sells or delivers Notes or possesses, distributes or publishes the Prospectus or any other offering material relating to the Notes.

GENERAL INFORMATION

Authorisation

The creation and issue of the Notes has been authorised by a resolution of the Board of Directors of the Issuer dated 28 January 2015. The giving of the Guarantee of the Notes has been authorised by a resolution of the Board of Directors of the Guarantor dated 27 January 2015.

Legal and Arbitration Proceedings

There are no governmental, legal or arbitration proceedings, (including any such proceedings which are pending or threatened, of which the Issuer or the Guarantor is aware), which may have, or have had during the 12 months prior to the date of this Prospectus, a significant effect on the financial position or profitability of the Issuer or the Guarantor.

Significant/Material Change

Since the date of its last audited financial statements there has been no material adverse change in the prospects of the Issuer and the Guarantor. Since 30 June 2014, there has been no material adverse change nor any significant change in the financial or trading position of the Issuer or the Guarantor.

Auditors

The interim financial statements of the Issuer as at and for the six months ended 30 June 2014, prepared in accordance with IAS 34 as adopted by the EU and set out in this Prospectus, have been reviewed by KPMG and the financial statements of the Issuer as at and for the year ended 31 December 2013, prepared in accordance with International Financial Reporting Standards as adopted by the EU and set out in this Prospectus, have been audited by KPMG. KPMG is an independent registered accounting firm. The address of KPMG is Laan van Langerhuize 1, 1186 DS Amstelveen, The Netherlands. The auditor who signs on behalf of KPMG is a member of The Netherlands Institute of Chartered Accountants (*Nederlandse Beroepsorganisatie van Accountants*).

The condensed interim financial statements of the Guarantor as at and for the six months ended 30 June 2014, prepared in accordance with IAS 34 as adopted by the EU and set out in this Prospectus, have been reviewed by PricewaterhouseCoopers Slovensko s.r.o., independent auditors, as stated in their report appearing therein. PricewaterhouseCoopers Slovensko, s.r.o. reported that they have applied limited procedures in accordance with professional standards for a review of such information. However, their report states that they did not audit and they do not express an opinion on the condensed interim financial statements of the Guarantor as at and for the six months ended 30 June 2014. Accordingly, the degree of reliance on their report should be restricted in light of the limited nature of the review procedures applied.

The financial statements of the Guarantor as at and for the year ended 31 December 2013, prepared in accordance with International Financial Reporting Standards as adopted by the EU and set out in this Prospectus, have been audited by PricewaterhouseCoopers Slovensko s.r.o., independent auditors, as stated in their audit report appearing therein. PricewaterhouseCoopers Slovensko, s.r.o., with its registered office at Námestie 1. mája 18, 815 32 Bratislava, Slovak Republic, is registered in the register of auditors held by the Audit Oversight Authority.

The financial statements of the Guarantor as at and for the year ended 31 December 2012, prepared in accordance with the International Financial Reporting Standards as adopted by the EU and incorporated by reference in this Prospectus, have been audited in line with the International Standards on Auditing without qualification by Deloitte Audit s.r.o., a company incorporated and existing under the laws of the Slovak Republic, with its registered seat at Digital Park II, Einsteinova 23, Bratislava 851 01, Slovak Republic. Deloitte Audit s.r.o. has Company ID No. (IČO) 31 343 414, recorded in the Commercial Register of District Court Bratislava I, Section: Sro, Insert No. 4444/B, is a member of the Slovak Chamber of Auditors and is registered in the List of Audit Companies maintained by the Audit Oversight Authority with audit licence No. 14.

Each of KPMG Accountants N.V., PricewaterhouseCoopers Slovensko, s.r.o. and Deloitte Audit s.r.o. have no material interest in the Issuer or the Guarantor.

Documents on Display

Copies of the following documents (together with English translations thereof where relevant) may be physically inspected during normal business hours at the offices of SPP Infrastructure Financing B.V. at Weteringschans 26, 1017 SG Amsterdam, The Netherlands or at the offices of eustream, a.s. at Votrubova 11/A, 821 09 Bratislava, Slovak Republic:

(i) the constitutive documents of the Issuer;

(ii) the constitutive documents of the Guarantor;

(iii) the Agency Agreement;

(iv) the Trust Deed which includes the Guarantee of the Notes;

(v) the reviewed financial statements of the Issuer as at and for the six months ended 30 June 2014;

(vi) the audited financial statements of the Issuer as at and for the year ended 31 December 2013;

(vii) the reviewed financial statements of the Guarantor as at and for the six months ended 30 June 2014;

(viii) the audited financial statements of the Guarantor as at and for the year ended 31 December 2013; and

(ix) the prospectus dated 5 September 2013 published by the Issuer and which has previously been approved by the Central Bank, that includes the audited financial statements of the Guarantor as at and for the year ended 31 December 2012 on pages F-2 to F-35 (inclusive) thereof.

Yield

On the basis of the issue price of the Notes of 99.255 per cent. of their principal amount, the gross real yield of the Notes is 2.711 per cent. on an annual basis.

Legend Concerning U.S. Persons

The Notes and any Coupons appertaining thereto will bear a legend to the following effect: "Any United States person who holds this obligation will be subject to limitations under the United States income tax laws, including the limitations provided in Sections 165(j) and 1287(a) of the Internal Revenue Code."

Expenses

The Issuer estimates the amount of expenses related to the admission of the Notes to trading on the Irish Stock Exchange to be approximately EUR 5,190.

ISIN and Common Code

The Notes have been accepted for clearance through Euroclear and Clearstream, Luxembourg. The ISIN is XS1185941850 and the common code is 118594185.

The address of Euroclear is 1 Boulevard de Roi Albert II, B-1210 Brussels, Belgium and the address of Clearstream, Luxembourg is 42 Avenue JF Kennedy L-1855 Luxembourg.

Websites

Any website mentioned in this document does not form part of the Prospectus.

Availability of Prospectus

This Prospectus is available on the Central Bank's website at www.centralbank.ie.

Listing Agent

Arthur Cox Listing Services Limited is acting solely in its capacity as listing agent for the Issuer in relation to the Notes and is not itself seeking admission of the Notes to the Official List or to trading on the Market.

FINANCIAL STATEMENTS AND AUDITORS' REPORTS

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KPMG

REVIEW REPORT

To: the Board of Directors of SPP Infrastructure Financing B.V.

Introduction

We have reviewed the accompanying interim financial information as at 30 June 2014 of SPP Infrastructure Financing B.V., Amsterdam, which comprises the statement of financial position as at 30 June 2014, the statements of comprehensive income, changes in equity, and cash flows for the period of six months ended 30 June 2014, and the notes. The Board of Directors of the Company is responsible for the preparation and presentation of this company interim financial information in accordance with IAS 34 'Interim Financial Reporting' as adopted by the European Union. Our responsibility is to express a conclusion on this interim financial information based on our review.

Scope

We conducted our review in accordance with Dutch law including standard 2410, 'Review of Interim Financial Information Performed by the Independent Auditor of the Entity'. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with auditing standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim financial information as at 30 June 2014 is not prepared, in all material respects, in accordance with IAS 34 'Interim Financial Reporting' as adopted by the European Union.

Amstelveen, 16 December 2014
KPMG Accountants N.V.

B.M. Herngreen RA

816990/14X00128386AVN

SPP INFRASTRUCTURE FINANCING B.V.

INTERIM FINANCIAL STATEMENTS

For the period ended 30 June 2014

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DIRECTORS' REPORT
For the six month period ended 30 June 2014

The Directors present their interim financial statements for SPP Infrastructure Financing B.V. (the "Company") for the period ended 30 June 2014, which have been prepared in accordance with IAS 34 Interim Financial Reporting and with Dutch Law.

General information

The Company is a limited liability company incorporated by notarial deed on 24 May 2013 under the laws of The Netherlands and acting as a finance company for SPP GROUP (the "Group") as domiciled in the Slovak Republic. The Company was registered on 27 May 2013 at the Chamber of Commerce in Amsterdam, The Netherlands.

The principal activity of the Company is to raise funds for the Group through the issue of bonds or other securities. The Company does not perform any research and development activities.

By notarial deed on 14 May 2014, a change of shareholders took place. The shares are now owned by SPP Infrastructure, a.s., Bratislava, Slovak Republic as 100% shareholder. The shareholders of SPP Infrastructure, a.s. are Slovak National Property Fund (51%), registered in Bratislava, Slovak Republic and Slovak Gas Holding B.V., registered in Amsterdam, The Netherlands (49%), which falls directly under Energetický a průmyslový holding a.s., registered in Brno, Czech Republic (EPH Holding). EPH Holding is the second largest player in the energy market in the Czech Republic.

The Company funds its expenses through the margin made between the interest received on its loans granted to Group companies and interest paid to bondholders.

The parent company and the ultimate shareholder, Energetický a průmyslový holding a.s., referred together as the "Group", is a diversified financial and investment group. Overall, the Group has exposure to the area of natural gas distribution and international gas transmission.

Business review

On 18 July 2013, the Company launched a public offering of Euro 500,000,000 3.75% fixed rate bonds, maturing on 18 July 2020. On 10 September 2013, the Company launched its second offering amounting to Euro 250,000,000 3.75% fixed rate bonds, also maturing on 18 July 2020. These were consolidated and now form a single series with the ready existing Euro 500,000,000 3.75% fixed rate bonds issued on 18 July 2013. The bonds, in the total amount of Euro 750,000,000 were successfully placed with institutional investors and private clients. The succesful issuance of the bond confirmed the confidence of the market in the Group's business model despite current volatility in the financial markets.

The bonds and interest outstanding are guaranteed by the Group company, Eustream, a.s. following the Board of Director's resolution of 7 June 2013.

Proceeds from the bond issue were lent to Eustream, a.s, at a 4.12% fixed rate due 18 July 2020.

Financial risk management

Credit risk

Credit risk is the risk of a financial loss to the Company if a counterparty to the financial instrument fails to meet its contractual obligations, and arises principally from the Company's loans to Group companies. Since all significant loans are receivables from Eustream, a.s., one of the Group's companies, credit risk is concentrated at this counterparty.

All funding is obtained on behalf of the Group and passed on directly to Eustream, a.s. The management of the Company assesses and reviews risks for Group companies, and does not expect that any Group company will fail to meet its obligations. Eustream, a.s. has also provided a guarantee for these amounts. Due to these factors, the credit risk is considered low.

Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or other financial assets. The Company's approach in managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation.

The liquidity risk is considered negligible since the bonds are effectively covered by bonds receivable of the same amount, and are guaranteed by the Group company Eustream, a.s. For more information related to the bonds receivable and bonds refer to Notes 3 and 10.

Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and equity prices will affect the Company's income or the value of the financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameteres, while optimising the return.

The market risk is considered negligible as no significant transactions have taken place in foreign currencies, and the nominal interest rates of the loan receivables and bond payables are fixed. The Company is not affected by changes in equity prices.

Operational risk

Operational risk is the risk of direct or indirect loss arising from a wide variety of causes associated with the Company's processes, personnel and from external factors other than credit, market and liquidity risks such as those arising from legal and regulatory requirements and generally accepted standards or corporate behaviour. Operational risks could arise from all of the Company's operations.

Due to the nature of the Company's operations, management is of the opinion that the operational risk is low. The management analyses the environment and regulations and in the case of changes will act accordingly.

Capital management

The Board's policy is to maintain its capital as minimum capital. The Company is not subjected to externally imposed capital requirements.

Working capital

As of 30 June 2014, the Company had a negative working capital of Euro 2,803,020, which amounts to 0.364% of the total assets. The working capital is closely monitored by the management.

Future outlook

The bonds will mature on 18 July 2020. The Directors are of the opinion that the Company will continue to be used as a finance company for the Group and that these activities will be maintained during the next financial year.

As at the date of the Directors' Report, the Company is in the process of bond issuance.

Directors and directors' interests

The directors who held office during the period were as follows:
Marek Spurný
Nicolaas Scholtens

No director resigned or was replaced since the Company was incorporated. The directors who held office at the end of the financial period and at signing of these interim financial statements had no disclosing interest in the shares or bonds of the Company.

By order of the board

Amsterdam, 16 December 2014

Marek Spurný

Nicolaas Scholtens

SPP Infrastructure Financing B.V.
STATEMENT OF FINANCIAL POSITION
As at 30 June 2014
in Euro

	Note	30 June 2014	31 December 2013*
Assets			
Investments in bonds issued by Group company	3	746,105,626	746,392,719
Total non-current assets		**746,105,626**	**746,392,719**
Interest receivable	4	23,707,002	8,544,573
VAT receivable	5	1,827	15,518
Prepaid expenses	6	20,000	50,000
Cash and cash equivalents	7	673,512	1,203,094
Total current assets		**24,402,341**	**9,813,185**
Total assets		**770,507,967**	**756,205,904**
Equity and liabilities			
Share capital	8	400,000	400,000
Accumulated result	9	(3,170,121)	(3,485,794)
Total equity		**(2,770,121)**	**(3,085,794)**
Issued bonds	10	746,072,727	746,042,385
Total non-current liabilities		**746,072,727**	**746,042,385**
Interest payable	11	26,815,068	12,868,150
Other payables	12	10,209	198,050
Accrued expenses	13	380,084	183,113
Total current liabilities		**27,205,361**	**13,249,313**
Total equity and liabilities		**770,507,967**	**756,205,904**

* The comparative figures have been restated as a result of a correction in the interest expense over the period from 1 July 2013 to 31 December 2013. For details please refer to section 2.2 of the notes.

SPP Infrastructure Financing B.V.
STATEMENT OF COMPREHENSIVE INCOME
For the six month period ended 30 June 2014
in Euro

	Note	1 January 2014 - 30 June 2014	24 May 2013 - 30 June 2013
Interest income	15	14,875,335	
Interest expense	16	(13,946,918)	-
Amortisation of issuance costs		(314,294)	-
Net interest income/expense		**614,123**	**-**
Other financing costs	17	(244,889)	(55,000)
General and administrative expenses	18	(53,815)	(660)
Total operating costs		**(298,704)**	**(55,660)**
		315,420	**(55,660)**
Other interest income		8	-
Bank interest income		561	-
Interest expense and bank charges		(314)	-
Net finance income		**255**	**-**
Result before tax		**315,675**	**(55,660)**
Withholding Tax		(1)	-
Result after tax		**315,673**	**(55,660)**
Total comprehensive income for the period		**315,673**	**(55,660)**

SPP Infrastructure Financing B.V.
STATEMENT OF CHANGES IN EQUITY
For the period from 24 May 2013 to 30 June 2013
in Euro

	Share capital	Comprehensive income for the period	Total
Total shareholder's equity			
Issue of share capital	400,000		400,000
	400,000		**400,000**
Total comprehensive income			
Loss for the period		(55,660)	(55,660)
Total comprehensive income		(55,660)	(55,660)
Balance as at 30 June 2013	**400,000**	**(55,660)**	**344,340**

STATEMENT OF CHANGES IN EQUITY
For the six month period ended 30 June 2014
in Euro

	Share capital	Comprehensive income for the period	Total
Balance as at 1 January 2014*	**400,000**	**(3,485,794)**	**(3,085,794)**
Total comprehensive income			
Profit for the period		315,673	315,673
Total comprehensive income		315,673	315,673
Balance as at 30 June 2014	**400,000**	**(3,170,121)**	**(2,770,121)**

* The opening balance has been restated. For details please refer to section 2.2 of the notes.

SPP Infrastructure Financing B.V.
STATEMENT OF CASH FLOWS
For the six month period ended 30 June 2014
in Euro

	1 January 2014 - 30 June 2014	24 May 2013 - 30 June 2013
Cash flows from operating activities		
Profit/loss before tax	**315,673**	**(55,660)**
Adjustment for:		
Interest income	(14,875,335)	-
Bank interest income	(561)	-
Other interest income	(8)	-
Interest expense	13,946,918	-
Amortisation of issuance costs	314,294	-
Cash flows used in operating activities	**(299,019)**	**(55,660)**
Change in:		
Current account shareholder	-	(400,000)
Other receivables	43,691	(3,965)
Other payables	(187,841)	55,000
Accrued expenses	196,971	4,625
Cash generated from operating activities	**(246,198)**	**(400,000)**
Tax paid	(1)	-
Interest received	569	-
Net cash flows from operating activities	**(245,630)**	**(400,000)**
Cash flow from investing activities		
Acquisition of bonds	-	-
Net cash flow used in investing activities	**-**	**-**
Cash flow from financing activities		
Proceeds from issue of share capital	-	400,000
Proceeds from issue of bonds	-	-
Issuance costs	(283,952)	-
Net cash flows from financing activities	**(283,952)**	**400,000**
Net increase in cash and cash equivalents	**(529,582)**	**-**
Cash and cash equivalents at the beginning of the period	**1,203,094**	-
Cash and cash equivalents at the end of the period	**673,512**	**-**

1 CORPORATE INFORMATION

SPP Infrastructure Financing B.V. ("the Company") is a private company with limited liability incorporated in The Netherlands on 24 May 2013. The Company's registration number is 57993610 and its registered office is at Weteringschans 26, 1017 SG Amsterdam, The Netherlands.

The principal activity of the Company is to raise funds for the Group through the issue of bonds or other securities. The Company does not perform any research and development activities.

The Company's parent company is SPP Infrastructure, a.s., which is incorporated in Bratislava, Slovak Republic. The Company's ultimate parent companies are Slovak National Property Fund (51%), registered in Bratislava, Slovak Republic and Energeticky a prumyslovy holding a.s. (49%), registered in Brno, Czech Republic.

The Company's interim financial statements are included in the consolidated interim financial statements of the parent company as well as of the ultimate parent companies.

2 SIGNIFICANT ACCOUNTING POLICIES

2.1 Statement of compliance

These interim financial statements have been prepared in accordance with IAS 34 *Interim Financial Reporting*.
They do not include all the information required for a complete set of IFRS financial statements. However, selected explanatory notes are included to explain events and transactions that are significant to an understanding of the changes in the Group's financial position and performance since the last annual consolidated financial statements as at the end for the year ended 31 December 2013.

The interim financial statements were approved by the Board of Directors on 15 December 2014.

2.2 Basis of measurement

The interim financial statements have been prepared on the historical cost basis, unless otherwise indicated.
The comparative figures have been restated as a result of a correction in the interest expense over the period from 1 July 2013 to 31 December 2013.

2.3 Functional and presentation currency

The interim financial statements are presented in Euros, rounded to the nearest whole number. The functional currency of the Company is also the Euro, since most of the Company's assets and liabilities are denominated in this currency.

2.4 Use of estimates and judgements

In preparing the interim financial statements, management has made judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised prospectively.

2.5 Standards, amendments to standards and interpretations

The following standards, amendments to standards and interpretations are effective for the period ended 30 June 2014, and have been applied in preparing the interim financial statements of SPP Infrastructure Financing B.V.:

2.5.1 *Amendments to IFRS* 7 *– financial Instruments: Disclosures, (applicable for reporting periods starting on or after 1 July 2011)* will allow users of interim financial statements to improve their understanding of offsetting transactions of financial assets (for example, securisations), including understanding the possible effects of any risks that may remain with the entity that offset the assets. The amendments also require additional disclosures if a disproportionate amount of offsetting transactions are undertaken around the end of a reporting period. The Company has not identified any changes in disclosures of financial instruments in comparison with the previous disclosures.

2.5.2 *Amendments to IAS 12 – Income taxes, (effective for annual reports beginning on or after 1 January 2012).* The amendment introduces an exception to the general measurement requirements of IAS 12 in respect of investment properties measured at fair value. The measurement of deferred tax assets and liabilities, in this limited circumstance, is based on a rebuttable presumption that the carrying amount of the investment property will be recovered entirely through sale. The presumption can be rebutted only if the investment property is depreciable and held within a business model whose objective is to consume substantially all of the asset's economic benefits over the life of the asset. Since the Company currently does not have any investment property, the amendments did not have any effect on the financial situation and performance of the Company.

2.5.3 *Amendments to IAS 1, 'Presentation of interim financial statements', (effective for annual reports beginning on of after 1 July 2012)* that require additional disclosures to be made in the other comprehensive income section such that items of other comprehensive income are grouped into two categories: (a) items that will not be reclassified subsequently to profit or loss; and (b) items that will be reclassified subsequently to profit or loss when specific conditions are met. Income tax on items of other comprehensive income is required to be allocated on the same basis. The amendment does not have material impact on the presentation of financial information. The Company has decided not to change a title of the statement of comprehensive income to the "statement of profit or loss and other comprehensive income" as described in the amendments.

2.6 Standards, amendments and interpretations to existing standards that are not yet effective and have not been applied in preparing these financial statements

The following standards and amendments to existing standards have been published and are not mandatory for the Company's accounting periods beginning on 1 January 2012:

IFRS 9, "financial Instruments", (effective for annual reports beginning on or after 1 January 2015). IFRS 9 issued in November 2009 introduces new requirements for the classification and measurement of financial assets. IFRS 9 amended in October 2010 includes the requirements for the classification and measurement of financial liabilities and or derecognition. Key requirements are described below:

(i) IFRS 9 requires all recognised financial assets that are within the scope of IAS 39 financial Instruments: *Recognition and Measurement* to be subsequently measured at amortised cost of fair value. Specifically, debt investments that are held within a business model whose objective is to collect the contractual cash flows, and that have contractual cash flows that are solely payments of principal and interest on the principal outstanding are generally measured at amortised cost at the end of subsequent accounting periods. All other debt investments and equity investments are measured at their fair values at the end of subsequent accounting periods.

(ii) The most significant effect of IFRS 9 regarding the classification and measurement of financial liabilities relates to the accounting for changes in the fair value of a financial liability (designated as at fair value through profit or loss) attributable to changes in the credit risk of that liability. Specifically, under IFRS 9, for financial liabilities that are designated as at fair value through profit or loss, the amount of change in the fair value of the financial liability that is attributable to changes in the credit risk of that liability is presented in other comprehensive income, unless the recognition of the effects of changes in the liability's credit risk in other comprehensive income would create or enlarge an accounting mismatch in profit or loss. Changes in fair value attributable to financial liability credit risks are not subsequently reclassified to profit or loss. Previously, under IAS 39, the entire amount of the change in the fair value of the financial liability designated as at fair value through profit or loss was presented in profit or loss.

The management of the Company anticipates that IFRS 9 will be adopted in the Company's interim financial statements for the annual period beginning 1 January 2015.

In May 2011, a package of five Standards on consolidation, joint arrangements, associates and disclosures was issued, including IFRS 10, IFRS 11, IFRS 12, IAS 27 (as revised in 2011) and IAS 28 (as revised in 2011) that are effective for annual periods beginning on or after 1 January 2013. Earlier application is permitted provided that all of these five standards are applied early at the same time. Key requirements of these five Standards are described below:

(i) IFRS 10 replaces the parts of IAS 27 Consolidated and Separate financial Statements that deal with consolidated interim financial statements. SIC-12 Consolidation – Special Purpose Entities has been withdrawn upon the issuance of IFRS 10. Under IFRS 10, there is only one basis for consolidation, that is control. In addition, IFRS 10 includes a new definition of control that contains three elements: (a) power over an investee, (b) exposure, or rights, to variable returns from its involvement with the investee and (c) the ability to use its power over the investee to affect the amount of the investor's returns. Extensive guidance has been added in IFRS 10 to deal with complex scenarios.

(ii) *IFRS 11* replaces *IAS 31 Interests in Joint Ventures.* IFRS 11 deals with how a joint arrangement of which two or more parties have joint control should be classified. *SIC-13 Jointly Controlled Entities-Non-monetary Contributions by Venturers* has been withdrawn upon the issuance of IFRS 11. Under IFRS 11, joint arrangements are classified as joint operations or joint ventures, depending on the rights and obligations of the parties to the arrangements. In contrast, under IAS 31, there are three types of joint arrangements: jointly controlled entities, jointly controlled assets and jointly controlled operations. In addition, joint ventures under IFRS 11 are required to be accounted for using the quity method of accounting, whereas jointly controlled entities under IAS 31 can be accounted for using the equity method of accounting or proportionate accounting.

(iii) *IFRS 12* is a disclosure standard and is applicable to entities that have interests in subsidiaries, joint arrangements, associated and/or unconsolidated structure entities. In general, the disclosure requirements in IFRS 12 are not more extensive than those in the current standards.

These five standards are adopted in the Company's interim financial statements for the period beginning 1 January 2014. It is expected that the application of these five standards will not have any impact on the Company's interim financial statements because the Company does not hold any subsidiaries and investment in joint arrangements.

In October 2012, the amendments to *IFRS 10 Investment Entities (effective for annual reports beginning on or after 1 January 2014, with earlier application permitted)* were issued. Since the Company does not meet a definition of investment entity, the amendments will not have any impact on interim financial statements of the Company.

IFRS 13, 'Fair Value Measurement', (effective for annual reports beginning on or after 1 January 2013, with earlier application permitted). IFRS 13 establishes a single source of guidance for fair value measurements and disclosures about fair value measurements. The Standard defines fair value, establishes a framework for measuring fair value, and requires disclosures about fair value measurements. The scope of IFRS 13 is broad; it applies to both financial instrument items and non-financial instrument items for which other IFRSs require or permit fair value measurements and disclosures about fair value measurements, except in specified circumstances. In general, disclosure requirements in IFRS 13 are more extensive than those required in the current standards. For example, quantitative and qualitative disclosures based on three-level fair value hierarchy currently required for financial instruments under *IFRS 7 Financial Instruments: Disclosures* will be extended by IFRS 13 to cover all assets and liabilities within its scope.

IFRS 13 is adopted in the Company's interim financial statements for the period beginning 1 January 2014.

The amendments to IAS 19, '*Employee Benefits", (effective for annual reports beginning on or after 1 January 2013).* The amendments change the accounting for defined benefit plans and termination benefits. The most significant change relates to the accounting for changes in defined benefit obligations and plan assets. The amendments require the recognition of changes in defined benefit obligations and in fair value of plan assets when they occur, and hence eliminate the 'corridor approach' permitted under the previous version of IAS 19 and accelerate the recognition of past service costs. The amendments require all actuarial gains and losses to be recognised immediately through other comprehensive income in order for the net pension asset or liability recognised in the statement of financial position to reflect the full value of the plan deficit or surplus. These amendments are not expected to have any effect on the financial situation and performance of the Company.

Improvement to IFRSs issued in 2012 (effective for annual reports beginning on or after 1 January 2013). Since the improvements are focused on issues such as the first adoption of IFRSs (IFRS 1), interim financial reporting (IAS 34), financial instruments (IAS 32), recognition of spare parts (IAS 16), the adoption will not have any material effect on amounts reported in the interim financial statements.

2.7 General

Unless stated otherwise, assets and liabilities are shown at nominal value.

An asset is disclosed in the balance sheet when it is probable that the expected future economic benefits that are attributable to the asset will flow to the entity and the cost of the asset can be measured reliably. A liability is recognised in the balance sheet when it is expected to result in an outflow from the entity of resources embodying economic benefits and the amount of the obligation can be measured with sufficient reliability. If a transaction results in a transfer of future economic benefits and or when all risks relating to assets or liabilities transfer to a third party, the asset or liability is no longer included in the balance sheet.

Income is recognised in the profit and loss account when an increase in future economic potential related to an increase in an asset or a decrease of a liability has arisen, the size of which can be measured reliably. Expenses are recognised when a decrease in the economic potential related to a decrease in an asset or an increase of a liability has arisen, the size of which can be measured with sufficient reliability. The revenue and expenses are allocated to the period to which they relate. Revenues are recognised when the Company has transferred the significant risks and rewards of ownership of the goods to the buyer.

2.8 Foreign currencies

Transactions denominated in currencies other than Euro are recorded at rates of exchange approximating to those ruling at the dates of the transactions. Assets and liabilities denominated in such currencies are translated into Euro using the rate of exchange at the balance sheet date and the gains or losses on translation are included in the profit and loss account.

2.9 Financial instruments

Financial instruments include loans receivable from Group companies, as well as bonds payable to third parties. Financial instruments are initially recognised at fair value, including directly attributable transactions costs. After initial recognition, financial instruments are carried at amortised cost using the effective interest method, less impairment losses.

Level disclosure in the fair value hierarchy is not presented in the interim financial statements as there are no gains/ losses on financial instruments as these are recognised at amortised cost.

2.10 Impairment

Assets with a long life should be tested for impairment in the case of changes of circumstances arising that lead to an indication that the carrying amount of the asset will not be recovered. The recoverability of assets in use is determined by comparing the carrying amount of an asset with the estimated present value of the future net cash flows which the asset is expected to generate.

If the carrying amount of an asset exceeds the estimated present value of the future cash flows, impairment is charged to the difference between the carrying amount and the recoverable amount.

2.11 Shareholders' equity

Financial instruments that are designated as equity instruments by virtue of the economic reality are presented under shareholders' equity. Payments to holders of these instruments are deducted from the shareholders' equity as part of the profit distribution.

Financial instruments that are designated as a financial liability by virtue of the economic reality are presented under liabilities. Interest, dividends, income and expenditure with respect to these financial instruments are recognised in the profit and loss as financial income or expense.

2.12 Recognition of income and expenses

Interest income and expense are determined on the basis of interest earned and charged over the relating periods, according to the accrual method of accounting. Other revenues and expenses are recorded in the period to which they relate.

2.13 Income tax

Income tax comprises the current and deferred corporate income tax payable and deductible for the operating period. Income tax is recognised in the income statements except to the extent that it relates to items recognised directly to equity, in which case it is recognised in equity.

Current tax comprises the expected tax payable or receivable on the taxable profit or loss for the financial period, using tax rates enacted or substantially enacted at the reporting date, and any adjustment to the tax payable in respect of previous periods.

Deferred tax is provided for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the temporary difference can be utilised. Deferred tax assets are reviewed at each reporting date and reduced to the extent that it is no longer probable that the related tax benefit will be realised.

2.14 Financial risk management

Credit risk

Credit risk is the risk of a financial loss to the Company if a counterparty to the financial instrument fails to meet its contractual obligations, and arises principally from the Company's loans to Group companies. Since all significant loans are receivables from Eustream, a.s., one of the Group's companies, credit risk is concentrated at this counterparty.

All funding is obtained on behalf of the Group and passed on directly to Eustream, a.s. The management of the Company assesses and reviews risks for Group companies, and does not expect that any Group company will fail to meet its obligations. Eustream, a.s. has also provided a guarantee for these amounts. Due to these factors, the credit risk is considered low.

Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or other financial assets. The Company's approach in managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation.

The liquidity risk is considered negligible since the bonds are effectively covered by bonds receivable of the same amount, and are guaranteed by the Group company Eustream, a.s. For more information related to the bonds receivable and bonds refer to Notes 3 and 10.

Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and equity prices will affect the Company's income or the value of the financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameteres, while optimising the return.

The market risk is considered negligible as no significant transactions have taken place in foreign currencies, and the nominal interest rates of the loan receivables and bond payables are fixed. The Company is not affected by changes in equity prices.

Operational risk

Operational risk is the risk of direct or indirect loss arising from a wide variety of causes associated with the Company's processes, personnel and from external factors other than credit, market and liquidity risks such as those arising from legal and regulatory requirements and generally accepted standards or corporate behaviour. Operational risks could arise from all of the Company's operations.

Due to the nature of the Company's operations, management is of the opinion that the operational risk is low. The management analyses the environment and regulations and in the case of changes will act accordingly.

Business environment

Netherlands economic and financial markets belong to the most advanced among the developed countries. The legal, tax and regulatory frameworks are generally stable and reputable for its business environment. The interim financial statements reflect management's assessment of the impact of the Netherlands business environment on the operations and the financial position of the Company. The future business environment may, of course, differ from the management assessment. If the business environment substantially differs in any important aspect including e.g. legal, economic, tax or regulatory framework, the Company would face additional risks and uncertainties that could cause deterioration of the Company's economic situation.

Capital management

The Board's policy is to maintain its capital as minimum capital. The Company is not subjected to externally imposed capital requirements.

2.15 Statement of cash flows

The statement of cash flows is prepared using the indirect method.

3 INVESTMENTS IN BONDS ISSUED BY GROUP COMPANY

By Securities Purchase Agreements 1st tranche dated 2 September 2013 and 2nd tranche dated 13 September 2013 the Company and Group company Eustream, a.s., Slovak Republic agreed upon a fixed interest rate according to 4.12% per annum due July 18, 2020.

in Euro

Date of issue	Amount issued	Effective interest rate	30 June 2014	31 December 2013
2 September 2013	494,134,000	4.12%	494,134,000	494,134,000
13 September 2013	248,006,000	4.12%	251,971,626	252,258,719
			746,105,626	**746,392,719**

On 15 July 2014 Eustream, a.s. has made an early repayment of the bonds for the amount of Euro 3,162,000.

4 INTEREST RECEIVABLE

in Euro	30 June 2014	31 December 2013
Eustream, a.s., Slovak Republic – notes 4.12% – 1st	15,784,671	5,689,175
Eustream, a.s., Slovak Republic – notes 4.12% – 2nd	7,922,331	2,855,398
	23,707,002	**8,544,573**

5 VAT RECEIVABLE

in Euro	30 June 2014	31 December 2013
VAT declaration	1,827	15,518
	1,827	**15,518**

6 PREPAID EXPENSES

in Euro	30 June 2014	31 December 2013
Fee review fixed rate guaranteed notes 3.75%	20,000	50,000
	20,000	**50,000**

7 CASH AND CASH EQUIVALENTS

in Euro	30 June 2014	31 December 2013
ING Bank N.V., The Netherlands – Euro	290,466	331,274
ING Bank N.V., The Netherlands – Euro	383,046	845,194
Komerční banka, a.s., Slovak Republic – Euro	-	11,203
Komerční banka, a.s., Czech Republic – Euro	-	10,358
Slovenská Sporiteíňa, a.s., Slovak Republic – Euro	-	5,065
	673,512	**1,203,094**

All cash and cash equivalents are at free disposal of the Company. The carrying amount of cash and cash equivalents are a reasonable approximation of fair value.

8 SHARE CAPITAL

The authorised share capital comprises 4,000 ordinary shares, each with a par value of Euro 100. The total amount of Euro 400,000 is fully subscribed and paid.

The shares are held by SPP Infrastructure, a.s., Slovak Republic as 100% shareholder.

9 ACCUMULATED LOSSES

in Euro	30 June 2014*	30 June 2013
Opening balance*	(3,485,794)	-
Unappropriated result	315,673	(55,660)
	(3,170,121)	**(55,660)**

* The opening balance has been restated. For details please refer to section 2.2 of the notes.

10 ISSUED BONDS

in Euro	30 June 2014	31 December 2013
Issued bonds	749,185,000	749,185,000
Accumulated amortisation	97,829	46,444
Costs to be amortised	(3,210,102)	(3,189,059)
	746,072,727	**746,042,385**

The issued bonds can be summarised as follows:

in Euro

Date of issue	Nominal amount	Coupon interest rate	Effective interest rate	Issued amount
18 July 2013	500,000,000	3.75%	3.82%	496,950,000
10 September 2013	250,000,000	3.75%	3.82%	252,235,000
				749,185,000

SPP Infrastructure Financing B.V. obtained funds from the market through the issuance of bonds. The bonds issued are unconditionally and irrevocably guaranteed by Eustream a.s., Slovak Republic, which the Company pays a guarantee fee (Note 17). The bonds issued by SPP Infrastructure Financing B.V. are listed on the Irish Stock Exchange. The bonds are due on 18 July 2020.

The costs to be amortised in relation to the issued bonds can be summarised as follows:

in Euro	30 June 2014	31 December 2013
Initial costs in relation to the issuance of bonds	(3,370,801)	(3,370,801)
Accumulated amortisation	181,742	-
	(3,189,059)	**(3,370,801)**
Additional costs to be amortised	(283,952)	-
Amortisation for the period	262,909	181,742
Costs to be amortised	**(3,210,102)**	**(3,189,059)**

The costs on behalf of the issuance of the fixed rate guaranteed notes 3.75% due on 18 July 2020 are to be amortised over a period of seven (7) years.

11 INTEREST PAYABLE FURTHER TO BONDS

in Euro	30 June 2014	31 December 2013*
Interest payables further to fixed rate guaranteed bonds 3.75% due 2020	26,815,068	12,868,150
	26,815,068	**12,868,150**

12 OTHER PAYABLES

in Euro	30 June 2014	31 December 2013
Fee fixed rate guarantee	-	84,750
Annual fee review fixed rate	-	60,000
Other professional services	-	31,426
Legal and corporate services	5,864	17,000
Audit fee KPMG 2013 additional	3,993	-
Additional administrative services	-	4,874
Tax consultancy fees	134	-
General expenses	218	-
	10,209	**198,050**

The fixed rate guarantee relates to the fee payable to Eustream, a.s. and the annual fee review fixed rate related to the fee payable to Moody's Investors Service Ltd.

13 ACCRUED EXPENSES

in Euro	30 June 2014	31 December 2013
Guarantee fee payable to Eustream, a.s.	352,768	169,288
Audit fee 2013 KPMG, The Netherlands	-	6,300
Audit fee HI 2014 KPMG, The Netherlands	5,750	-
Additional administrative services 2014	20,316	6,275
Tax consultancy fees	1,250	1,250
	380,084	**183,113**

For details on the guarantee fee payable to Eustream a.s., refer to note 23. All short-term liabilities are expected to be paid within one year after the balance sheet date.

* The comparative figures have been restated as a result of a correction in the interest expense over the period from 1 July 2013 to 31 December 2013. For details please refer to section 2.2 of the notes.

14 FINANCIAL INSTRUMENTS

Accounting classifications and fair values

The following table shows the carrying amounts and fair values of financial assets and financial liabilities, including their levels in the fair value hierarchy. It does not include fair value information for financial assets and liabilities not measured at fair value if the carrying amount is a reasonable approximation of fair value.

	Carrying amount			Fair value			
30 June 2014	**Loans and receivable Euro**	**Other financial liabilities Euro**	**Total Euro**	**Level 1 Euro**	**Level 2 Euro**	**Level 3 Euro**	**Total Euro**
Financial assets not measured at fair value							
Investment in bonds	**746,105,626**		**746,105,626**	**-**	**792,805,898**	**-**	**792,805,898**
Financial liabilities not measured at fair value							
Bonds issued		**746,072,727**	**746,072,727**	**792,805,898**	**-**	**-**	**792,805,898**

Transfers between Level 1 and 2

There were no transfers from Level 2 to Level 1 in 2014.

Financial risk management

The Group has exposure to the following risks arising from financial instruments:

- credit risk;
- liquidity risk;
- market risk.

Credit risk

Credit risk is the risk of a financial loss to the Company if a counterparty to the financial instrument fails to meet its contractual obligations, and arises principally from the Company's loans to Group companies. Since all significant loans are receivables from Eustream, a.s., one of the Group's companies, credit risk is concentrated at this counterparty.

All funding is obtained on behalf of the Group and passed on directly to Eustream, a.s. The management of the Company assesses and reviews risks for Group companies, and does not expect that any Group company will fail to meet its obligations. Eustream, a.s. has also provided a guarantee for these amounts. Due to these factors, the credit risk is considered low.

Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or other financial assets. The Company's approach in managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation.

The liquidity risk is considered negligible since the bonds are effectively covered by bonds receivable of the same amount, and are guaranteed by the Group company Eustream, a.s. For more information related to the bonds receivable and bonds refer to Notes 3 and 9.

Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and equity prices will affect the Company's income or the value of the financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameteres, while optimising the return.

The market risk is considered negligible as no significant transactions have taken place in foreign currencies, and the nominal interest rates of the loan receivables and bond payables are fixed. The Company is not affected by changes in equity prices.

15 INTEREST INCOME

in Euro	30 June 2014	30 June 2013
Eustream, a.s., Slovak Republic – notes 4.12% – 1st	10,095,496	-
Eustream, a.s., Slovak Republic – notes 4.12% – 2nd	4,779,839	-
	14,875,335	**-**

16 INTEREST EXPENSE

in Euro	30 June 2014	30 June 2013
Fixed rate guaranteed notes 3.75 % – 1st	(9,297,945)	-
Fixed rate guaranteed notes 3.75 % – 2nd	(4,648,973)	-
	(13,946,918)	**-**

17 OTHER FINANCING COSTS

in Euro	30 June 2014	30 June 2013
Annual fee review fixed rate guaranteed notes 3.75% pro rata	(30,000)	-
Assignment initial and public rating for Eustream, a.s.	-	(55,000)
Provision guarantee of Eustream, a.s. bonds	(183,447)	-
Other professional services	(31,442)	-
	(244,889)	**(55,000)**

On 18 July 2013, SPP Infrastructure Financing B.V. issued Euro 500,000,000 3.75% Guaranteed Notes with a maturity date of 18 July 2020. On 10 September 2013, SPP Infrastructure Financing B.V. issued a further Euro 250,000,000 3.75% Guaranteed Notes due on 18 July 2020, which are consolidated and form a single series with the existing Euro 500,000,000 3.75% Guaranteed Notes due on 18 July 2020 and issued on 18 July 2013. The obligations of the Company under or in connection with the notes and the contracts entered into by the Company were guaranteed by Eustream, a.s. In return SPP Infrastructure Financing B.V. agreed to pay Eustream, a.s. a guarantee fee.

18 GENERAL AND ADMINISTRATIVE EXPENSES

in Euro	30 June 2014	30 June 2013
Annual agreed fixed fee	(7,500)	(625)
Additional administrative services	(20,316)	-
Audit fee 2013 additional	(2,000)	-
Audit fee HI 2014	(5,750)	-
Legal and corporate services	(5,203)	-
Tax consultancy fees	(80)	-
Compliance fee	(250)	(35)
Other professional services	(12,465)	-
General expenses	(251)	-
	(53,815)	**(660)**

19 CORPORATE INCOME TAX

The applicable tax rate for 2014 is 20% up to Euro 200,000 of the taxable income and 25% above Euro 200,000 of the taxable income. Under Dutch taxation certain income and expenditure are not taxable or tax deductible ("restricted expenses"). The income tax expense for the Company for the period ended 30 June 2014 is nil. The recorded profit of Euro 315,673 can be offset with the taxable loss of the previous year (carry back).

20 DIRECTORS

The Company has two directors as at 30 June 2014. The directors received no remuneration for their activities in the Company during the period.

Directors and directors' interests

The directors who held office during the period were as follows:

Marek Spurný
Nicolaas Scholtens

No director resigned or was replaced since the Company was incorporated. The directors who held office at the end of the financial period and at signing of these interim financial statements had no disclosing interest in the shares or bonds of the Company.

21 STAFF NUMBER AND EXPLOYMENT COSTS

The Company has no employees and therefore incurred no wages, salaries and related social security charges in 2014.

22 SEGMENT REPORTING

An operating segment is a component of an entity that engages in business activities from which it may earn revenue and incur expenses whose operating results are regularly reviewed by the entity's operating decision maker and for which discrete financial information is available. The Company's Board of Directors has been identified as the chief decision maker for the purpose of segmental reporting. The Company has determined that it operates in one segment providing bonds to related parties from funding from issued bonds. The determination is based on the reports reviewed by the Board of Directors in assessing performance, allocating resources and making strategic decisions. Interest income from Group companies exceeded 99 percent of the Company's operating revenue in the period to 30 June 2014. The total revenue from Group companies for the period ending 30 June 2014 was Euro 14,875,335.

23 RELATED PARTIES

The Company has a related party relationship with its parent company as well as the companies owned by the parent companies (Group companies), either at 30 June 2014 or during the period from 1 January 2014 to 30 June 2014. There were no transactions with related parties that were not on a commercial basis.

List of related parties

Company	**Nature of the transactions**
Eustream, a.s.	The funds obtained by SPP Infrastructure Financing B.V. from the market by issuing corporate bonds are lent on in the form of intercompany loans/bonds to Eustream, a.s. The issued bonds on the Irish Stock Exchange are irrevocably and unconditionally guaranteed by Eustream, a.s. for which the Company pays a guarantee fee to Eustream, a.s.

The summary of transactions with the related party during the period under review is as follows (refer also to Notes 3, 4, 13, 15 and 17 for more details):

in Euro	**30 June 2014**	**31 December 2013**
Receivables	769,812,628	754,967,292
Bond receivables Eustream, a.s. (Note 3)	*746,105,626*	*746,392,719*
Accrued interest (Note 4)	*23,707,002*	*8,544,573*
Liabilities	352,768	169,288
Guarantee fee payable to Eustream, a.s. (Note 13)	*352,768*	*169,288*

in Euro	**1 January 2014 - 30 June 2014**	**24 May 2013 - 30 June 2013**
Interest income (Note 15)	14,875,335	-
Guarantee fee (Note 17)	(183,447)	-

Company	**Nature of the transactions**
EP Investment Advisors, s.r.o.	Professional services regarding transfer pricing appraisal.

The transaction with the related party during the period under review is as follows (refer also to Note 17 for more details):

in Euro	**1 January 2014 - 30 June 2014**	**24 May 2013 - 30 June 2013**
Other professional services (Note 17)	(12,000)	-

24 AUDITOR'S FEES

With reference to Section 2:38a (1) and (2) of the Netherlands Civil Code, the fee in relation to the audit of the 2014 interim financial statements that have been charged by KPMG Accountants N.V. to the Company, amounts to Euro 5,750. No other audit engagements, tax related advisory services and other non-audit services have been provided by KPMG Accountants N.V. to the Company.

25 CONTINGENCIES AND COMMITMENTS

No other contingencies and commitments are applicable as at 30 June 2014.

Amsterdam, 16 December 2014

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Marek Spurný

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Nicolaas Scholtens

OTHER INFORMATION

Subsequent events

There were no events subsequent to the balance sheet date which would have an impact on the Company's interim financial statements for the period ended 30 June 2014.

As at the date of the Directors' Report, the Company is in the process of bond issuance.

Profit appropriation

The appropriation of the result for the period shall be determined by the shareholders at the general meeting. Distributions may be made only in so far as the Company's net equity exceeds the paid up capital and legal reserves. The net profit for the period was carried forward to the next financial period.

KPMG

INDEPENDENT AUDITOR'S REPORT

To: the Board of Directors of SPP Infrastructure Financing B.V.

Report on the company financial statements

We have audited the accompanying company financial statements for the period 24 May 2013 to 31 December 2013 which are part of the financial statements of SPP Infrastructure Financing B.V., Amsterdam, and comprise the company statement of financial position as at 31 December 2013, the company statements of comprehensive income, changes in equity and cash flows for the period then ended and notes, comprising a summary of the significant accounting policies and other explanatory information.

The Board of Directors' responsibility

The Board of Directors is responsible for the preparation and fair presentation of these company financial statements in accordance with International Financial Reporting Standards as adopted by the European Union and with Part 9 of Book 2 of the Netherlands Civil Code, and for the preparation of the directors' report in accordance with Part 9 of Book 2 of the Netherlands Civil Code. Furthermore, the Board of Directors is responsible for such internal control as it determines is necessary to enable the preparation of the company 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 company financial statements based on our audit. We conducted our audit in accordance with Dutch law, including the Dutch Standards on Auditing. This requires that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the company financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the company financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the company financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation and fair presentation of the company 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 Company's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Board of Directors, as well as evaluating the overall presentation of the company's 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 company financial statements give a true and fair view of the financial position of SPP Infrastructure Financing B.V. as at 31 December 2013 and of its result and its cash flows for the period then ended in accordance with International Financial Reporting Standards as adopted by the European Union and with Part 9 of Book 2 of the Netherlands Civil Code.

Report on other legal and regulatory requirements

Pursuant to the legal requirements under Section 2:393 sub 5 at e and f of the Netherlands Civil Code, we have no deficiencies to report as a result of our examination whether the directors' report, to the extent we can assess, has been prepared in accordance with Part 9 of Book 2 of this Code, and whether the information as required under Section 2:392 sub 1 at b – h has been annexed. Further, we report that the directors' report, to the extent we can assess, is consistent with the company financial statements as required by Section 2:391 sub 4 of the Netherlands Civil Code.

Amstelveen, 19 March 2014
KPMG Accountants N.V.

B.M. Herngreen RA

33852/14W00117921AVN

SPP INFRASTRUCTURE FINANCING B.V.

FINANCIAL STATEMENTS

For the period ended 31 December 2013

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DIRECTORS' REPORT
For the period from 24 May 2013 to 31 December 2013

The directors present their financial statements for SPP Infrastructure Financing B.V. (the "Company") for the period ended 31 December 2013 which have been prepared in accordance with International Financial Reporting Standards ("IFRS") as endorsed by the European Union ("IFRS – EU") and with Dutch law.

General information

The Company is a limited liability company incorporated by notarial deed on 24 May 2013 under the laws of The Netherlands and acting as a finance company for SPP GROUP (the "Group") as domiciled in the Slovak Republic. The Company was registered on 27 May 2013 at the Chamber of Commerce in Amsterdam, The Netherlands.

The principal activity of the Company is to raise funds for the Group through the issue of bonds or other securities. The Company does not perform any research and development activities.

The Company's parent company is Slovenský plynárenský priemsel, a.s., which is incorporated in Bratislava, Slovak Republic. The Company's ultimate parent companies are Slovak National Property Fund (51%) registered in Bratislava, Slovak Republic and Energetický a průmyslový holding, a.s. (49%) registered in Brno, Czech Republic. The Company funds its expenses through the margin made between the interest received on its loans granted to Group companies and interest paid to bondholders.

The parent company and the ultimate shareholder, Energetický a průmyslový holding a.s., referred to together as the "Group", is a diversified financial and investment group. Overall, the Group has exposure to the area of international gas transmission and natural gas distribution.

Business review

On 18 July 2013, the Company launched a public offering of EUR 500,000,000 3.75% fixed rate bonds, maturing on 18 July 2020. On 10 September 2013, the Company launched its second offering amounting to EUR 250,000,000 3.75% fixed rate bonds, also maturing on 18 July 2020. These were consolidated and now form a single series with the already existing EUR 500,000,000 3.75% fixed rate bonds issued on 18 July 2013. The bonds, in the total amount, of EUR 750,000,000 were successfully placed with institutional investors and private clients. The successful issuance of the bond confirmed the confidence of the market in the Group's business model despite current volatility in the financial markets.

The bonds and interest outstanding are guaranteed by the Group company, Eustream, a.s. following the Board of Directors' resolution of 7 June 2013.

Proceeds from the bond issue were lent to Eustream, a.s. at a 4.12% fixed rate due 18 July 2020.

Financial risk management

Credit risk

Credit risk is the risk of a financial loss to the Company if a counterparty to the financial instrument fails to meet its contractual obligations, and arises principally from the Company's loans to Group companies. Since all significant loans are receivables from Eustream, a.s., one of the Group's companies, credit risk is concentrated at this counterparty.

All funding is obtained on behalf of the Group and passed on directly to Eustream, a.s. The management of the Company assesses and reviews risks for Group companies, and does not expect that any Group company will fail to meet its obligations. Eustream, a.s. has also provided a guarantee for these amounts. Due to these factors, the credit risk is considered low.

Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or other financial assets. The Company's approach in managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to Company's reputation.

The liquidity risk is considered negligible since the bonds are effectively covered by bonds receivable of the same amount, and are guaranteed by the group company Eustream, a.s. For more information related to the bonds receivable and bonds refer to Notes 3 and 9.

Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and equity prices will affect the Company's income or the value of the financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return.

The market risk is considered negligible as no significant transactions have taken place in foreign currencies, and the nominal interest rates of the loan receivables and bond payables are fixed. The Company is not affected by changes in equity prices.

Operational risk

Operational risk is the risk of direct or indirect loss arising from a wide variety of causes associated with the Company's processes, personnel and from external factors other than credit, market and liquidity risks such as those arising from legal and regulatory requirements and generally accepted standards or corporate behaviour. Operational risks could arise from all of the Company's operations.

Due to the nature of the Company's operations, management is of the opinion that the operational risk is low. Management analyses the environment and regulations and in the case of changes will act accordingly.

Capital management

The Board's policy is to maintain its capital as minimum capital. The Company is not subjected to externally imposed capital requirements.

Working capital

As of 31 December 2013, the Company had a negative working capital of EUR 2,049,142, which amounts to 0.27% of total assets. The working capital is closely monitored by the management.

Future outlook

The bonds will mature on 18 July 2020. The Directors are of the opinion that the Company will continue to be used as a finance company for the Group and that these activities will be maintained during the next financial year.

As at the date of the Directors' Report, the Company does not consider the issue of other bonds.

Directors and directors' interests

The directors who held office during the period were as follows:
Marek Spurný
Nicolaas Scholtens

No director resigned or was replaced since the Company was incorporated. The directors who held office at the end of the financial period and at signing of these financial statements had no disclosing interest in the shares or bonds of the Company.

SPP Infrastructure Financing B.V.

By order of the board

Amsterdam, 19 March 2014

Marek Spurný

Nicolaas Scholtens

SPP Infrastructure Financing B.V.
STATEMENT OF FINANCIAL POSITION
As at 31 December 2013
in EUR

	Note	31 December 2013
Assets		
Bonds receivable from Group company	3	746,392,719
Total non-current assets		**746,392,719**
Interest receivable	4	8,544,573
VAT receivable	5	15,518
Prepaid expenses	6	50,000
Cash and cash equivalents	7	1,203,094
Total current assets		**9,813,185**
Total assets		**756,205,904**
Equity and liabilities		
Share capital		400,000
Accumulated losses	8	(2,098,808)
Total equity		**(1,698,808)**
Issued bonds	9	746,042,385
Total non-current liabilities		**746,042,385**
Interest payable	10	11,481,164
Other payables	11	198,050
Accrued expenses	12	183,113
Total current liabilities		**11,862,327**
Total equity and liabilities		**756,205,904**

SPP Infrastructure Financing B.V.
STATEMENT OF COMPREHENSIVE INCOME
For the period from 24 May 2013 to 31 December 2013
in EUR

	Note	24 May 2013 - 31 December 2013
Interest income	14	8,382,786
Interest expense	15	(10,094,178)
Amortization of issuance costs		(228,186)
Net interest expense		**(1,939,578)**
Other financing costs	16	(234,288)
General and administrative expenses	17	(22,755)
Total operating costs		**(257,043)**
		(2,196,621)
Other interest income		71,283
Bank Interest income		39,900
Interest expense and bank charges		(825)
Net finance income		**110,358**
Loss before tax		**(2,086,263)**
Withholding tax		(12,545)
Loss after tax		**(2,098,808)**
Total comprehensive income for the period		**(2,098,808)**

SPP Infrastructure Financing B.V.
STATEMENT OF CHANGES IN EQUITY
For the period from 24 May 2013 to 31 December 2013
in EUR

	Share capital	Comprehensive income for the period	Total
Balance as at 24 May 2013	-	-	-
Total comprehensive income			
Loss for the period	-	(2,098,808)	**(2,098,808)**
Total comprehensive income	-	(2,098,808)	**(2,098,808)**
Transactions with owners of the Company			
Issue of ordinary shares	400,000	-	**400,000**
Total contributions	400,000	-	**400,000**
Balance as at 31 December 2013	**400,000**	**(2,098,808)**	**(1,698,808)**

SPP Infrastructure Financing B.V.
STATEMENT OF CASH FLOWS
For the period from 24 May 2013 to 31 December 2013
in EUR

	24 May 2013 - 31 December 2013
Cash flows from operating activities	
Loss before tax	**(2,086,263)**
Adjustments for:	
Interest income	(8,382,786)
Other interest income	(39,900)
Bank interest income	(71,283)
Interest expense	10,094,178
Amortisation of issuance costs	228,186
Cash flow used in operating activities	**(257,868)**
Change in:	
Other payables	(65,518)
Other receivables	381,163
Cash generated from operating activities	**57,777**
Tax paid	(12,545)
Interest received	111,183
Net cash flows from operating activities	**156,415**
Cash flow from investing activities	
Acquisition of bonds	(746,554,506)
Net cash flows used in investing activities	**(746,554,506)**
Cash flow from financing activities	
Proceeds from issue of share capital	400,000
Proceeds from issue of bonds	750,571,986
Issuance costs	(3,370,801)
Net cash flows from financing activities	**747,601,185**
Net increase in cash and cash equivalents	**1,203,094**
Cash and cash equivalents at the beginning of the period	-
Cash and cash equivalents at the end of the period	**1,203,094**

1 CORPORATE INFORMATION

SPP Infrastructure Financing B.V. ('the Company') is a private company with limited liability incorporated in The Netherlands on 24 May 2013. The Company's registration number is 57993610 and its registered office is at Weteringschans 26, 1017 SG Amsterdam, The Netherlands.

The principal activity of the Company is to raise funds for the Group through the issue of bonds or other securities. The Company does not perform any research and development activities.

The Company's parent company is Slovenský plynárenský priemsel, a.s., which is incorporated in Bratislava, Slovak Republic. The Company's ultimate parent companies are Slovak National Property Fund (51%), registered in Bratislava, Slovak Republic and Energetický a průmyslový holding, a.s., registered in Brno, Czech Republic.

The Company's financial statements are included in the consolidated financial statements of the parent company as well as of the ultimate parent companies.

The Company's financial statements are prepared for the first time for the period from 24 May 2013 until 31 December 2013. Therefore, no comparative information for the prior period is available.

2 SIGNIFICANT ACCOUNTING POLICIES

2.1 Statement of compliance

The financial statements for the period ended 31 December 2013 have been prepared in accordance with International Financial Reporting Standards ("IFRS"), as issued by the International Accounting Standard Board (IASB) and as adopted by the European Union (EFRAG – European Financial Reporting Advisory Group).

The financial statements were approved by the Board of Directors on 19 March 2014.

2.2 Basis of measurement

The financial statements have been prepared on the historical cost basis, unless otherwise indicated.

2.3 Functional and presentation currency

The financial statements are presented in euros, rounded to the nearest whole number. The functional currency of the Company is also the euro, since most of the Company's assets and liabilities are denominated in this currency.

2.4 Use of estimates and judgements

In preparing the financial statements, management has made judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised prospectively.

2.5 Standards, amendments to standards and interpretations

The following standards, amendments to standards and interpretations are effective for the first time for the period ended 31 December 2013, and have been applied in preparing the financial statements of SPP Infrastructure Financing B.V.:

2.5.1 *Amendments to IFRS* 7 – *Financial Instruments: Disclosures*, (applicable for reporting periods starting on or after 1 July 2011) will allow users of financial statements to improve their understanding of offsetting transactions of financial assets (for example, securitisations), including understanding the possible effects of any risks that may remain with the entity that offset the assets. The amendments also require additional disclosures if a disproportionate amount of offsetting transactions are undertaken around the end of a reporting period. The Company has not identified any changes in disclosures of financial instruments in comparison with the previous disclosures.

2.5.2 *Amendments to IAS 12 – Income taxes*, (effective for annual reports beginning on or after 1 January 2012). The amendment introduces an exception to the general measurement requirements of IAS 12 in respect of investment properties measured at fair value. The measurement of deferred tax assets and liabilities, in this limited circumstance, is based on a rebuttable presumption that the carrying amount of the investment property will be recovered entirely through sale. The presumption can be rebutted only if the investment property is depreciable and held within a business model whose objective is to consume substantially all of the asset's economic benefits over the life of the asset. Since the Company currently does not have any investment property, the amendments had any effect on the financial situation and performance of the Company.

2.5.3 *Amendments to IAS 1, 'Presentation of Financial Statements*', (effective for annual reports beginning on or after 1 July 2012) that require additional disclosures to be made in the other comprehensive income section such that items of other comprehensive income are grouped into two categories: (a) items that will not be reclassified subsequently to profit or loss; and (b) items that will be reclassified subsequently to profit or loss when specific conditions are met. Income tax on items of other comprehensive income is required to be allocated on the same basis. The amendment does not have material impact on the presentation of financial information. The Company has decided not to change a title of the statement of comprehensive income to the "statement of profit or loss and other comprehensive income" as described in the amendments.

2.6 Standards, amendments and interpretations to existing standards that are not yet effective and have not been applied in preparing these financial statements

The following standards and amendments to existing standards have been published and are not mandatory for the Company's accounting periods beginning on 1 January 2012:

IFRS 9, 'Financial Instruments', (effective for annual reports beginning on or after 1 January 2015). IFRS 9 issued in November 2009 introduces new requirements for the classification and measurement of financial assets. IFRS 9 amended in October 2010 includes the requirements for the classification and measurement of financial liabilities and for derecognition. Key requirements are described below:

(i) IFRS 9 requires all recognised financial assets that are within the scope of IAS 39 *Financial Instruments: Recognition and Measurement* to be subsequently measured at amortised cost or fair value. Specifically, debt investments that are held within a business model whose objective is to collect the contractual cash flows, and that have contractual cash flows that are solely payments of principal and interest on the principal outstanding are generally measured at amortised cost at the end of subsequent accounting periods. All other debt investments and equity investments are measured at their fair values at the end of subsequent accounting periods.

(ii) The most significant effect of IFRS 9 regarding the classification and measurement of financial liabilities relates to the accounting for changes in the fair value of a financial liability (designated as at fair value through profit or loss) attributable to changes in the credit risk of that liability. Specifically, under IFRS 9, for financial liabilities that are designated as at fair value through profit or loss, the amount of change in the fair value of the financial liability that is attributable to changes in the credit risk of that liability is presented in other comprehensive income, unless the recognition of the effects of changes in the liability's credit risk in other comprehensive income would create or enlarge an accounting mismatch in profit or loss. Changes in fair value attributable to a financial liability's credit risk are not subsequently reclassified to profit or loss. Previously, under IAS 39, the entire amount of the change in the fair value of the financial liability designated as at fair value through profit or loss was presented in profit or loss.

The management of the Company anticipates that IFRS 9 will be adopted in the Company's financial statements for the annual period beginning 1 January 2015. It is not practicable to provide a reasonable estimate of this since the effective date is still far away.

In May 2011, a package of five Standards on consolidation, joint arrangements, associates and disclosures was issued, including IFRS 10, IFRS 11, IFRS 12, IAS 27 (as revised in 2011) and IAS 28 (as revised in 2011) that are effective for annual periods beginning on or after 1 January 2013. Earlier application is permitted provided that all of these five standards are applied early at the same time. Key requirements of these five Standards are described below:

(i) *IFRS 10* replaces the parts of IAS 27 *Consolidated and Separate Financial Statements* that deal with consolidated financial statements. *SIC-12 Consolidation – Special Purpose Entities* has been withdrawn upon the issuance of IFRS 10. Under IFRS 10, there is only one basis for consolidation, that is control. In addition, IFRS 10 includes a new definition of control that contains three elements: (a) power over an investee, (b) exposure, or rights, to variable returns from its involvement with the investee, and (c) the ability to use its power over the investee to affect the amount of the investor's returns. Extensive guidance has been added in IFRS 10 to deal with complex scenarios.

(ii) *IFRS 11* replaces *IAS 31 Interests in Joint Ventures*. IFRS 11 deals with how a joint arrangement of which two or more parties have joint control should be classified. *SIC-13 Jointly Controlled Entities – Non-monetary Contributions by Venturers* has been withdrawn upon the issuance of IFRS 11. Under IFRS 11, joint arrangements are classified as joint operations or joint ventures, depending on the rights and obligations of the parties to the arrangements. In contrast, under IAS 31, there are three types of joint arrangements: jointly controlled entities, jointly controlled assets and jointly controlled operations. In addition, joint ventures under IFRS 11 are required to be accounted for using the equity method of accounting, whereas jointly controlled entities under IAS 31 can be accounted for using the equity method of accounting or proportionate accounting.

(iii) *IFRS 12* is a disclosure standard and is applicable to entities that have interests in subsidiaries, joint arrangements, associates and/or unconsolidated structured entities. In general, the disclosure requirements in IFRS 12 are more extensive than those in the current standards

Management anticipates that these five standards will be adopted in the Company's financial statements for the annual period beginning 1 January 2014. It is expected that the application of these five standards will not have any impact on the Company's financial statements because the Company does not hold any subsidiaries and investment in joint arrangements.

In October 2012, the amendments to *IFRS 10 Investment Entities* (effective for annual reports beginning on or after 1 January 2014, with earlier application permitted) were issued. Since the Company does not meet a definition of investment entity, the amendments will not have any impact on financial statements of the Company.

IFRS 13, 'Fair Value Measurement', (effective for annual reports beginning on or after 1 January 2013, with earlier application permitted). IFRS 13 establishes a single source of guidance for fair value measurements and disclosures about fair value measurements. The Standard defines fair value, establishes a framework for measuring fair value, and requires disclosures about fair value measurements. The scope of IFRS 13 is broad; it applies to both financial instrument items and non-financial instrument items for which other IFRSs require or permit fair value measurements and disclosures about fair value measurements, except in specified circumstances. In general, the disclosure requirements in IFRS 13 are more extensive than those required in the current standards. For example, quantitative and qualitative disclosures based on the three-level fair value hierarchy currently required for financial instruments only under *IFRS* 7 *Financial Instruments: Disclosures* will be extended by IFRS 13 to cover all assets and liabilities within its scope.

Management anticipates that IFRS 13 will be adopted in the Company's financial statements for the annual period beginning 1 January 2014 and that the application of the new Standard may affect the amounts reported in the financial statements and result in more extensive disclosures in the financial statements.

The amendments to *IAS 19*, '*Employee Benefits*', (effective for annual reports beginning on or after 1 January 2013). The amendments change the accounting for defined benefit plans and termination benefits. The most significant change relates to the accounting for changes in defined benefit obligations and plan assets. The amendments require the recognition of changes in defined benefit obligations and in fair value of plan assets when they occur, and hence eliminate the 'corridor approach' permitted under the previous version of IAS 19 and accelerate the recognition of past service costs. The amendments require all actuarial gains and losses to be recognised immediately through other comprehensive income in order for the net pension asset or liability recognised in the statement of financial position to reflect the full value of the plan deficit or surplus. These amendments are not expected to have any effect on the financial situation and performance of the Company.

Improvements to IFRSs issued in 2012 (effective for annual reports beginning on or after 1 January 2013). Since the improvements are focused on issues such as the first adoption of IFRSs (IFRS 1), interim financial reporting (IAS 34), financial instruments (IAS 32), recognition of spare parts (IAS 16), the adoption will not have any material effect on amounts reported in the financial statements.

2.7 General

Unless stated otherwise, assets and liabilities are shown at nominal value.

An asset is disclosed in the balance sheet when it is probable that the expected future economic benefits that are attributable to the asset will flow to the entity and the cost of the asset can be measured reliably. A liability is recognised in the balance sheet when it is expected to result in an outflow from the entity of resources embodying economic benefits and the amount of the obligation can be measured with sufficient reliability. If a transaction results in a transfer of future economic benefits and or when all risks relating to assets or liabilities transfer to a third party, the asset or liability is no longer included in the balance sheet.

Income is recognised in the profit and loss account when an increase in future economic potential related to an increase in an asset or a decrease of a liability has arisen, the size of which can be measured reliably. Expenses are recognised when a decrease in the economic potential related to a decrease in an asset or an increase of a liability has arisen, the size of which can be measured with sufficient reliability. The revenue and expenses are allocated to the period to which they relate. Revenues are recognised when the company has transferred the significant risks and rewards of ownership of the goods to the buyer.

2.8 Foreign currencies

Transactions denominated in currencies other than EUR are recorded at rates of exchange approximating to those ruling at the dates of the transactions. Assets and liabilities denominated in such currencies are translated into EUR using the rate of exchange ruling at the balance sheet date and the gains or losses on translation are included in the profit and loss account.

2.9 Financial instruments

Financial instruments include loans receivable from Group companies, as well as bonds payable to third parties. Financial instruments are initially recognized at fair value, including directly attributable transactions costs. After initial recognition, financial instruments are carried at amortised cost using the effective interest method, less impairment losses.

Level disclosure in the fair value hierarchy is not presented in the financial statements as there are no gains/losses on financial instruments as these are recognised at amortised cost.

2.10 Impairment

Assets with a long life should be tested for impairment in the case of changes or circumstances arising that lead to an indication that the carrying amount of the asset will not be recovered. The recoverability of assets in use is determined by comparing the carrying amount of an asset with the estimated present value of the future net cash flows which the asset is expected to generate.

If the carrying amount of an asset exceeds the estimated present value of the future cash flows, impairment is charged to the difference between the carrying amount and the recoverable amount.

2.11 Shareholders' equity

Financial instruments that are designated as equity instruments by virtue of the economic reality are presented under shareholders' equity. Payments to holders of these instruments are deducted from the shareholders' equity as part of the profit distribution.

Financial instruments that are designated as a financial liability by virtue of the economic reality are presented under liabilities. Interest, dividends, income and expenditure with respect to these financial instruments are recognised in the profit and loss as financial income or expense.

2.12 Recognition of income and expenses

Interest income and expense are determined on the basis of interest earned and charged over the relating periods, according to the accrual method of accounting. Other revenues and expenses are recorded in the period to which they relate.

2.13 Income tax

Income tax comprises the current and deferred corporate income tax payable and deductible for the reporting period. Income tax is recognised in the income statement except to the extent that it relates to items recognised directly to equity, in which case it is recognised in equity.

Current tax comprises the expected tax payable or receivable on the taxable profit or loss for the financial period, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to the tax payable in respect of previous periods.

Deferred tax is provided for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the temporary difference can be utilised. Deferred tax assets are reviewed at each reporting date and reduced to the extent that it is no longer probable that the related tax benefit will be realised.

2.14 Financial risk management

Credit risk

Credit risk is the risk of financial loss of the Company if a counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Company's loans to Group companies. Since all significant loans are receivable from one Group company, credit risk is concentrated at this counterparty.

All funding is obtained on behalf of the Group and passed on directly to Eustream, a.s. The management of the Company assesses and reviews risks for Group companies, and does not expect that any Group company will fail to meet its obligations. Eustream, a.s. have also provided a guarantee for these amounts. Due to these factors, the credit risk is considered low.

Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Company's approach in managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation.

The liquidity risk is considered negligible since the bonds are effectively covered by loans receivable of the same amount, and are guaranteed by the group company Eustream, a.s. For more information related to the loans receivable and bonds refer to the Notes 3 and 9.

Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and equity prices will affect the Company's income or the value of the financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimizing the return.

The market risk is considered negligible as no significant transactions have taken place in foreign currencies, and the nominal interest rates of the loan receivables and bond payables are fixed. The Company is not affected by changes in equity prices.

Operational risk

Operational risk is the risk of direct or indirect loss arising from a wide variety of causes associated with the Company's processes, personnel and from external factors other than credit, market and liquidity risks such as those arising from legal and regulatory requirements and generally accepted standards or corporate behaviour. Operational risks could arise from all of the Company's operations.

Due to the nature of the Company's operations, management is of the opinion that the operational risk is low. Management analyses the environment and regulations and in the case of changes will act accordingly.

Business environment

Netherlands economic and financial markets belong to the most advanced among the developed countries. The legal, tax and regulatory frameworks are generally stable and reputable for its business environment. The financial statements reflect management's assessment of the impact of the Netherlands business environment on the operations and the financial position of the Company. The future business environment may, of course, differ from management's assessment. If the business environment substantially differs in any important aspect including e.g. legal, economic, tax, regulatory framework, the Company would face additional risks and uncertainties that could cause deterioration of Company's economic situation.

Capital management

The Board's policy is to maintain its capital as minimum capital. The Company is not subjected to externally imposed capital requirements.

2.15 Statement of cash flows

The statement of cash flows is prepared using the indirect method.

3 BONDS RECEIVABLE FROM GROUP COMPANY

By Securities Purchase Agreement 1st tranche dated September 2, 2013 and 2nd tranche dated September 13, 2013 the Company and Group company Eustream, a.s., Slovak Republic agreed upon a fixed interest rate according to 4.12% per annum due on July 18, 2020.

in EUR

Date of issue	**Amount issued**	**Effective interest rate**	**31 December 2013**
2 September 2013	494,134,000	4.12%	494,134,000
13 September 2013	248,006,000	4.12%	252,258,719
			746,392,719

4 INTEREST RECEIVABLE

in EUR	**31 December 2013**
Eustream, a.s., Slovak Republic – notes 4.12% 1st tranche	5,689,175
Eustream, a.s., Slovak Republic – notes 4.12% 2nd tranche	2,855,398
	8,544,573

5 VAT RECEIVABLE

in EUR	31 December 2013
VAT declaration 4th quarter 2013	**15,518**

6 PREPAID EXPENSES

in EUR	31 December 2013
Fee further to review fixed rate guaranteed notes 3.75%	**50,000**

7 CASH AND CASH EQUIVALENTS

in EUR	31 December 2013
ING Bank N. V., The Netherlands – EUR account	331,274
ING Bank N.V., The Netherlands – EUR account	845,194
Komerčni banka, a.s., Slovak Republic – EUR account	11,203
Komerčni banka, a.s., Slovak Republic – EUR account	10,358
Slovenská Sporiteľňa, a.s., Slovak Republic – EUR	5,065
	1,203,094

All cash and cash equivalents are at free disposal of the Company. The carrying amount of the cash and cash equivalents are a reasonable approximation of fair value.

8 EQUITY

Share capital

The authorised share capital comprises 4,000 ordinary shares, each with a par value of EUR 100.
The total amount of EUR 400,000 is fully subscribed and paid.

The shares are held by Slovenský plynárenský priemsel, a.s., Slovak Republic as 100% shareholder.

9 ISSUED BONDS

in EUR	31 December 2013
Issued bonds	749,185,000
Accumulated amortisation	46,444
Costs to be amortized	(3,189,059)
	746,042,385

The issued bonds can be summarised as follows:

in EUR

Date of issue	Amount issued	Effective interest rate	31 December 2013
18 July 2013	500,000,000	3.75%	496,950,000
10 September 2013	250,000,000	3.75%	252,235,000
			749,185,000

SPP Infrastructure Financing B.V. obtained funds from the market through the issuance of bonds. The bonds issued are unconditionally and irrevocably guaranteed by Eustream a.s., Slovak Republic, which the Company pays a guarantee fee (Note 16). The bonds issued by SPP Infrastructure Financing B.V. are listed on the Irish Stock Exchange. The bonds are due on 18 July 2020.

The costs to be amortised in relation to the issued bonds can be summarised as follows:

In EUR	**31 December 2013**
Initial costs in relation to the issuance of the bonds	(3,370,801)
Amortisation for the year	181,742
Costs to be amortised	**(3,189,059)**

The costs on behalf of the issuance of the fixed rate guaranteed notes 3.75% due on 18 July 2020 are to be amortised over a period of seven (7) years.

10 INTEREST PAYABLE FURTHER TO BONDS

in EUR	**31 December 2013**
Interest payables further to fixed rate guaranteed bonds 3.75% due 2020	**11,481,164**

11 OTHER PAYABLES

in EUR	**31 December 2013**
Fee fixed rate	84,750
Annual fee review fixed rate	60,000
Other professional services	31,426
Legal and corporate services	17,000
Additional administrative services	4,874
	198,050

The fixed rate guaranteed relates to the fee payable to Eustream, a.s and the annual fee review fixed rate relates to the fee payable to Moody's Investors Service Ltd.

12 ACCRUED EXPENSES

in EUR	**31 December 2013**
Guarantee fee payable to Eustream, a.s.	169,288
Audit fee KPMG, The Netherlands	6,300
Additional administrative services	6,275
Tax consultancy fees	1,250
	183,113

For details on the guarantee fee payable to Eustream, a.s., refer to note 22. All short-term liabilities are expected to be paid within one year after the balance sheet date.

13 FINANCIAL INSTRUMENTS

Accounting classifications and fair values

The following table shows the carrying amounts and fair values of financial assets and financial liabilities, including their levels in the fair value hierarchy. It does not include fair value information for financial assets and financial liabilities not measured at fair value if the carrying amount is a reasonable approximation of fair value.

	Carrying amount			Fair value			
31 December 2013	Loans and receivables EUR	Other financial liabilities EUR	Total EUR	Level 1 EUR	Level 2 EUR	Level 3 EUR	Total EUR
Financial assets not measured at fair value							
Bond loan granted to group company	**746,392,719**		**746,392,719**	**-**	**769,094,524**	**-**	**769,094,524**
Financial liabilities not measured at fair value							
Bonds issued		**746,042,385**	**746,042,385**	**769,094,524**	**-**	**-**	**769,094,524**

Transfers between Level 1 and 2

There were no transfers from Level 2 to Level 1 in 2013.

Financial risk management

The Group has exposure to the following risks arising from financial instruments:

- credit risk;
- liquidity risk;
- market risk.

Credit risk

Credit risk is the risk of a financial loss to the Company if a counterparty to the financial instrument fails to meet its contractual obligations, and arises principally from the Company's loans to Group companies. Since all significant loans are receivables from Eustream, a.s., one of the Group's companies, credit risk is concentrated at this counterparty. All funding is obtained on behalf of the Group and passed on directly to Eustream, a.s. The management of the Company assesses and reviews risks for Group companies, and does not expect that any Group company will fail to meet its obligations. Eustream, a. s. has also provided a guarantee for these amounts. Due to these factors, the credit risk is considered low.

Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or other financial assets. The Company's approach in managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to Company's reputation. The liquidity risk is considered negligible since the bonds are effectively covered by loans receivable of the same amount, and are guaranteed by the group company Eustream, a.s. For more information related to the loans receivable and bonds, refer to Notes 3 and 9.

Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and equity prices will affect the Company's income or the value of the financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return. The market risk is considered negligible as no significant transactions have taken place in foreign currencies, and the nominal interest rates of the loan receivable and bond payable are fixed. The Company is not affected by changes in equity prices.

14 INTEREST INCOME

in EUR	31 December 2013
Eustream, a.s., Slovak Republic – notes 4.12% 1st tranche	5,689,175
Eustream, a.s., Slovak Republic – notes 4.12% 2nd tranche	2,693,611
	8,382,786

15 INTEREST EXPENSES

in EUR	31 December 2013
Fixed rate guaranteed notes 3.75% 1st tranche	(8,578,768)
Fixed rate guaranteed notes 3.75% 2nd tranche	(1,515,410)
	(10,094,178)

16 OTHER FINANCING COSTS

in EUR	31 December 2013
Annual fee review fixed rate guaranteed notes 3.75% pro rata Assignment initial and public rating for	(10,000)
Eustream, a.s.	(55,000)
Provision guarantee of Eustream, a.s. bonds	(169,288)
	(234,288)

On 18 July 2013, SPP Infrastructure financing BV issued EUR 500,000,000 3.75% Guaranteed Notes with a maturity date of 18 July 2020. On 10 September 2013, SPP Infrastructure Financing B.V issued a further EUR 250,000,000 3.75% Guaranteed notes due on 18 July 2020 which are consolidated and form a single series with the existing EUR 500,000,000 3.75% Guaranteed notes due on 18 July 2020 and issued on 18 July 2013. The obligations of SPP Infrastructure Financing B.V. under or in connection with the notes and the contracts entered into by the Company were guaranteed by Eustream a.s. In return SPP Infrastructure Financing B.V. agreed to pay Eustream a.s. a guarantee fee.

17 GENERAL AND ADMINISTRATIVE EXPENSES

in EUR	31 December 2013
Additional administrative services	(10,303)
Audit fee	(6,300)
Annual agreed fixed fee	(4,375)
Tax consultancy fees	(1,250)
Compliance fee	(250)
Other professional services	(277)
	(22,755)

18 CORPORATE INCOME TAX

The applicable tax rate for 2013 is 20% up to EUR 200,000 of taxable income and 25% above EUR 200,000 of taxable income. Under Dutch taxation certain income and expenditure are not taxable or tax deductible (“restricted expenses”). The income tax expense for the Company for the period ended 31 December 2013 is nil. The recorded loss of EUR 2,098,808 can be offset with the taxable results for the next nine (9) years (carry forward).

19 DIRECTORS

The Company has two directors as at 31 December 2013. The directors received no remuneration for their activities in the Company during the period.

Directors and directors' interests

The directors who held office during the period were as follows:

Marek Spurný
Nicolaas Scholtens

No director resigned or was replaced since the Company was incorporated. The directors who held office at the end of the financial period and at signing of these financial statements had no disclosing interest in the shares or bonds of the Company.

20 STAFF NUMBERS AND EMPLOYMENT COSTS

The Company has no employees and therefore incurred no wages, salaries and related social security charges in 2013.

21 SEGMENT REPORTING

An operating segment is a component of an entity that engages in business activities from which it may earn revenue and incur expenses whose operating results are regularly reviewed by the entity's operating decision maker and for which discrete financial information is available. The Company's Board of Directors has been identified as the chief operating decision maker for the purpose of segmental reporting. The Company has determined that it operates in one segment providing bonds to related parties from funding from issued bonds. The determination is based on the reports reviewed by the Board of Directors in assessing performance, allocating resources and making strategic decisions. All of the Company's operations are provided in the Slovak Republic, therefore no geographic information is provided. Interest income from Group companies exceeded 99 percent of the Company's operating revenue in the period to 31 December 2013. The total revenue from Group companies for the period ending 31 December 2013 was EUR 8,382,786.

22 RELATED PARTIES

The Company has a related party relationship with its parent company and the companies owned by the parent companies (Group companies), either at 31 December 2013 or during the period from 24 May 2013 to 31 December 2013. There were no transactions with related parties that were not on a commercial basis.

List of related parties

Company	**Nature of the transactions**
Eustream, a.s.	The funds obtained by SPP Infrastructure Financing B.V. from the market by issuing corporate bonds are lent on in the form of intercompany loans/bonds to Eustream, a. s. The issued bonds on the Irish Stock Exchange are unconditionally and irrevocably guaranteed by Eustream, a. s. for which the Company pays a guarantee fee to Eustream, a.s.

The Summary of transactions with related parties during 2013 is as follows: (refer also to Note 3 and 9 for more detail):

in EUR	**31 December 2013**
Receivables	754,937,292
Bond receivables Eustream a.s. (note 3)	*746,392,719*
Accrued interest (note 5)	*8,544,573*
Liabilities	169,288
Guarantee fee payable to Eustream a.s.	*169,288*

in EUR	24 May 2013 - 31 December 2013
Interest income	8,382,786
Guarantee fee	(169,288)

23 AUDITOR'S FEES

With reference to Section 2:382a(l) and (2) of the Netherlands Civil Code, the fee in relation to the audit of the 2013 financial statements that have been charged by KPMG Accountants N.V. to the Company, amounts to EUR 6,300. No other audit engagements, tax related advisory services and other non-audit services have been provided by KPMG Accountants N.V. to the Company.

24 CONTINGENCIES AND COMMITMENTS

No other contingencies and commitments are applicable as at 31 December 2013.

Amsterdam, 19 March 2014

Marek Spurný

Nicolaas Scholtens

OTHER INFORMATION

Comparative information

The Company was incorporated in 2013 and prepares its IFRS financial statements for the first time as at 31 December 2013, therefore no comparative information for prior period is available.

Subsequent events

There were no events subsequent to the balance sheet date which would have an impact on the Company's financial statements for the period ended 31 December 2013.

Profit appropriation

The appropriation of the result for the period shall be determined by the shareholders at the general meeting. Distributions may be made only in so far as the Company's net equity exceeds the paid up capital and legal reserves. The net loss for the period were carried forward to the next financial year.

INDEPENDENT AUDITOR'S REPORT

To: the Board of Directors of SPP Infrastructure Financing B.V.

Report on the company financial statements

We have audited the accompanying company financial statements for the period 24 May 2013 to 31 December 2013 which are part of the financial statements of SPP Infrastructure Financing B.V., Amsterdam, and comprise the company statement of financial position as at 31 December 2013, the company statements of comprehensive income, changes in equity and cash flows for the period then ended and notes, comprising a summary of the significant accounting policies and other explanatory information.

The Board of Directors' responsibility

The Board of Directors is responsible for the preparation and fair presentation of these company financial statements in accordance with International Financial Reporting Standards as adopted by the European Union and with Part 9 of Book 2 of the Netherlands Civil Code, and for the preparation of the directors' report in accordance with Part 9 of Book 2 of the Netherlands Civil Code. Furthermore, the Board of Directors is responsible for such internal control as it determines is necessary to enable the preparation of the company 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 company financial statements based on our audit. We conducted our audit in accordance with Dutch law, including the Dutch Standards on Auditing. This requires that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the company financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the company financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the company financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation and fair presentation of the company 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 Company's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Board of Directors, as well as evaluating the overall presentation of the company's 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 company financial statements give a true and fair view of the financial position of SPP Infrastructure Financing B.V. as at 31 December 2013 and of its result and its cash flows for the period then ended in accordance with International Financial Reporting Standards as adopted by the European Union and with Part 9 of Book 2 of the Netherlands Civil Code.

Report on other legal and regulatory requirements

Pursuant to the legal requirements under Section 2:393 sub 5 at e and f of the Netherlands Civil Code, we have no deficiencies to report as a result of our examination whether the directors' report, to the extent we can assess, has been prepared in accordance with Part 9 of Book 2 of this Code, and whether the information as required under Section 2:392 sub 1 at b – h has been annexed. Further, we report that the directors' report, to the extent we can assess, is consistent with the company financial statements as required by Section 2:391 sub 4 of the Netherlands Civil Code.

Amstelveen, 19 March 2014
KPMG Accountants N.V.

B.M. Herngreen RA

eustream, a.s.

CONDENSED INTERIM FINANCIAL STATEMENTS PREPARED IN ACCORDANCE WITH THE INTERNATIONAL ACCOUNTING STANDARD 34, AS ADOPTED BY EU (UNAUDITED)

For the six months ended 30 June 2014

REPORT ON REVIEW OF CONDENSED INTERIM FINANCIAL STATEMENTS

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

Introduction

We have reviewed the accompanying Condensed Interim Balance Sheet of eustream a.s. as of 30 June 2014 and the related Condensed Interim Income Statement, Statement of Comprehensive Income, Changes in Equity and Cash Flows for the six-month period then ended. Management is responsible for the preparation and presentation of these Condensed Interim Financial Statements in accordance with International Accounting Standard 34, "Interim Financial Reporting" as adopted by the European Union. Our responsibility is to express a conclusion on these Condensed Interim Financial Statements based on our review.

Scope of review

We conducted our review in accordance with International Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity". A review of interim financial statements consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying Condensed Interim Financial Statements are not prepared, in all material respects, in accordance with International Accounting Standard 34, "Interim Financial Reporting" as adopted by the European Union.

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

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

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

Bratislava, 12 January 2015

PricewaterhouseCoopers Slovensko, s.r.o., Námestie 1. mája 18, 815 32 Bratislava, Slovak Republic
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The firm's ID No. (IČO): 35 739 347
Tax Identification No. of PricewaterhouseCoopers Slovensko, s.r.o. (DIČ): 2020270021
VAT Reg. No. of PricewaterhouseCoopers Slovensko, s.r.o. (IČ DPH): SK2020270021
Spoločnosť je zapísaná v Obchodnom registri Okresného súdu Bratislava I, pod Vložkou č.: 16611/B, Oddiel: Sro
The firm is registered in the Commercial Register of Bratislava I District Court, Ref. No.: 16611/B, Section: Sro

CONTENTS

eustream, a.s.
CONDENSED BALANCE SHEET
As at 30 June 2014
(EUR ’000)

	Note	30 June 2014	31 December 2013
ASSETS:			
NON-CURRENT ASSETS			
Property, plant and equipment	8	2,415,335	2,439,593
Intangible assets		6,784	7,707
Non-current financial investments	9	6,600	6,600
Loans issued	9	368,300	973,000
Other assets		-	1,821
Total non-current assets		2,797,019	3,428,721
CURRENT ASSETS			
Inventories	10	34,283	20,240
Receivables and prepayments	11	380,215	136,358
Cash and cash equivalents		75,566	60,433
Restricted cash		8,750	8,041
Total current assets		498,814	225,072
TOTAL ASSETS		**3,295,833**	**3,653,793**
EQUITY AND LIABILITIES:			
EQUITY			
Registered capital	14	282,929	282,929
Legal reserve fund and other reserves	15	64,569	56,722
Retained earnings		1,525,344	1,986,163
Total equity		1,872,842	2,325,814
NON-CURRENT LIABILITIES			
Bonds issued	12	746,106	746,393
Loans received	12	74,929	-
Deferred income		4,911	4,787
Provisions		7,955	7,902
Retirement and other long-term employee benefits		2,770	2,844
Deferred income tax liability	19.2	443,676	445,694
Other non-current financial liabilities		506	160
Total non-current liabilities		1,280,853	1,207,780
CURRENT LIABILITIES			
Bonds issued	12	23,707	8,545
Loans received	12	89	22
Trade and other payables	13	39,123	44,918
Current income tax liability		79,211	66,613
Provisions and other current financial liabilities		8	101
Total current liabilities		142,138	120,199
Total liabilities		1,422,991	1,327,979
TOTAL EQUITY AND LIABILITIES		**3,295,833**	**3,653,793**

The condensed interim financial statements on pages F-51 to F-76 were approved for issue on 17 December 2014 and signed on behalf of the Board of Directors:

Ing. Tomáš Mareček
Chairman of the Board of Directors

Ing. Miroslav Bodnár
Member of the Board of Directors

eustream, a.s.
CONDENSED INCOME STATEMENT
For the six months ended 30 June 2014
(EUR '000)

	Note	Six months ended 30 June 2014	Six months ended 30 June 2013
REVENUES FROM SALE OF SERVICES			
Natural gas transmission and other	16	299,315	340,601
Total revenues		299,315	340,601
OPERATING COSTS			
Own work capitalized		971	803
Consumption of natural gas, consumables and services		(19,913)	(31,341)
Depreciation and amortization		(48,874)	(34,010)
Lease of transmission network	21	-	(52,708)
Other services		(6,526)	(10,122)
Staff costs		(17,449)	(19,928)
Provision for bad and doubtful debts, obsolete and slow-moving inventory, net		(273)	(1,807)
Provisions and impairment losses, net		(46)	(793)
Other operating income		242	345
Other operating expenses		(1,045)	(1,226)
Total operating costs		(92,913)	(150,787)
OPERATING PROFIT		206,402	189,814
Financial income	17	23,805	759
Financial expense	18	(15,198)	(53)
Profit before taxation		215,009	190,520
INCOME TAX		(50,828)	(47,357)
NET PROFIT FOR THE PERIOD		**164,181**	**143,163**
Non-GAAP financial measures:			
EBITDA		*255,276*	*223,824*
Leasing of Transmission Assets		*-*	*52,708*
EBITDA (Adjusted)		***255,276***	***276,532***

* *EBITDA defined as Operating profit plus Depreciation and amortisation*

* *Leasing of Transmission Assets adjustment refers to compensation to Slovenský plynárenský priemysel, a.s. for the leasing of transmission assets which was in place until the end of February 2013 when transmission assets have been contributed to eustream, a.s.*

eustream, a.s.
CONDENSED STATEMENT OF COMPREHENSIVE INCOME
For the six months ended 30 June 2014
(EUR '000)

	Note	Six months ended 30 June 2014	Six months ended 30 June 2013
PROFIT FOR THE PERIOD		164,181	143,163
Other comprehensive income (items that may be reclassified subsequently to Income Statement):			
Fair value gains/(losses) on cash flow hedges		10,060	(1,646)
Deferred tax relating to components of other comprehensive income/loss for the period		(2,213)	379
OTHER COMPREHENSIVE INCOME/(LOSS) FOR THE PERIOD		7,847	(1,267)
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD		**172,028**	**141,896**

eustream, a.s.
CONDENSED STATEMENT OF CHANGES IN EQUITY
For the six months ended 30 June 2014
(EUR '000)

	Note	Registered capital	Legal reserve fund	Hedge reserve	Retained earnings	Total
Balance at 1 January 2013		**82,929**	**16,586**	**2,081**	**269,393**	**370,989**
Net profit for the period		-	-	-	143,163	143,163
Other comprehensive income/(loss) for the period		-	-	(1,267)		(1,267)
Total net comprehensive income for the period		**-**	**-**	**(1,267)**	**143,163**	**141,896**
Contribution of part of the business		200,000	40,000	-	1,663,347	1,903,347
Dividends paid		-	-	-	(265,939)	(265,939)
Balance at 30 June 2013		**282,929**	**56,586**	**814**	**1,809,964**	**2,150,293**
Balance at 1 January 2014		**282,929**	**56,586**	**136**	**1,986,163**	**2,325,814**
Net profit for the period		-	-	-	164,181	164,181
Other comprehensive income/(loss) for the period		-	-	7,847		7,847
Total net comprehensive income for the period				**7,847**	**164,181**	**172,028**
Dividends paid		-	-	-	(625,000)	(625,000)
Balance at 30 June 2014		**282,929**	**56,586**	**7,983**	**1,525,344**	**1,872,842**

CONDENSED STATEMENT OF CASH FLOWS
For the six months ended 30 June 2014
(EUR '000)

	Note	Six months ended 30 June 2014 Unaudited	Six months ended 30 June 2013 Unaudited
OPERATING ACTIVITIES			
Cash flows from operating activities	20	4,608	471,460
Interest paid		(172)	(1)
Interest received		597	590
Income tax paid		(42,404)	(50,576)
Net cash flows from operating activities		(37,371)	421,473
INVESTING ACTIVITIES			
Acquisition of property, plant and equipment		(25,883)	(14,634)
Restricted cash (inflow)/outflow		(709)	(2,624)
Proceeds from sale of property, plant and equipment and intangible assets		59	3
Dividends received		713	-
Net cash used in investing activities		(25,820)	(17,255)
FINANCING ACTIVITIES			
Proceeds from loans received		74,925	-
Dividends paid		-	(265,939)
Other proceeds from financing activities		4,049	652
Other expenditures from financing activities		(13)	-
Net cash flow from financing activities		78,961	(265,287)
NET INCREASE IN CASH AND CASH EQUIVALENTS		15,770	138,931
EFFECT OF FOREIGN EXCHANGE DIFFERENCES		(637)	75
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD		60,433	48,813
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD		**75,566**	**187,819**

(EUR '000)

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 condensed interim financial statements in accordance with International Accounting Standard 34 ("IFRS"), as adopted by the European Union ("EU").

These condensed interim financial statements for the six months ended 30 June 2014 have been prepared in accordance with IAS 34, 'Interim financial reporting'. The condensed interim financial statements should be read in conjunction with the annual individual financial statements for the year ended 31 December 2013, which have been prepared in accordance with IFRS as adopted by the EU.

These condensed interim financial statements have been reviewed, not audited.

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. Slovenský plynárenský priemysel, a.s. ("SPP") was the sole shareholder of the Company until 12 June 2014.

On 19 December 2013, the National Property Fund ("NPF") of the Slovak Republic, the Ministry of Economy of the SR and Energetický a prumyslový holding, a.s. („EPH") signed a framework agreement on the sale and purchase of shares regulating the method of reorganisation of the SPP Group, which was implemented by mid-2014. A part thereof is the contribution of the SPP's ownership interests in the entities: SPP – distribúcia, a.s., eustream, a.s., NAFTA a.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. and GALANTATERM, spol. s r.o. into a newly-established 100% subsidiary, SPP Infrastructure. After the completion of the reorganisation, the Ministry of Economy of the SR became the ultimate 100% owner of SPP; SPP retains a non-controlling 51% interest in SPP Infrastructure.

Since 13 June 2014 the SPP Infrastructure, a.s. ("SPP Infrastructure") is the sole shareholder of the Company.

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.

On 3 June 2014 the Annual General Meeting 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 performance of activities associated with the transmission of natural gas.

Update on liberalisation of the Slovak Energy Sector

Changes in regulatory laws and policy

On 5 June 2014 the Rules of Operation were added by RONI Ruling 0005/2014 / P-PP by the interconnection point Budince.

1.3. Employees

The average headcount of the Company for the six months ended 30 June 2014 was 835, including 1 representative of executive management (for the year ended 31 December 2013: 906, of which 1 was representative of executive management). Board of Directors members are also considered to be representatives of executive management (refer to Note 22).

1.4. Information on the consolidated group

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

The individual 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. The individual financial statements published in Register of Financial Statements and at www.eustream.sk.

The highest reporting entity that consolidates eustream effective from 24 January 2013 is Energetický a průmyslový holding, a.s. (EPH). EPH is the ultimate controlling party.

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:

<u>Adoption of New or Revised Standards and Interpretations</u>

IFRS 10, Consolidated Financial Statements (issued in May 2011 and effective in the EU for annual periods beginning on or after 1 January 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.

IFRS 11, Joint Arrangements, (issued in May 2011 and effective in the EU for annual periods beginning on or after 1 January 2014), replaces IAS 31 "Interests in Joint Ventures" and SIC-13 "Jointly Controlled Entities – Non-Monetary Contributions by Ventures". Changes in the definitions have reduced the number of types of joint arrangements to two: joint operations and joint ventures. The existing policy choice of proportionate consolidation for jointly controlled entities has been eliminated. Equity accounting is mandatory for participants in joint ventures.

IFRS 12, Disclosure of Interest in Other Entities, (issued in May 2011 and effective in the EU for annual periods beginning on or after 1 January 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 noncontrolling interests, and detailed disclosures of interests in unconsolidated structured entities.

IAS 27, Separate Financial Statements, (revised in May 2011 and effective in the EU for annual periods beginning on or after 1 January 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 in the EU for annual periods beginning on or after 1 January 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.*

Transition Guidance Amendments to IFRS 10, IFRS 11 and IFRS 12 (issued on 28 June 2012 and effective in the EU for annual periods beginning 1 January 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 removed the requirement to present comparative information for disclosures related to unconsolidated structured entities for periods before IFRS 12 is first applied.

“Offsetting Financial Assets and Financial Liabilities” – Amendments to IAS 32 (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. The standard clarified that a qualifying right of set off (a) must not be contingent on a future event and (b) must be legally enforceable in all of the following circumstances: (i) in the normal course of business, (ii) the event of default and (iii) the event of insolvency or bankruptcy.

“Amendments to IFRS 10, IFRS 12 and IAS 27 – Investment entities” (issued on 31 October 2012 and effective for annual periods beginning 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 is 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 judgments 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.

Amendments to IAS 36 – “Recoverable amount disclosures for non-financial assets” (issued in May 2013 and effective for annual periods beginning 1 January 2014; earlier application is permitted if IFRS 13 is applied for the same accounting and comparative period). 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.

Amendments to IAS 39 – “Novation of Derivatives and Continuation of Hedge Accounting” (issued in June 2013 and effective for annual periods beginning 1 January 2014). The amendments 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 new or amended standards had no impact on presentation and disclosures.

New Accounting Pronouncements

Certain new standards and interpretations have been issued that are mandatory for the annual periods beginning on or after 1 January 2015 or later, and which the Company has not early adopted.

IFRIC 21 – "Levies" (issued on 20 May 2013 and effective in the EU for annual periods beginning on or after 17 June 2014, that is, from 1 January 2015 for the Company). 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.

The following new standards and their amendments have not yet been endorsed by the European Union:

IFRS 9 "Financial Instruments: Classification and Measurement" (amended 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 three measurement categories: those to be measured subsequently at amortised cost, those to be measured subsequently at fair value through other comprehensive income (FVOCI) and those to be measured subsequently at fair value through profit or loss (FVPL).

- Classification for debt instruments is driven by the entity's business model for managing the financial assets and whether the contractual cash flows represent solely payments of principal and interest (SPPI). If a debt instrument is held to collect, it may be carried at amortised cost if it also meets the SPPI requirement. Debt instruments that meet the SPPI requirement that are held in a portfolio where an entity both holds to collect assets' cash flows and sells assets may be classified as FVOCI. Financial assets that do not contain cash flows that are SPPI must be measured at FVPL (for example, derivatives). Embedded derivatives are no longer separated from financial assets but will be included in assessing the SPPI condition.

- 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.

- 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.

- IFRS 9 introduces a new model for the recognition of impairment losses – the expected credit losses (ECL) model. There is a 'three stage' approach which is based on the change in credit quality of financial assets since initial recognition. In practice, the new rules mean that entities will have to record an immediate loss equal to the 12-month ECL on initial recognition of financial assets that are not credit impaired (or lifetime ECL for trade receivables). Where there has been a significant increase in credit risk, impairment is measured using lifetime ECL rather than 12-month ECL. The model includes operational simplifications for lease and trade receivables.

- Hedge accounting requirements were amended to align accounting more closely with risk management. The standard provides entities with an accounting poli 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.

Amendments to IAS 19 – "Defined benefit plans: Employee contributions" (issued in November 2013 and effective for annual periods beginning 1 July 2014). 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). The improvements consist of changes to seven standards. 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). The improvements consist of changes to four standards. 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.

IFRS 14, Regulatory deferral accounts (issued in January 2014 and effective for annual periods beginning on or after 1 January 2016). IFRS 14 permits first-time adopters to continue to recognise amounts related to rate regulation in accordance with their previous GAAP requirements when they adopt IFRS. However, to enhance comparability with entities that already apply IFRS and do not recognise such amounts, the standard requires that the effect of rate regulation must be presented separately from other items. An entity that already presents IFRS financial statements is not eligible to apply the standard.

Accounting for Acquisitions of Interests in Joint Operations – Amendments 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.

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 this amendment, 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.

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.

Agriculture: Bearer plants – Amendments to IAS 16 and IAS 41 (issued on 30 June 2014 and effective for annual periods beginning 1 January 2016). The amendments change the financial reporting for bearer plants, such as grape vines, rubber trees and oil palms, which now should be accounted for in the same way as property, plant and equipment because their operation is similar to that of manufacturing. Consequently, the amendments include them within the scope of IAS 16, instead of IAS 41. The produce growing on bearer plants will remain within the scope of IAS 41.

Equity Method in Separate Financial Statements – Amendments to IAS 27 (issued on 12 August 2014 and effective for annual periods beginning 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.

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.

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 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".

The Company is currently assessing the impact of the new accounting pronouncements on its financial statements.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

a) Basis of Accounting

These condensed interim financial statements for the six months ended 30 June 2014 have been prepared in accordance with IAS 34, 'Interim financial reporting'. The condensed interim financial statements should be read in conjunction with the annual individual financial statements for the year ended 31 December 2013, which have been prepared in accordance with IFRS as adopted by the EU.

Except as described below, the same accounting policies and methods of computation were followed in the preparation of these condensed interim financial statements as compared with the annual individual financial statements for the year ended 31 December 2013.

Certain new standards, interpretations and amendments to the existing standards, as disclosed in the individual financial statements for the year ended 31 December 2013, became effective for the Company from 1 January 2014. These new or amended standards, as listed above, had no impact on presentation and disclosures.

(EUR '000)

Interim period income tax expense is accrued using the effective tax rate that would be applicable to expected total annual earnings, that is, the estimated weighted average annual effective income tax rate applied to the pre-tax income of the interim period.

4. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

The preparation of condensed interim financial statements requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates.

In preparing these condensed interim financial statements, the significant judgments made by management in applying the accounting policies and the key sources of estimation uncertainty were the same as those that applied to the individual financial statements for the year ended 31 December 2013.

5. FINANCIAL INSTRUMENTS

a) Financial risk

The condensed interim financial statements do not include all financial risk management information and disclosures required in the annual financial statements; they should be read in conjunction with the Company's annual financial statements as at 31 December 2013.

The Company is exposed to various financial risks. The Company's overall risk management program focuses on 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 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.

There have been no changes in the risk management department or in any risk management policies since the year end. The following is the summary of key developments in the risk management only in those areas which had significant developments since 31 December 2013.

(1) 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 available for sale and enters into short and mid-term commodity swaps in order to hedge its selling prices.

The Company entered into commodity swaps in 2014 to hedge cash flow from sales of surplus of balancing gas.

The following table details swap commodity contracts outstanding at the 30 June 2014 and 2013:

	As at 30 June 2014 Fair value		As at 30 June 2014 Nominal value	
Open commodity swaps	**Cash flow hedging**	**Holding for trading**	**Cash flow hedging**	**Holding for trading**
Natural gas sales				
Less than 3 months	4,709	-	14,808	-
3 to 12 months	4,337	-	50,384	-
Over 12 months	1,188	-	47,885	-

(EUR '000)

Open commodity swaps	As at 31 December 2013 Fair value Cash flow hedging	As at 31 December 2013 Fair value Holding for trading	As at 31 December 2013 Nominal value Cash flow hedging	As at 31 December 2013 Nominal value Holding for trading
Natural gas sales				
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 price of the natural gas would have effect on the fair value of derivatives of EUR 15,400 thousand.

Movement in hedging reserve is disclosed in Note 15.

(2) Interest rate risk

As at 30 June 2014 and as at 31 December 2013 the Company held bonds with a fixed interest rate and also granted a long-term loan with a fixed interest rate. As at 30 June 2014 the Company received also the long term investment loan with floating interest rate (see Note 11). The Company considers exposure to interest rate risk as limited to the floating of the concerned long-term investment loan.

(3) Credit risk

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

As for the cash and cash equivalents in banks, the Company has relationships only with those 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 default risk. The Company has in place operational procedures 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 and affiliated companies.

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 concentrations of credit risk with regard to SPP Infrastructure (see Note 9 and 11).

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

	Note	As at 30 June 2014	As at 31 December 2013
Loans issued	9	**368,300**	**973,000**
Receivables and prepayments		**380,215**	**134,372**
– Receivables from transmission activities	11	32,910	36,042
– Receivables from financial derivatives	11	10,440	698
– Other receivables	11	336,865	97,632
Other assets	12	**-**	**1,821**
Cash and cash equivalents (restricted and unrestricted)		**84,316**	**68,474**
Total maximum exposure to credit risk		**832,831**	**1,177,667**

(EUR ’000)

Credit quality of cash at banks is as follows: rating A from Fitch: EUR 59,984 thousand, rating A- from Fitch: EUR 24,209 thousand, rating BBB+ from Fitch: EUR 1 thousand and rating BBB from Fitch: EUR 58 thousand.

(4) Liquidity risk

Prudent liquidity risk management implies maintaining sufficient cash 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 group, is part of the cash-pooling system. In the cash-pooling system flexibility is maintained by keeping committed credit lines available and synchronizing the maturity of financial assets with financial needs.

As at 30 June 2014 the Company had received a loan from the European Investment Bank (“EIB”), in the amount of EUR 75,000 thousand.

The table below summarizes the maturity of the loan from European Investment Bank (EIB) as at 30 June 2014 based on contractual undiscounted payments:

As at 30 June 2014	On demand	Less than 3 months	3 to 12 months	1 to 5 years	> 5 years	Total
Loan received		189	560	3,749	75,566	80,064

b) Capital risk management

The Company manages its capital to ensure that it will be able to continue as a going concern while maximizing the return to shareholders through the optimization of the debt to equity ratio and ensuring a strong credit rating and healthy capital ratios.

The Company’s capital structure consists of equity attributable to the Company’s owners, comprising registered capital, legal and other funds and retained earnings as disclosed in Notes 14 and 15, and issued bonds and loan received as disclosed in Note 12. Liabilities to capital (gearing) ratio as at 30 June 2014 was 41% and as at 31 December 2013 was 30%.

The gearing ratio at the period-end:

	As at 30 June 2014	As at 31 December 2013
Debt (i)	(844,831)	(754,960)
Cash and cash equivalents **(restricted and unrestricted)**	84,316	68,474
Net debt	(760,515)	(686,486)
Equity (ii)	1,872,842	2,325,814
Net debt to equity ratio	**41%**	**30%**

(i) Debt is defined as long-term and short-term issued bonds and received loans.
(ii) page 4

c) Categories of financial instruments

	As at 30 June 2014	As at 31 December 2013
Financial assets		
Derivative financial instruments recognised as hedging	10,440	698
Loans and receivables (including cash and cash equivalents)	454,091	203,969
Loans at amortised costs	368,300	973,000
Investments available for sale at fair value	6,600	6,600
Financial liabilities		
Derivative financial instruments recognised as hedging	205	517
Financial liabilities carried at amortised costs	876,940	791,957

(EUR '000)

For the purposes of measurement, IAS 39 "Financial Instruments: Recognition and Measurement", classifies financial assets into the following categories: loans and receivables; available-for-sale investments and hedging financial derivatives.

All of the Company's financial assets fall in the loans and receivables category except available-for-sale financial assets and hedging financial derivatives.

All of the Company's financial liabilities except for hedging financial derivatives were 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 level in the fair value hierarchy into which the recurring fair value measurements are categorised are as follows:

As at 30 June 2014	**Level 1**	**Level 2**	**Level 3**	**Total**
Financial assets at fair value	**-**	**10,440**	**6,600**	**17,040**
Financial derivatives recognised as hedging	-	10,440	-	10,440
Financial assets available for sale	-	-	6,600	6,600
Financial liabilities at fair value	**-**	**205**	**-**	**205**
Financial derivatives recognised as hedging	-	205	-	205
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
Guarantee issued	-	-	-	-

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 was determined as EUR nil as it was provided under the current market conditions and it is not probable that the Company will have to fulfil its obligation resulting from the guarantee.

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

(EUR '000)

There were no movements in financial instruments classified at level 3 in 2014.

There were no transfers between Levels 1, 2 and 3 during the period.

There were no changes in valuation techniques during the periods.

There were no non-recurring fair value measurements during the period.

(2) 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 30 June 2014	**Level 1**	**Level 2**	**Level 3**	**Carrying value**
Financial assets	**-**	**-**	**382,481**	**368,300**
Loans issued	-	-	382,481	368,300
Financial liabilities	**-**	**795,641**	**75,018**	**844,831**
Bonds issued	-	795,641	-	769,813
Loans received			75,018	75,018

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 issued loan with fixed interest was estimated based on the expected future cash flows discounted by the interest rate, which would SPP Infrastructure obtain a new loan with the similar maturity and credit risk.

Fair value of bonds issued was estimated with reference to market value of the bonds issued by SPP Infrastructure Financing B.V.

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

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

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 interests, 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 condensed interim financial statements of the Company.

7. SEASONALITY OF OPERATIONS

The revenues of the Company are not subject to significant seasonal fluctuation. In the financial year ended 31 December 2013, 49% of revenues accumulated in the first half of the year, with 51% accumulating in the second half.

8. PROPERTY, PLANT AND EQUIPMENT

Six months ended 30 June 2014

Opening net book value as at 1 January 2014	**2,439,593**
Additions	23,572
Disposals	(7)
Depreciation charge	(47,777)
Change in provisions	(46)
Closing net book value as at 30 June 2014	**2,415,335**

Six months ended 30 June 2013

Opening net book value as at 1 January 2013	**50,881**
Additions	9,990
Business combination	2,410,606
Reclassifications from prepayments	27,694
Disposals	(673)
Depreciation charge	(32,652)
Change in provisions	(793)
Closing net book value as at 30 June 2013	**2,465,053**

Main additions in six months ended 30 June 2014 represent the additions on the project of Installation of Tandem Turbo-sets ("ITT"), reverse flow project on Vojany-Uzhorod pipeline, the project related to emission reduction (DLE) in Compressor station 3 and project of the cross-border interconnection between Hungary and Slovakia.

The cost of fully depreciated non-current assets (including non-current intangible assets) that were still in use as at 30 June 2014 amounted to EUR 8,838 thousand (31 December 2013: EUR 12,483 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	781,083	995,018	Allianz-Slovenská poisťovňa, a.s. Kooperativa, a.s
Motor vehicles	MTPL, motor vehicle insurance against damage, destruction and theft	9,363	8,570	Allianz-Slovenská poisťovňa, a.s.

9. FINANCIAL INVESTMENTS

Non-current financial investments include:

	Loans issued	**Shares**	**30 June 2014**	**31 December 2013**
Acquisition cost	368,300	6,600	374,900	979,600
Impairment	-	-	-	-
Closing balance, net	**368,300**	**6,600**	**374,900**	**979,600**

(EUR '000)

The Company granted in 2013 a loan to SPP Infrastructure in the amount of EUR 964,314 thousand with maturity in year 2020. Part of the loan in the amount of EUR 625,000 thousand was settled in the form of set off with the liability coming from declared dividends in the amount of EUR 625,000 thousand. The interest rate is fixed and equals to 4.245% and is payable together with the principal. This loan is not secured (See also Note 22).

For more details regarding SPP Infrastructure see Note 1.4.

The loan was an upstream loan to its indirect shareholders. 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

	30 June 2014	31 December 2013
Natural gas	26,421	12,328
Material and other inventories	12,126	11,932
Provision	(4,264)	(4,020)
Total	**34,283**	**20,240**

As at 30 June 2014 and 31 December 2013, only a provision for inventories of unusable or damaged raw materials in stock was created.

11. RECEIVABLES AND PREPAYMENTS

	30 June 2014	31 December 2013
Receivables from transmission activities	32,910	36,042
Receivables from financial derivatives	10,440	698
Prepayments	98	25
Other receivables	336,767	97,607
Other taxes	-	1,986
Total	**380,215**	**136,358**

As at 30 June 2014, the Company recorded current and overdue receivables in the amount of EUR 380,205 thousand and EUR 181 thousand, respectively, excluding an impairment provision. As at 31 December 2013, the Company recorded receivables current 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 171 thousand (31 December 2013: EUR 188 thousand).

Receivables and prepayments as at 30 June 2014 include receivables from SPP (rating A-) in the amount of EUR 208 thousand (31 December 2013: EUR 94,686 thousand) and from SPP Infrastructure in the amount of EUR 331,671 thousand (31 December 2013: EUR nil thousand).

Other receivables represent cash pooling receivables against SPP Infrastructure. Terms of cash pooling receivables are comparable with terms of common bank deposits.

(EUR '000)

SPP Infrastructure is the parent company of the following companies: SPP – distribúcia, a.s., eustream, a.s., NAFTA a.s., and other (see Note 1.4). The management has carefully considered the historical and future financial performance of the concerned subsidiaries of SPP Infrastructure and believes that the receivables and other receivables from SPP Infrastructure are fully recoverable.

Receivables securities

To secure the Company's receivable several bank guarantees were issued in the total amount of EUR 3,302 thousand (31 December 2013: EUR 4,494 thousand).

12. 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, 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. (See also Note 22).

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 bond issue was fully subscribed by an entity under common control – SPP Infrastructure Financing B.V. with its registered seat in the Netherlands.

On 28 February 2014 the Company has drawn down the long term investment loan from European Investment Bank ("EIB") in the amount of EUR 75,000 thousand. The loan is repayable in 2021. The loan has floating interest rate based on 3M EURIBOR with 3-months base update. As at 30 June 2014 the interest is 0.985% p.a. The effective interest rate is 1.014% p.a.

	30 June 2014 collateralised	**30 June 2014 uncollateralised**	**30 June 2014 total**	**31 December 2013 collateralised**	**31 December 2013 uncollateralised**	**31 December 2013 total**
Loans received	-	75,018	75,018	-	22	22
Bonds issued	-	769,813	769,813	-	754,938	754,938
Total	**-**	**844,831**	**844,831**	**-**	**754,960**	**754,960**
Loans received and bonds issued according to currency:						
EUR – floating interest rate	-	75,018	75,018	-	22	22
– fixed interest rate	-	769,813	769,813	-	754,938	754,938
Total	**-**	**844,831**	**844,831**	**-**	**754,960**	**754,960**
Loans received and bonds issued due are as follows:						
Till 1 year	-	23,796	23,796	-	8,567	8,567
More than 5 years	-	821,035	821,035	-	746,393	746,393
Total	**-**	**844,831**	**844,831**	**-**	**754,960**	**754,960**

	Carrying amount		**Fair value (note 5 (d) (3))**	
	30 June 2014	**31 December 2013**	**30 June 2014**	**31 December 2013**
Loans received	75,018	22	75,018	22
Bonds issued	769,813	754,938	795,641	769,095
Total	**844,831**	**754,960**	**870,659**	**769,117**

(EUR '000)

13. TRADE AND OTHER PAYABLES

	At 30 June 2014	At 31 December 2013
Trade payables	20,474	25,752
Other liabilities	8,322	8,278
Liabilities from transmission activities	2,807	2,807
Liabilities from financial derivatives	205	517
Total financial liabilities	***31,808***	***37,354***
Liabilities to employees	4,427	4,988
Liabilities from social insurance and other taxes	2,888	2,576
Total non – financial liabilities	***7,315***	***7,564***
Total	**39,123**	**44,918**

As at 30 June 2014, trade and other liabilities include liabilities to SPP in the amount of EUR 10,201 thousand (31 December 2013: EUR 10,107 thousand) and to SPP – distribúcia, a.s. in the amount of EUR 4,968 (31 December 2013 nil thousand).

As at 30 June 2014, the Company recorded due liabilities of EUR 39,067 thousand and overdue liabilities of EUR 56 thousand. As at 31 December 2013, the Company recorded due liabilities of EUR 32,729 thousand and overdue liabilities of EUR 12,189 thousands were recorded.

Liabilities secured by pledge or other form of collateral

As at 30 June 2014, the Company has established a bank guarantee in Tatra banka 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, a collateral in the amount of EUR nil thousand was established at Všeobecná úverová banka (31 December 2013: EUR 140 thousand).

As at 30 June 2014, the Company has established a bank guarantee in SLSP for liabilities in the amount of EUR 288 thousand.

14. 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. Since 13 June 2014 the SPP Infrastructure is the 100% owner of the shares referred to above (until 12 June 2014 the owner was SPP). The registered capital was incorporated in the Commercial Register in the full amount.

15. LEGAL RESERVE FUND, RETAINED EARNINGS AND DIVIDENDS PAID

Since 1 January 2008 the Company has been required to prepare individual financial statements in accordance with IFRS as adopted by the EU. Retained earnings represent amounts based on the individual 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 law and is not distributable to shareholders. The reserve is created from retained earnings to cover possible future losses or increases of the registered capital. Transfers of at least 10% of the current year's profit are 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 attained 20% of the registered capital.

(EUR '000)

Based on the decision of the sole shareholder, the Company declared dividends for the year 2013 in the total amount of EUR 625,000 thousand. This amount was covered by the profit for the year 2013 in the amount of EUR 319,362 thousand and by the retained earnings from previous years in the amount of EUR 305,638 thousand.

Allotment	**Profit allotment for 2013**	**Profit allotment for 2012**
Allotment to legal reserve fund	-	-
To cover losses from previous years	-	-
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.

	Six months ended 30 June 2014	**Six months ended 30 June 2013**
Opening balance	**136**	**2,081**
Gain/(loss) on cash-flow hedging		
Currency forward contracts	-	-
Commodity forward contracts	-	-
Commodity swap contracts	13,603	(1,094)
Interest swap contracts	-	-
Deferred Income tax applicable to gains/losses recognised through equity	(2,213)	379
Transfer to profit/loss		
Currency forward contracts	-	-
Commodity forward contracts	-	-
Commodity swap contracts	(3,543)	(552)
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	**7,983**	**814**

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.

(EUR '000)

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:

	Six months ended 30 June 2014	Six months ended 30 June 2013
Revenues from sale of services	-	-
Natural gas transmission (revenue)	(3,543)	(552)
Purchases of natural gas, consumables and services	-	-
Other costs, net	-	-
Financial expenses	(11)	(11)
Income tax charged to expenses	-	-
Total	**(3,554)**	**(563)**

16. REVENUES FROM SALES OF SERVICES

	Six months ended 30 June 2014	Six months ended 30 June 2013
Natural gas transmission	295,802	339,723
Other	3,513	878
Total	**299,315**	**340,601**

In the six months ended 30 June 2014, the Company fully implemented a long-term contract for natural gas transmission (with ship-or-pay conditions) through the Slovak Republic with a significant Russian natural gas exporter. This contract enables the use of gas pipelines in line with the transmission capacity required by this exporter to fulfil 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 78% of the Company's revenues (June 2013: 84%). In addition, eustream, within the entry-exit system, also concludes short-term transmission contracts.

The Company is paid transmission fees directly to its accounts by the relevant shippers. Tariffs 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 are originated in the Slovak Republic.

The decrease of revenues from natural gas transmission is caused mainly by the expiration of a long-term contract with a customer and lower sales of surplus of balancing gas.

17. FINANCIAL INCOME

	Six months ended 30 June 2014	Six months ended 30 June 2013
Interest income	20,784	709
FX differences – profit/(loss)	154	37
Derivative instruments	1,982	13
Dividends	713	-
Other financial income, net	172	-
Total	**23,805**	**759**

Increase in interest income is caused by the loans issued to SPP Infrastructure, see also Note 9.

(EUR '000)

18. FINANCIAL EXPENSE

	Six months ended 30 June 2014	Six months ended 30 June 2013
Interest expense	15,176	23
Other financial expense	22	30
Total	**15,198**	**53**

Increase in interest expense is caused by the bonds issued to SPP Infrastructure Financing B.V., see also Note 12.

19. TAXATION

19.1. Income tax

Interim period income tax expense is accrued using the effective tax rate that would be applicable to expected total annual earnings, that is, the estimated weighted average annual effective income tax rate applied to the pretax income of the interim period. This rate was stated based on last available management accounts for 2014 and is not expected to be change significantly for the whole year 2014. The rate includes income taxes and special levy too.

The effective tax rate differs from the tax rate stipulated by law of 22% in 2014 and 23% in 2013 mainly due to the special levy.

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 condensed interim financial statements for the six months ended 30 June 2014 (in explicit tax liability, which arose as a result of the contribution of part of business as of 28 February 2013) is uncertain. However, following a prudence principle, the Company posted the concerned liability. 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.

20. CASH FLOWS FROM OPERATING ACTIVITIES

	Six months ended 30 June 2014	Six months ended 30 June 2013
Profit before tax	215,009	190,521
Adjustments:		
Depreciation and amortisation	48,874	34,010
Interests, net	(5,607)	(686)
Financial investments income	(713)	-
FX differences	645	(77)
Derivatives	(5,525)	(565)
Provisions, allowances and other non-cash items	(15,489)	(1,721)
(Gain)/loss from sale of non-current assets	(53)	10
Loss from impairment of assets	40	1,561
(Increase)/decrease in receivables and prepayments	(230,791)	243,511
(Increase)/decrease in inventories	1,389	2,434
Increase/(decrease) in trade and other liabilities	(3,171)	(980)
Cash flows from operating activities	**4,608**	**471,460**

(EUR '000)

21. COMMITMENTS AND CONTINGENCIES

Capital Expenditure Commitments

As at 30 June 2014, capital expenditures of EUR 24,107 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.

Operating Lease Arrangements

The Company leases means of transport under an operating lease agreement. The agreement is made for four years and the Company has no pre-emptive right to purchase the assets after the expiry of the lease term. The lease payments for the six months ended 30 June 2014 amounted to EUR 533 thousand (30 June 2013: EUR 957 thousand).

Non-cancellable operating lease payables amount to:

Period	30 June 2014	31 December 2013
Up to 1 year	1,376	1,111
1 to 5 years	4,242	-
More than 5 years	-	-
Total	**5,617**	**1,111**

22. RELATED PARTY TRANSACTIONS

In the six months ended 30 June 2014, the Company entered into the following transactions with related parties:

	Six months ended 30 June 2014				As at 30 June 2014	
	Revenues	**Expenses**	**Dividends**	**Other**	**Receivables**	**Liabilities**
SPP Infrastructure	20,341	-	625,000	-	699,971	-
Related parties under control of EPH	217	16,203	-	4,968	386	775,325
Related parties under influence of the Government of the Slovak Republic	24,616	201	-	4,771	261	10,323
Other related parties	713	32	-	-	52	4

	Six months ended 30 June 2013				As at 31 December 2013	
	Revenues	**Expenses**	**Dividends**	**Other**	**Receivables**	**Liabilities**
SPP Infrastructure	-	-	-	-	973,000	-
Related parties under control of EPH	33,735	-	-	5,409	220	755,782
Related parties under influence of the Government of the Slovak Republic	85	1,762	-	-	63	130
SPP	8,306	53,283	265,939	479	94,686	10,240
Other related parties	-	85	-	-	52	6

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

Transactions with SPP Infrastructure related to distribution of dividends, cash-pooling and issued loan.

Transactions with related parties under control of EPH in the six months ended 30 June 2014 related mainly to issued bonds (see also Note 12). In 2013 transactions with related parties under control of EPH comprise mainly of issued bonds (see also Note 12), services related to transmission, purchases and sale of natural gas, and other services of EUR 35,264 thousand.

Transactions with related parties under influence of the Government of the Slovak Republic in the six months ended 30 June 2014 related mainly to services related to transmission and sale of natural gas and purchase of electricity.

(EUR ’000)

The Company provided the guarantee to SPP Infrastructure Financing B.V. in 2013 (see also Note 21).

The Government of the Slovak Republic has a significant influence over the financial and operating policy decisions of the Company through its indirect ownership of 51% of the shares of SPP Infrastructure by the Ministry of Economy of the SR (Ministry of Economy 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”).

For the shareholders structure please see also Note 1.4.

Except as disclosed above and except of taxes, the Company had no individually significant transactions with the Government related entities either in six months ended 30 June 2014 or in 2013.

The Company applied exemption from disclosure of individually immaterial transactions with Government related entities according to IAS 24, par. 25.

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

	Six months ended 30 June 2014	**Six months ended 30 June 2013**
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 – total	396	398
of which – Board of Directors and executive management	*203*	*82*
– Supervisory Board	*121*	*128*
– Supervisory Committee	-	*33*
– former members of the Board of Directors and executive management	*20*	*151*
– former members of the Supervisory Board	*52*	*4*
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	121	24
of which – Board of Directors and executive management	-	*24*
– former members of the Board of Directors and executive management	*121*	-
Benefits in kind to the members of the Board of Directors, Supervisory Board, executive management and former members of the bodies – total	6	8
of which – Board of Directors and executive management	*6*	*8*
Other remuneration (including loans, guarantees or other securization) to the members of the Board of Directors, Supervisory Board, executive management and former members of the bodies – total	-	-
of which – Board of Directors and executive management	-	-
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	6	9
of which – Board of Directors and executive management	*6*	*5*
– former members of the Board of Directors and executive management	-	*4*

(EUR ’000)

23. MEMBERS OF THE COMPANY’S BODIES

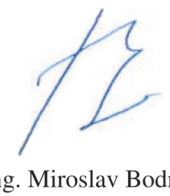
Body	Position	Name
Board of Directors	Chairman	Ing. Tomáš Mareček
	Vice-Chairman	Ing. Robert Hančák
	Member	Vladimír Mlynář – until 23 September 2014
	Member	Mgr. Kamil Peteraj – from 26 August 2014
	Member	Ing. Jan Mašinda – from 28 November 2014
	Member	Ing. Miroslav Bodnár – from 13 June 2014
Supervisory Board	Chairman	Ing. Peter Trgiňa, MBA
	Vice-Chairman	Ing. Miroslav Bodnár – until 22 May 2014
	Vice-Chairman	JUDr. Daniel Křetínský – from 24 September 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 Mihálik
Supervisory Committee	Chairman	Mgr. Hana Krejčí, PhD. – until 29 July 2014 18:00
	Chairman	JUDr. Daniel Křetínský – from 29 July 2014 18:00
	Vice-Chairman	Ing. Ružena Lovasová
	Member	Mgr. Hana Krejčí, PhD. – from 29 July 2014 18:00
	Member	JUDr. Daniel Křetínský – from 19 June 2014 until 29 July 2014 18:00
	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
Executive management	General Director	Ing. Miloš Pavlík – until 30 June 2014
	General Director	Ing. Rastislav Ňukovič – from 1 July 2014

24. POST-BALANCE SHEET EVENTS

The Company is currently at the process of bond issue, where eustream, a.s. should act as a bond guarantor for bonds to be issued by SPP Infrastructure Financing B.V., with assumed transaction finalisation in January 2015.

Prepared on: **17 December 2014**	**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

eustream, a.s.

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

For the year ended 31 December 2013

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 2013 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 2013, 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 and with the European Commission's interpretation as described in Note 1.5

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

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

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

Bratislava, 9 April 2014

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.

PricewaterhouseCoopers Slovensko, s.r.o., Námestie 1. mája 18, 815 32 Bratislava, Slovak Republic
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The company's ID (IČO) No. 35739347.
Tax Identification No. of PricewaterhouseCoopers Slovensko, s.r.o. (DIČ) 2020270021.
VAT Reg. No. of PricewaterhouseCoopers Slovensko, s.r.o. (IČ DPH) SK2020270021.
Spoločnosť je zapísaná v Obchodnom registri Okresného súdu Bratislava 1, pod vložkou č. 16611/B, oddiel: Sro.
The company is registered in the Commercial Register of Bratislava 1 District Court, ref. No. 16611/B, Section: Sro.

eustream, a.s.
BALANCE SHEET
As at 31 December 2013
(EUR ’000)

	Note	31 December 2013	31 December 2012
ASSETS:			
NON-CURRENT ASSETS			
Property, plant and equipment	7	2,439,593	50,881
Intangible assets	8	7,707	9,430
Non-current financial investments	9	6,600	6,600
Loans issued	9	973,000	-
Other assets	12	1,821	3,275
Total non-current assets		3,428,721	70,186
CURRENT ASSETS			
Inventories	10	20,240	25,556
Receivables and prepayments	11	136,358	285,305
Cash and cash equivalents		68,474	54,534
Total current assets		225,072	365,395
TOTAL ASSETS		**3,653,793**	**435,581**
EQUITY AND LIABILITIES:			
EQUITY			
Registered capital	17	282,929	82,929
Legal reserve fund and other reserves	18	56,722	18,667
Retained earnings	18	1,986,163	269,393
Total equity		2,325,814	370,989
NON-CURRENT LIABILITIES			
Bonds issued	15	746,393	-
Deferred income	12	4,787	3,758
Provisions	14	7,902	-
Retirement and other long-term employee benefits	13	2,844	2,309
Deferred income tax liability	25.2	445,694	3,432
Other non-current financial liabilities		160	154
Total non-current liabilities		1,207,780	9,653
CURRENT LIABILITIES			
Bonds issued	15	8,567	-
Trade and other payables	16	44,918	36,263
Current income tax liability	25.1	66,613	18,588
Provisions and other current financial liabilities	14	101	88
Total current liabilities		120,199	54,939
Total liabilities		1,327,979	64,592
TOTAL EQUITY AND LIABILITIES		**3,653,793**	**435,581**

The financial statements on pages F-77 to F-118 were signed on 9 April 2014 on behalf of the Board of Directors:

Ing. Tomáš Mareček
Chairman of the Board of Directors

Ing. Robert Hančák
Vice-Chairman of the Board of Directors

Financial statements are subsequently subject to approval of General Meeting.

eustream, a.s.
INCOME STATEMENT
For the year ended 31 December 2013
(EUR ’000)

	Note	Year ended 31 December 2013	Year ended 31 December 2012
REVENUES FROM SALE OF SERVICES			
Natural gas transmission and other	19	696,981	785,066
Total revenues		696,981	785,066
OPERATING COSTS			
Own work capitalized		1,657	423
Consumption of natural gas, consumables and services		(81,467)	(73,429)
Depreciation and amortization	7, 8	(89,870)	(8,237)
Lease of transmission network	28	(52,708)	(306,193)
Other services		(23,718)	(31,653)
Staff costs	20	(41,373)	(38,768)
Provision for bad and doubtful debts, obsolete and slow-moving inventory, net	10, 11	(3,121)	(274)
Provisions and impairment losses, net	7, 8, 14	(1,809)	3,144
Other operating income		1,035	4,217
Other operating expenses		(1,829)	(2,853)
Total operating costs		(293,203)	(453,623)
OPERATING PROFIT		403,778	331,443
Financial income	22	10,455	1,822
Financial expense	23	(8,090)	(207)
Profit before taxation		406,143	333,058
INCOME TAX	25.1	(86,781)	(67,119)
NET PROFIT FOR THE PERIOD		**319,362**	**265,939**

eustream, a.s.
STATEMENT OF COMPREHENSIVE INCOME
For the year ended 31 December 2013
(EUR '000)

	Note	Year ended 31 December 2013	Year ended 31 December 2012
PROFIT FOR THE PERIOD		319,362	265,939
Other comprehensive income (items that may be reclassified subsequently to Income Statement):	26		
Fair value gains/(losses) on cash flow hedges		(2,529)	(6,646)
Deferred tax relating to components of other comprehensive income/loss for the period		584	1,154
OTHER COMPREHENSIVE INCOME/(LOSS) FOR THE PERIOD		(1,945)	(5,492)
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD		**317,417**	**260,447**

eustream, a.s.
STATEMENT OF CHANGES IN EQUITY
For the year ended 31 December 2013
(EUR '000)

	Note	Registered capital	Legal reserve fund	Hedge reserve	Retained earnings	Total
Balance at 31 December 2011		82,929	16,586	7,573	190,513	297,601
Net profit for the period		-	-	-	265,939	265,939
Other comprehensive income/(loss) for the period		-	-	(5,492)	-	(5,492)
Total net comprehensive income for the period		**-**	**-**	**(5,492)**	**265,939**	**260,447**
Dividends paid		-	-	-	(187,059)	(187,059)
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**
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**

eustream, a.s.
STATEMENT OF CASH FLOWS
For the year ended 31 December 2013
(EUR ’000)

	Note	**Year ended 31 December 2013**	**Year ended 31 December 2012**
OPERATING ACTIVITIES			
Cash flows from operating activities	27	644,237	310,960
Interest paid		(1)	(1)
Interest received		1,143	722
Income tax paid		(121,708)	(45,419)
Net cash flows from operating activities		523,671	266,262
INVESTING ACTIVITIES			
Loans provided		(964,314)	-
Acquisition of property, plant and equipment		(27,874)	(22,466)
Acquisition of investments in securities		-	(6,600)
Proceeds from sale of property, plant and equipment and intangible assets		6	28
Dividends received		420	-
Net cash used in investing activities		(991,762)	(29,038)
FINANCING ACTIVITIES			
Proceeds from bonds issued		746,555	-
Dividends paid		(265,939)	(187,059)
Other proceeds from financing activities		1,919	4,785
Other expenditures from financing activities		(490)	(430)
Net cash flow from financing activities		482,045	(182,704)
NET INCREASE IN CASH AND CASH EQUIVALENTS		13,954	54,520
EFFECT OF FOREIGN EXCHANGE DIFFERENCES		(14)	(54)
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD		54,534	68
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD		**68,474**	**54,534**

(EUR '000)

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 individual 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. Slovenský plynárenský priemysel, a.s. is the 100% owner of the Company.

On 1 July 2006, Slovenský plynárenský priemysel, a.s. (hereinafter also "SPP") made a contribution to the Company of a part of the business, including the assets (not including the main assets for natural gas transmission) and liabilities of the former transmission division. At the same time, SPP leased 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 performance of activities related to international natural gas transmission.

SPP – preprava a.s. changed its business name to eustream a.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 1.3.

On 16 May 2013, the Annual General Meeting approved the Company's 2012 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 performance of activities associated with the transmission of natural gas.

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 (effective from 1 July 2007). 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 all natural gas transmission companies 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

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 2013 tariffs for access to the transmission network and natural gas transmission were approved by RONI Ruling 0003/2013/P and 0092/2013/P. On 2 September 2013 RONI also approved Ruling 0001/2014/P on tariffs for regulated period 2014-2016.

Changes in regulatory laws and policy

In 2012, a new Act on Regulation in Network Industries, published in the Collection of Laws under no. 250/2012 Coll. and also the new Energy Act (amending certain laws) no. 251/2012 Coll. (the "Energy Act and regulation") were approved. In connection with these laws some related general binding rules in secondary legislation were adopted in 2013. On 30 April 2013 RONI approved by its Decision no. 0005/2013/P-PP amendments to the Rules of Operation of eustream, which launches more new products, especially the service of Virtual trading point and other services supporting liquidity and flexibility in the gas market. On 28 October 2013, RONI approved by its Decision no. 0049/2013/P-PP amendments to the operating rules of the company, supplementing the congestion management rules of transmission network according to EU regulations.

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 third energy package was transposed to the Slovak law in 2012, through the Acts on energy and regulation. By the New Energy Act was established the primary model of ownership unbundling of the transmission network, while the act left a possibility for the Government of the Slovak Republic to declare that the model of ownership unbundling does not apply, 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 does not apply.

Based on the above mentioned, eustream submitted on 28 February 2013 a proposal for a preliminary ruling on the issue of certification decision and ensured compliance with the conditions of separation of the transmission network operator until 1 March 2013. Those conditions require, among other, an ownership of the assets for transmission of natural gas by the Company. On 14 February 2013 the shareholder of the Company decided on transfer of assets related to transmission of natural gas to the Company, which were on 28 February 2013 transferred to eustream.

On 28 October 2013 the Regulatory Office for Network Industries issued consent for granting a certification to eustream as a transmission system operator. Subsequently, on 22 November 2013, the Ministry of Economy of the Slovak Republic issued decision 1795/2013-1000, which determines eustream as transmission system operator which meets the conditions of separation of independent transmission system operator under § 51- 60 of the Energy Act.

1.3. Employees

The average headcount of the Company for the year ended 31 December 2013 was 906, including 1 representative of executive management (for the year ended 31 December 2012: 974, of which 1 was representative of executive management). Board of Directors members are also considered to be representatives of executive management (refer to Note 30).

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, which has its registered office at Mlynské nivy 44/a, Bratislava, and holds a 100% share in the Company's Registered capital.

According to IAS 27 par. 10, the Company is exempt from the obligation to prepare consolidated financial statements, since 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.

SPP prepares consolidated financial statements in accordance with the International Financial Reporting Standards (IAS/IFRS), as adopted by the EU.

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

The highest reporting entities that consolidate eustream is since 24 January 2013 Energetický a Průmyslový Holding, a.s. (EPH). EPH is the ultimate controlling party.

At the time of approval of these individual financial statements SPP has not prepared its consolidated financial statements. The Company applied an interpretation contained in the agenda paper issued by the European Commission Internal Market and Services for the meeting of the Accounting Regulatory Committee (document ARC/08/2007) about relationship between the IAS regulation and the 4th and 7th Company Law Directives. The EU Commission Services Department was of the opinion that, if a company chooses or is required to prepare its financial statements in accordance with IFRS as adopted by the EU, it can prepare and file them independently from the preparation and filing of the consolidated financial statements. In the consolidated financial statements of SPP Group subsidiary undertakings will be fully consolidated and associates will be accounted for using equity method. Users of these individual financial statements should read them together with the consolidated financial statements of SPP Group as at and for the year ended 31 December 2013, as soon as they become available in order to obtain full information on the financial position, results of operations and changes in financial position of the SPP Group.

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 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 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 2013. 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:

IFRS 13, Fair value measurement, (issued in May 2011 and effective for annual periods beginning on or after 1 January 2013), aims to improve consistency and reduce complexity by providing a revised definition of fair value, and a single source of fair value measurement and disclosure requirements for use across IFRSs.

Amendments to IAS 1, Presentation of Financial Statements, (issued in June 2011, effective for annual periods beginning on or after 1 July 2012, **endorsed for use in the EU for annual periods beginning on or after 1 January 2013)**, changes the disclosure of items presented in other comprehensive income. The amendments require entities to separate items presented in other comprehensive income into two groups, based on whether or not they may be reclassified to profit or loss in the future. The suggested title used by IAS 1 has changed to 'Statement of profit or loss and other comprehensive income'. The amendment did not have an impact on measurement of transactions and balances.

Amended IAS 19, Employee Benefits (issued in June 2011, effective for periods beginning on or after 1 January 2013), makes significant changes to the recognition and measurement of defined benefit pension expense and termination benefits, and to the disclosures for all employee benefits. The standard requires recognition of all changes in the net defined benefit liability (asset) when they occur, as follows: (i) service cost and net interest in profit or loss; and (ii) remeasurements in other comprehensive income. The amendment did not have material impact on the financial statements.

Disclosures – Offsetting Financial Assets and Financial Liabilities – Amendments to IFRS 7 (issued in December 2011 and effective for annual periods beginning on or after 1 January 2013). The amendment requires disclosures that will enable users of an entity's financial statements to evaluate the effect or potential effect of netting arrangements, including rights of set-off. The amendment had an impact on disclosures of financial instruments, but did not affect their recognition and measurement.

Improvements to International Financial Reporting Standards (issued in May 2012 and effective for annual periods beginning 1 January 2013). The improvements consist of changes to five standards.

IFRS 1 was amended to (i) clarify that an entity that resumes preparing its IFRS financial statements may either repeatedly apply IFRS 1 or apply all IFRSs retrospectively as if it had never stopped applying them, and (ii) to add an exemption from applying IAS 23, Borrowing costs, retrospectively by first-time adopters.

IAS 1 was amended to clarify that explanatory notes are not required to support the third balance sheet presented at the beginning of the preceding period when it is provided because it was materially impacted by a retrospective restatement, changes in accounting policies or reclassifications for presentation purposes, while explanatory notes will be required when an entity voluntarily decides to provide additional comparative statements.

IAS 16 was amended to clarify that servicing equipment that is used for more than one period is classified as property, plant and equipment rather than inventory.

IAS 32 was amended to clarify that certain tax consequences of distributions to owners should be accounted for in the income statement as was always required by IAS 12. IAS 34 was amended to bring its requirements in line with IFRS 8.

IAS 34 will require disclosure of a measure of total assets and liabilities for an operating segment only if such information is regularly provided to chief operating decision maker and there has been a material change in those measures since the last annual financial statements.

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 2014 and which the Company has not early adopted.

IFRS 9, Financial Instruments: Classification and Measurement. Key features of the standard issued in November 2009 and amended in October 2010, December 2011 and November 2013 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. The decision is to be made at initial recognition. The classification depends on the entity's business model for managing its financial instruments and the contractual cash flow characteristics of the instrument.

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

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

- Most of the requirements in IAS 39 for classification and measurement of financial liabilities were carried forward unchanged to IFRS 9. The key change is that an entity will be required to present the effects of changes in own credit risk of financial liabilities designated 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 amendments made to IFRS 9 in November 2013 removed its mandatory effective date, thus making application of the standard voluntary. The company is not planning to apply the current version of IFRS 9. This standard has not been endorsed by the EU yet.

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 after 1 January 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.

IFRS 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 after 1 January 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.

Offsetting Financial Assets and Financial Liabilities – Amendments to IAS 32 (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.

Amendments to IFRS 10, IFRS 12 and IAS 27 – Investment entities (issued on 31 October 2012 and effective for annual periods beginning 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.

Amendments to IFRS 10, IFRS 12 and IAS 27 – Investment entities (issued on 31 October 2012 and effective for annual periods beginning 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.

IFRIC 21 – Levies (issued on 20 May 2013 and effective for annual periods beginning 1 January 2014). 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. This interpretation has not yet been approved by the EU.

Amendments to IAS 36 – Recoverable amount disclosures for non-financial assets (issued on 29 May 2013 and effective for annual periods beginning 1 January 2014; earlier application is permitted if IFRS 13 is applied for the same accounting and comparative period). 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.

Amendments to IAS 39 – Novation of Derivatives and Continuation of Hedge Accounting (issued on 27 June 2013 and effective for annual periods beginning 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.

Amendments to IAS 19 – Defined benefit plans: Employee contributions (issued in November 2013 and effective for annual periods beginning 1 July 2014). 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. These amendments have not yet been approved by the EU.

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). The improvements consist of changes to seven standards.

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 income statement. 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.

These amendments have not yet been approved by the EU.

Annual Improvements to IFRSs 2013 (issued in December 2013 and effective for annual periods beginning on or after 1 July 2014) The improvements consist of changes to four standards.

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.

These amendments have not yet been endorsed by the EU.

IFRS 14, Regulatory Deferral Accounts (issued in January 2014 and effective for annual periods beginning on or after 1 January 2016). IFRS 14 permits first-time adopters to continue to recognise amounts related to rate regulation in accordance with their previous GAAP requirements when they adopt IFRS. However, to enhance comparability with entities that already apply IFRS and do not recognise such amounts, the standard requires that the effect of rate regulation must be presented separately from other items. An entity that already presents IFRS financial statements is not eligible to apply the standard.

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 individual 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 individual 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 recorded at fair value plus transaction costs and later carried at fair value. Dividends on available-for-sale equity instruments 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 recorded 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 profit or loss for the year.

e) Derivative Financial Instruments

Derivative financial instruments are initially recognized at fair value and are re-measured 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.

(EUR ’000)

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 recognized in equity are recognized in the income statement.

f) Trade Receivables

Trade receivables are stated at amortised costs, net of provisions for debtors in bankruptcy or restructuring proceedings and net of provisions for overdue bad and doubtful receivables where risk exists that they will not be fully or partially settled.

g) Property, Plant and Equipment and Intangible Assets

Property, plant and equipment and intangible assets (here and after referred to fixed assets or FA) are stated at historical cost less accumulated depreciation and impairment losses with exception of assets acquired as part of business combinations 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 placing the asset into service for its intended 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 damaged 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 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 (refer to Note 1.6 Contribution of part of the business), were set by independent valuator to 60 years and 25-50 years, respectively (Note 4 – Critical accounting judgements and key sources of estimation uncertainty). The above stated useful lives of gas pipelines and compressor stations stand for the remaining useful lives after the contribution.

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

At each reporting date an assessment is made as to whether there is any indication that the recoverable amount of the Company's fixed assets is less than the carrying amount. Where there is such an indication, the recoverable amount of the asset, being whichever is the higher of the fair value less costs of sale and the present value of future cash flows ("value in use"), is estimated. The resulting provision for an impairment loss is recognized in full in the income statement in the year in which the impairment occurs. 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 significantly to postpone the planned completion date, the carrying amount of the asset is reviewed for potential impairment and a provision recorded therefor, if appropriate.

Expenditures relating to an item of fixed assets are capitalised to the carrying amount of the asset only if it is probable that future economic benefits, in excess of the original assessed standard of performance of the existing asset, will flow to the Company. All other subsequent expenditures are treated as repairs and maintenance and are expensed in the period when incurred.

h) Business combinations

Assets and liabilities acquired by transfer of business from parties under common control is accounted for using the predecessor values method. Under this method the assets and liabilities of the business transferred under common control 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's 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 recorded at the lower of their cost and their net realizable value. The cost of natural gas in the transmission network pipelines and raw materials and other inventories are calculated using the weighted arithmetic average method. Costs of raw materials and other inventories include acquisition costs and related costs; for inventories developed internally, costs include costs of materials, other direct costs and related production overheads. Increases in natural gas accumulation in the transmission network pipelines are valued at cost. There are no other costs related to acquisition of natural gas. Appropriate provision is set-up 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 method.

k) Bonds issued

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

l) Trade and other payables

Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. 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 constructive) as a result of a past event and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation. Provisions are reviewed at each balance sheet date and 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 the unwinding of the discount by the passage of 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 set-up of the provision generally corresponds with accepting a formal plan or other commitment 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 the near future, the amount of recognized provision stands for 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 a year. The Company recognizes a net liability resulting from the gas emissions produced. Therefore, a provision is only recognized when actual emissions production exceed the emission rights received free of charge. When emission rights are purchased from other parties, they are measured at cost and recorded as reimbursement right in intangible assets. When emission rights are acquired by 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 reliably measurable until all contingencies relating to the sale have been resolved. Sales are recorded upon the delivery of products or performance of services, net of value added tax and discounts.

The Company records revenues mainly from fees for natural gas transmission, related services, revenues from the transmission network balance for operating purposes, 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.

(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 accounting principles, and adjusted for certain items in accordance with tax legislation, at the currently valid tax rate of 23%. The income tax rate valid starting 1 January 2014 is 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 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 when it relates to items directly credited or charged directly to equity, in which case the deferred tax is also recognized in equity. The income tax rate valid since 1 January 2013 is 23%. The Company used for deferred income tax calculation tax rate of 22%, which is valid in Slovak Republic since 1 January 2014.

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 on the receipt of a grant and fulfilment of all the conditions necessary to obtain a grant. If a government grant relates to compensation of expenses, it is recognized as revenue over the period in which expenses, which the grant is intended to compensate, are incurred. If a grant relates to the acquisition of fixed assets, it is recognized as deferred revenue and is released in profit or loss on a straight-line basis over the estimated useful lives of the relevant assets. In the balance sheet government grants are recognized using the deferred revenue method.

4. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In applying the Company’s accounting policies, which are described in Note 3, the Company took the following decisions concerning uncertainties and estimates that have a significant impact on the amounts recognized in the financial statements. There is a significant risk of material adjustments in future periods in respect of such matters 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, physical wear and tear and the physical 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 2013 and 31 December 2012 are presented in Note 7 and 8. Should the useful life of gas pipelines and compressor stations be longer by 5 years than management’s estimate as at 31 December 2013, the depreciation charge of gas pipelines and compressor stations would decrease by EUR 20,343 thousand.

Valuation of property, plant and equipment contributed to the Company

As stated in Note 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 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, 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

(EUR '000)

The value of the contributed assets as per independent appraisers valuation did not significantly differ from the carrying value of the assets as they were recorded in the books of SPP, adopted the 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 program focuses on 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 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 enters into contracts in foreign currencies and is exposed to foreign currency risk arising from currency volatility, especially to US dollars (USD).

Analysis of financial assets and financial liabilities by currency:

	Assets		Liabilities	
	As at 31 December 2013	As at 31 December 2012	As at 31 December 2013	As at 31 December 2012
USD	3,321	3,924	35	17

No contracts for exchange rates hedging were entered into in 2013.

The table below displays the sensitivity of the Company to a 3% strengthening or weakening of the euro against the US dollar. 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 3% FX change.

	Impact of US dollar rate	
	As at 31 December 2013	As at 31 December 2012
Effect on profit before tax	102	121

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 weakening of euro 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 available for sale and enters into short and mid-term commodity swaps in order to hedge its selling prices.

The Company entered into commodity swaps in 2013 to hedge cash flow from sales of surplus of balancing gas.

(EUR '000)

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

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

Open commodity swaps	**2012 Fair value**		**2012 Nominal value**	
	Cash flow hedging	**Holding for trading**	**Cash flow hedging**	**Holding for trading**
Natural gas sales				
Less than 3 months	776	-	15,017	-
3 to 12 months	1,928	-	44,901	-
Over 12 months	-	-	-	-

The 3% change in the price of the natural gas would not have any material effect on the fair value of derivatives.

Movement in hedging reserve is disclosed in Note 18.

(3) Interest rate risk

The Company has no significant exposure to concentrations of interest rate risk. As at 31 December 2013 the Company issued bonds with fixed interest rate and also granted long-term loan with fixed interest rate. For details, refer to paragraph (4) Credit risk and Notes 9 and 15.

As at 31 December 2012 the Company had no outstanding long-term borrowings and long-term loans with fixed interest rate.

(4) Credit risk

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

As for the cash and cash equivalents in banks, the Company has relationships only with those 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 default risk. The Company has in place operational procedures 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 and affiliated companies.

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.

(EUR '000)

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

	Note	2013	2012
Loans issued	9	**973,000**	**-**
Receivables and prepayments		**134,372**	**284,195**
– Receivables from transmission activities	11	36,042	43,796
– Receivables from financial derivatives	11	698	2,704
– Other receivables	11	97,632	237,695
Other assets	12	***1,821***	***3,275***
Cash and cash equivalents		***68,474***	***54,534***
Total maximum exposure to credit risk		**1,177,667**	**342,004**

Credit quality of cash at banks is as follows: rating A3 from Moody's: EUR 38,373 thousand, rating A from Fitch: EUR 28,790 thousand, rating AA- from Fitch: EUR 1,297 thousand and rating A- from Fitch: EUR 7 thousand.

(5) Liquidity risk

Prudent liquidity risk management implies maintaining sufficient cash 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 core group, is part of the cash-pooling system. In the cash-pooling system flexibility is maintained by keeping committed credit lines available and synchronizing the maturity of financial assets with financial needs.

The Company entered into the agreement with European Investment Bank (EIB), based on which the Company has available opened credit line in total of EUR 75,000 thousand as at 31 December 2013.

The table below summarizes the maturity of the financial liabilities and contingent liabilities as at 31 December 2013 and 31 December 2012 based on contractual undiscounted payments:

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
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

As at 31 December 2012	**On demand**	**Less than 3 months**	**3 to 12 months**	**1 to 5 years**	**> 5 years**	**Total**
Other financial liabilities	-	5,774	112	154	-	6,040
Trade and other payables	-	20,874	-	-	-	20,874

b) Capital risk management

The Company manages its capital to ensure that it will be able to continue as a going concern while maximizing the return to shareholders through the optimization of the debt to equity ratio and ensuring a strong credit rating and healthy capital ratios.

The Company's capital structure consists of equity attributable to the Company's owners, comprising registered capital, legal and other funds and retained earnings as disclosed in Notes 17 and 18, and issued bonds as disclosed in Note 15. Liabilities to capital (gearing) ratio was at the year-end of 2013 30% and 2012 nil.

(EUR '000)

The gearing ratio at the year-end:

	As at 31 December 2013	**As at 31 December 2012**
Debt (i)	(754,960)	-
Cash and cash equivalents	68,474	54,534
Net debt	(686,486)	-
Equity (ii)	2,325,814	370,989
Net debt to equity ratio	**30%**	**0%**

(i) Debt is defined as long-term and short-term issued bonds.
(ii) 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 2013	**31 December 2012**
Financial assets		
Derivative financial instruments recognised as hedging	698	2,704
Loans and receivables (including cash and cash equivalents)	203,969	339,300
Loans at amortised costs	973,000	-
Investments available for sale in fair value	6,600	6,600
Financial liabilities		
Derivative financial instruments recognised as hedging	517	-
Financial liabilities carried at amortised costs	791,957	26,760

For the purposes of measurement, IAS 39 "Financial Instruments: Recognition and Measurement", classifies financial assets into the following categories: loans and receivables; available-for-sale investments and hedging financial derivatives.

All of the Company's financial assets fall in the loans and receivables category except available-for-sale financial assets and hedging financial derivatives.

All of the Company's financial liabilities except for hedging financial derivatives were 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.

(EUR '000)

(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 level in the fair value hierarchy into which the recurring fair value measurements are categorised are as follows:

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
Guarantee issued	-	-	-	-

As at 31 December 2012	**Level 1**	**Level 2**	**Level 3**	**Total**
Financial assets at fair value	**-**	**2,704**	**6,600**	**9,304**
Financial derivatives recognised as hedging	-	2,704	-	2,704
Financial assets available for sale	-	-	6,600	6,600
Financial liabilities at fair value	**-**	**-**	**-**	**-**
Financial derivatives recognised as hedging	-	-	-	-

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 t was provided under the current market conditions and it is not probable that the Company will have to fulfil its obligation resulting from the guarantee.

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

There were no movements in financial instruments classified at level 3 in 2013.

(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 Critical accounting judgements and key sources of estimation uncertainty.

(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 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**	**-**	**754,938**
Bonds issued	-	769,095	-	754,938

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

Fair value of bonds issued was estimated 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 amounts 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 substantial parties to the contracts and so 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 and concluded that there are no embedded derivatives in these contracts and agreements that are required to be measured and separately recognized as at 31 December 2013 and 31 December 2012 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 interests, 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 individual financial statements of the Company.

(EUR ’000)

7. PROPERTY, PLANT AND EQUIPMENT

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
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**

Year ended 31 December 2012	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 2012								
Acquisition cost	7,040	2,644	1,887	2,757	27,688	4,548	16,725	63,269
Provisions and accum. depreciation	(709)	(76)	(22)	(24)	(12,215)	(2,427)	-	(15,473)
Net book value	**6,331**	**2,568**	**1,865**	**2,733**	**15,453**	**2,121**	**16,725**	**47,796**
Opening net book value	6,331	2,568	1,865	2,733	15,453	2,121	16,725	47,796
Additions	-	-	-	-	-	-	9,034	9,034
Put in use	10,017	2,625	1,173	3,734	6,781	173	(24,503)	-
Reclassifications	-	-	-	-	-	-	-	-
Disposals	-	-	-	-	(5)	(3)	-	(8)
Depreciation charge	(738)	(238)	(50)	(454)	(3,671)	(713)	-	(5,864)
Change in provisions	-	-	-	(50)	(16)	(11)	-	(77)
Closing net book value	**15,610**	**4,955**	**2,988**	**5,963**	**18,542**	**1,567**	**1,256**	**50,881**
As at 31 December 2012								
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**

The contributed gas transmission related assets were the most significant addition to property, plant and equipment (refer to Note 1.6 Contribution of part of the business).

The cost of fully depreciated non-current assets (including non-current intangible assets) that were still in use as at 31 December 2013 amounted to EUR 12,483 thousand (31 December 2012: EUR 5,581 thousand).

The Company recognised non-current assets that were in use, but not yet registered in the Land Registry, in the net book value of EUR 442 thousand.

There were no interest expenses capitalized in the period ended 31 December 2013 and 31 December 2012.

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 2013**	**2012**	**Name and seat of the insurance company**
Buildings, halls, structures, machinery, equipment, fixture & fittings, low-value TFA, other TFA, Works of art, inventories	Insurance of assets	995,018	35,072	Allianz-Slovenská poisťovňa, a.s. Kooperativa, a.s.
Motor vehicles	MTPL, motor vehicle insurance against damage, destruction and theft	8,570	8,350	Allianz-Slovenská poisťovňa, a.s.

8. INTANGIBLE ASSETS

Year ended 31 December 2013	**Software**	**Other non-current intangible assets**	**Assets under construction**	**Total**
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**

Year ended 31 December 2012	**Software**	**Other non-current intangible assets**	**Assets in the course of construction**	**Total**
As at 1 December 2012				
Acquisition cost	7,911	794	3,365	12,070
Provisions and accumulated depreciation	(1,382)	(182)	-	(1,564)
Net book value	**6,529**	**612**	**3,365**	**10,506**
Opening net book value	6,529	612	3,365	10,506
Additions	-	-	1,813	1,813
Put in use	3,337	188	(3,525)	-
Reclassifications	-	-	-	-
Disposals	-	(505)	-	(505)
Amortization charge	(2,236)	(148)	-	(2,384)
Change in provisions	-	-	-	-
Closing net book value	**7,630**	**147**	**1,653**	**9,430**
As at 31 December 2012				
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**

(EUR '000)

Reconciliation of Investments (cash effective) to additions to non-current assets:	31 December 2013	31 December 2012
Investments (cash effective)	**27,873**	**22,466**
Assets acquired but not paid for	15,478	4,359
Payments to assets acquired in prior periods	(2,325)	(15,978)
Additions to PP&E and intangibles	**41,026**	**10,847**

9. FINANCIAL INVESTMENTS

Non-current financial investments include:

	Loans issued	Shares	31 December 2013	31 December 2012
Acquisition cost	973,000	6,600	979,600	6,600
Impairment	-	-	-	-
Closing balance, net	**973,000**	**6,600**	**979,600**	**6,600**

The Company granted a loan to a company under common control – SPP Infrastructure, a.s. in the amount of EUR 964,314 thousand with maturity in year 2020. The interest rate is fixed and equals to 4.245% and is payable together with the principal. This loan is not secured.

The loan was an upstream loan to its indirect shareholders. 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 2013	31 December 2012
Natural gas used for balancing	12,328	14,926
Material and other inventories	11,932	11,641
Provision	(4,020)	(1,011)
Total	**20,240**	**25,556**

The balance of natural gas represents natural gas accumulated in the pipelines used for balancing the transmission system.

As at 31 December 2013 and 31 December 2012, only a provision for inventories of unusable or damaged raw materials in stock was created.

11. RECEIVABLES AND PREPAYMENTS

	31 December 2013	31 December 2012
Receivables from transmission activities	36,042	43,796
Receivables from financial derivatives	698	2,704
Prepayments	25	32
Other receivables	97,607	237,663
Other taxes	1,986	1,110
Total	**136,358**	**285,305**

(EUR ’000)

As at 31 December 2013, the Company recorded due and overdue receivables in the amount of EUR 136,253 thousand and EUR 293 thousand, respectively, excluding an impairment provision. As at 31 December 2012, the Company recorded receivables due and overdue in the amount of EUR 285,541 thousand and EUR 237 thousand, respectively, excluding an impairment provision.

Receivables and prepayments are disclosed net of provisions for bad and doubtful receivables in the amount of EUR 188 thousand (31 December 2012: EUR 173 thousand).

Receivables and prepayments as at 31 December 2013 include receivables from SPP (rating A-) in the amount of EUR 94,686 thousand (31 December 2012: EUR 236,744 thousand) and from SPP – distribúcia, a.s. (rating A-) in the amount of EUR nil thousand (31 December 2012: EUR 933 thousand).

Receivables from transmission activities are against highly rated international shippers. As to the date of the issue of the financial statements Receivables from transmission activities of EUR 5 thousand remains unsettled.

Other receivables represent mainly cash pooling receivables against SPP of EUR 91,928 thousand. Terms of cash pooling receivables are comparable with terms of common bank deposits.

Movements in provision for receivables were as follows:

	31 December 2013	**31 December 2012**
Opening balance	(173)	(174)
Creation	(15)	(2)
Use	-	3
Reversal	-	-
Closing balance	**(188)**	**(173)**

Receivables securities

To secure the Company’s receivable several bank guarantees were issued in the total amount of EUR 4,494 thousand (31 December 2012: EUR 5,084 thousand).

Overdue receivables that were not provided for:

	2013	**2012**
Less than 2 months	88	54
2 to 3 months	-	-
3 to 6 months	-	-
6 to 9 months	-	-
9 to 12 months	-	-
More than 12 months	-	-
Total	**88**	**54**

Overdue receivables that were provided for:

	2013	**2012**
Less than 2 months	-	-
2 to 3 months	23	11
3 to 6 months	-	1
6 to 9 months	-	-
9 to 12 months	-	-
More than 12 months	182	171
Total	**205**	**183**

(EUR '000)

12. DEFERRED INCOME

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

Changes in deferred revenue recognised in the balance sheet for the year ended 31 December 2013 are as follows:

	31 December 2013	31 December 2012
Opening balance	3,784	-
Grants allocated during the period	1,827	3,842
Derecognition	(784)	-
Reversal	(32)	(58)
Closing balance	**4,795**	**3,784**

	Current portion (included in other current liabilities)	Non-current portion	Total
As at 31 December 2013	8	4,787	4,795
As at 31 December 2012	26	3,758	3,784

The non-current portion of the grant in total of 1,821 thousand EUR is recognised as other non-current assets. As at 31 December 2013 it is represented by grant given in 2013 for project of investments into emission reduction (DLE) on KS 3 and KS 4.

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 old age or disability retirement and, subject to vesting conditions, life and work jubilee payments. In 2013, the Company signed a new collective agreement under which employees are entitled to a retirement benefit based on the number of years with the SPP core group companies at the date of retirement. The retirement benefits range from one month to six months of the employee's average salary. As at 31 December 2013 and 31 December 2012, 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 2013, there were 836 (31 December 2012: 975) 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 2013 are as follows:

	Long-term benefits	Post-employment benefits	Total at 31 December 2013	Total at 31 December 2012
Net liabilities at 1 January	457	1,916	2,373	2,126
Net expense/ (revenue) recognised	(76)	683	607	321
Contribution	10	44	54	-
Benefits paid	(53)	(18)	(71)	(74)
Net liabilities	**338**	**2,625**	**2,963**	**2,373**

	Current liabilities (included in other current liabilities)	Non-current liabilities	Total
As at 31 December 2013	119	2,844	2,963
As at 31 December 2012	64	2,309	2,373

(EUR '000)

Key assumption used in actuarial valuation:

	At 31 December 2013	At 31 December 2012
Market yield on government bonds	3.154%	3.686%
Future real rate of salary increase, p. a.	2.00%	2.00%
Employee turnover, p. a.	1.44%	1.44%
Retirement ages (male and female)	62 for male a 60 for female	62 for male a 60 for female

14. PROVISIONS

Movements in provisions are summarised as follows:

	Environmental provision	Other provisions	Total at 31 December 2013	Total at 31 December 2013
Balance at 1 January	-	62	62	3,788
Contribution of part of the business	8,344	-	8,344	-
Effect of discounting	(441)	-	(441)	-
Creation of provision	-	93	93	62
Use of provision	(1)	(62)	(63)	(505)
Reversal of provision	-	-	-	(3,283)
Closing balance	**7,902**	**93**	**7,995**	**62**

Provisions are included in liabilities as follows:

	Current provisions (included in other current liabilities)	Non-current provisions	Total provisions
As at 31 December 2013	93	7,902	7,995
As at 31 December 2012	62	-	62

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 2.68% 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).

To cover the liability related to the produced CO2 emissions, the Company created a provision in the amount of EUR 93 thousand. The provision will be used at the delivery of the 2013 emission rights in April 2014.

In 2007, following the ruling of the Anti-Monopoly Office of the Slovak Republic ("PMU") imposing a fine on the Company, a provision of EUR 3,283 thousand was created. The fine was paid in 2008, thereby using the provision in full. In 2009, following a ruling by the Bratislava Regional Court, PMU deposited the fine in the full amount into the Company's bank account. As the litigation was not lawfully completed at that time, a provision of EUR 3,283 thousand was created in 2009. In 2012, however, the Anti-Monopoly Office of the Slovak Republic decided to suspend the litigation because the Act on Protection of Competition had not been violated and therefore, the provision was reversed.

15. BONDS ISSUED

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

(EUR '000)

The bonds were issued in EUR, 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 were bought by an entity under common control – SPP Infrastructure Financing B.V. with registered seat in the Netherlands.

	31 December 2013 secured	31 December 2013 unsecured	31 December 2013 total	31 December 2012 secured	31 December 2012 unsecured	31 December 2012 total
Bonds issued	-	754,938	754,938	-	-	-
Total	**-**	**754,938**	**754,938**	**-**	**-**	**-**
Bonds issued according to currency:						
EUR						
– fixed interest rate	-	754,938	754,938	-	-	-
Total	**-**	**754,938**	**754,938**	**-**	**-**	**-**
Loans due are as follows:						
More than 5 years	-	754,938	754,938	-	-	-
Total	**-**	**754,938**	**754,938**	**-**	**-**	**-**

	Carrying amount		Fair value (note 5 (d) (3))	
	31 December 2013	31 December 2012	31 December 2013	31 December 2012
Bonds issued	754,938	-	769,095	-
Total	**754,938**	**-**	**769,095**	**-**

16. TRADE AND OTHER PAYABLES

	At 31 December 2013	At 31 December 2012
Trade payables	25,752	17,586
Other liabilities	8,278	5,886
Liabilities from transmission activities	2,807	3,288
Liabilities from financial derivatives	517	-
Total financial liabilities	***37,354***	***26,760***
Liabilities to employees	4,988	7,238
Liabilities from social insurance and other taxes	2,576	2,265
Total non – financial liabilities	***7,564***	***9,503***
Total	**44,918**	**36,263**

As at 31 December 2013, trade and other liabilities include liabilities to SPP in the amount of EUR 10,107 thousand (31 December 2012: EUR 962 thousand) and to SPP – distribúcia, a.s. in the amount of EUR nil (31 December 2012: EUR 9,069 thousand).

As at 31 December 2013, the Company recorded due liabilities of EUR 32,729 thousand and overdue liabilities of EUR 12,189 thousand. As at 31 December 2012, the Company recorded due liabilities of EUR 36,263 thousand; no overdue payables were recorded.

(EUR ’000)

Social fund liabilities

	2013	**2012**
Opening balance at 1 January 2013	258	258
Total creation:	323	313
from expenses	*313*	*313*
contribution	*10*	-
Total drawing:	(285)	(313)
social assistance benefit in material deprivation	-	-
monetary rewards and gifts	*(25)*	*(33)*
life jubilee benefits	*(23)*	*(17)*
work jubilee benefits	*(30)*	*(39)*
catering allowance	*(95)*	*(105)*
other drawing as per CA	*(112)*	*(119)*
Closing balance at 31 December 2013	**296**	**258**

Liabilities secured by pledge or other form of collateral

As at 31 December 2013, the Company has established a bank guarantee in Tatra banka totalling EUR 700 thousand for liabilities to the Customs Office (31 December 2012: EUR 332 thousand).

For the payables to CEGH arising from the Membership Contract, a collateral in the amount of EUR 140 thousand was established at Všeobecná úverová banka.

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. SPP is the 100% owner of the shares referred to above. The registered capital was incorporated in the Commercial Register in the full amount.

18. LEGAL RESERVE FUND AND RETAINED EARNINGS

Since 1 January 2008 the Company has been required to prepare individual financial statements in accordance with IFRS as adopted by the EU. Retained earnings represent amounts based on the individual financial statements.

Legal reserve fund

The legal reserve fund in the amount of EUR 56,586 thousand (31 December 2012: EUR 16,586 thousand) is created in accordance with Slovak law and is not distributable to shareholders. The reserve is created from retained earnings to cover possible future losses or increases of the registered capital. Transfers of at least 10% of the current year’s profit are 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 attained 20% of the registered capital. The legal reserve fund in the amount of EUR 40,000 thousand was created as part of contribution of part of the business (see also Note 1.6).

Allotment	**Profit allotment for 2012**	**Profit allotment for 2011**
Allotment to legal reserve fund	-	-
To cover losses from previous years	-	-
Dividends	265,939	187,059
Total profit to be distributed	**265,939**	**187,059**

(EUR '000)

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 2013	Year ended 31 December 2012
Opening balance	**2,081**	**7,573**
Gain/(loss) on cash-flow hedging		
Currency forward contracts	-	-
Commodity forward contracts	-	-
Commodity swap contracts	(1,129)	(4,205)
Interest swap contracts	-	-
Deferred Income tax applicable to gains/losses recognised through equity	584	1,154
Transfer to profit/loss		
Currency forward contracts	-	-
Commodity forward contracts	-	-
Commodity swap contracts	(1,400)	(2,441)
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	**136**	**2,081**

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 2013	Year ended 31 December 2012
Revenues from sale of services	-	-
Natural gas transmission (revenue)	(1,400)	(2,441)
Purchases of natural gas, consumables and services	-	-
Other costs, net	-	-
Financial expenses	(62)	(86)
Income tax charged to expenses	-	-
Total	**(1,462)**	**(2,527)**

19. REVENUES FROM SALES OF SERVICES

	Year ended 31 December 2013	Year ended 31 December 2012
Natural gas transmission	695,167	764,206
Other	1,814	20,860
Total	**696,981**	**785,066**

(EUR ’000)

In 2013, the Company fully implemented a long-term contract for natural gas transmission (with ship-or-pay conditions) through the Slovak Republic with a significant Russian natural gas exporter. This contract enables the use of gas pipelines in line with the transmission capacity required by this exporter to fulfil 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 80% of the Company’s revenues. In addition, eustream, within the entry-exit system, also concludes short-term transmission contracts.

The Company is paid transmission fees directly to its accounts by the relevant shipper. Tariffs 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 are originated in the Slovak Republic.

20. STAFF COSTS

	Year ended 31 December 2013	**Year ended 31 December 2012**
Wages, salaries and bonuses	25,405	25,537
Pension security costs	3,606	3,119
Social security costs	5,461	4,723
Other social security costs and severance pay	6,901	5,389
Total	**41,373**	**38,768**

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 3.9 thousand, except of accident insurance, where salary base is not limited. The employees contribute an additional 13.4% of the relevant base up to the above limits.

21. COSTS OF AUDIT SERVICE

	Year ended 31 December 2013	**Year ended 31 December 2012**
Audit of financial statements	23	20
Other assurance services	14	-
Tax advisory services	-	1
Other related services provided by the auditor	5	2
Total	**42**	**23**

22. FINANCIAL INCOME

	Year ended 31 December 2013	**Year ended 31 December 2012**
Interest income	9,842	806
Derivative instruments	54	1,016
Dividends	420	-
Other financial income, net	139	-
Total	**10,455**	**1,822**

(EUR '000)

23. FINANCIAL EXPENSE

	Year ended 31 December 2013	Year ended 31 December 2012
Interest expense	7,943	1
FX differences – loss/(profit) (see Note 24)	114	124
Other financial expense	33	82
Total	**8,090**	**207**

24. FOREIGN EXCHANGE RATE DIFFERENCES

	Year ended 31 December 2013	Year ended 31 December 2012
Foreign exchange rate losses (gains) arising from:		
– operating activities	33	(293)
– financing activities (Note 23)	114	124
Total	**147**	**(169)**

25. TAXATION

25.1. Income tax

Income tax comprises of the following:

	Year ended 31 December 2013	Year ended 31 December 2012
Current income tax	97,698	61,002
Special levy	16,781	4,761
Deferred income tax (see Note 25.2)	(27,698)	1,356
– current year	*(7,439)*	*867*
– adjustment of deferred tax due to the change in the tax rate	*(20,259)*	*489*
Total	**86,781**	**67,119**

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

	Year ended 31 December 2013	Year ended 31 December 2012
Profit before taxation	406,143	333,058
Income tax at 23% (2012: 19 %) and special levy on business in regulated industries	110,194	68,042
Effect of adjustments from permanent differences between accounting and tax value of assets and liabilities	700	(314)
Other adjustments	6	(193)
Tax impact due to the change in the tax rate from 23 % to 22% (2012: from 19% to 23%)	(20,259)	489
Effect of special levy as a tax-deductible item	(3,860)	(905)
Total	**86,781**	**67,119**

Adjustments primarily include non-tax deductible costs.

The effective tax rate differs from the tax rate stipulated by law of 23% in 2013 mainly due to the change in the current tax rate valid for the reporting period from 1 January 2014 and due to the special levy.

(EUR '000)

For the deferred tax calculation the Company applied the income tax rate of 22% that is valid in Slovakia as of 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 2008 to 2013 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 (in explicit tax liability, which arose as a result of the contribution of part of business as of 28 February 2013) is uncertain. However, following a prudence principle, the Company posted the concerned liability. 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 Income 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 2013	Charge to equity for the period	(Charge)/credit to profit for the period	At 31 December 2013
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
Provisions for assets	-		344	344
Provisions for inventories	232	-	652	884
Other	1	-	8	9
Total	**(3,432)**	**(469,960)**	**27,698**	**(445,694)**

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 was charged to equity as it relates to the contribution of part of the business (see also Note 1.6).

	At 1 January 2012	Charge to equity for the period	(Charge)/credit to profit for the period	At 31 December 2012
Difference in net book value of non-current assets	(3,317)	-	(1,262)	(4,579)
Change in fair value of derivatives	(1,776)	1,154	-	(622)
Employee benefits and other provisions	1,707	-	(171)	1,536
Provisions for inventories	158	-	74	232
Other	(2)	-	3	1
Total	**(3,230)**	**1,154**	**(1,356)**	**(3,432)**

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 2013	At 31 December 2012
Deferred tax liability	445,694	3,432
Total	**445,694**	**3,432**

(EUR ’000)

Non-current and current part of deferred tax liability:

	At 31 December 2013	**At 31 December 2012**
Deferred tax asset expected to be utilized within 12 months	1,694	1,294
Deferred tax asset expected to be utilized later than 12 months	2,274	482
Deferred tax liability expected to be utilized within 12 months	(9,593)	(993)
Deferred tax liability expected to be utilized later than 12 months	(440,069)	(4,215)
Deferred tax liability, net	**(445,694)**	**(3,432)**

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 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)**

At 31 December 2012	**Before tax**	**Tax**	**After tax**
Cash flow hedging	(6,646)	1,154	(5,492)
Other comprehensive income for the period	**(6,646)**	**1,154**	**(5,492)**

27. CASH FLOWS FROM OPERATING ACTIVITIES

	Year ended 31 December 2013	**Year ended 31 December 2012**
Profit before tax	406,143	333,058
Adjustments:		
Depreciation and amortisation	89,870	8,201
Interests, net	(1,899)	(805)
Financial investments income	(420)	-
FX differences	13	39
Derivatives	(1,448)	(3,458)
Provisions, allowances and other non-cash items	3,232	(3,090)
(Gain)/loss from sale of non-current assets	11	(24)
Loss from impairment of assets	1,561	-
(Increase)/decrease in receivables and prepayments	159,555	(13,309)
(Increase)/decrease in inventories	2,285	(3,965)
Increase/(decrease) in trade and other liabilities	(14,666)	(5,687)
Cash flows from operating activities	**644,237**	**310,960**

28. COMMITMENTS AND CONTINGENCIES

Capital Expenditure Commitments

As at 31 December 2013, capital expenditures of EUR 65,633 thousand (as at 31 December 2012: EUR 18,018 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 2013 (as at 31 December 2012: EUR nil). The Company has committed to guarantee payment of the bonds by SPP Infrastructure Financing BV and as such is exposed to all the risks thereof resulting.

(EUR '000)

Operating Lease Arrangements

The Company operated until 28 February 2013 the international natural gas transmission network under the Contract for Operating Lease with the owner – SPP. 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 (31 December 2012: EUR 306,193 thousand).

The Company leases means of transport under an operating lease agreement. The agreement is made for four years and the Company has no pre-emptive right to purchase the assets after the expiry of the lease term. The lease payments for the year ended 31 December 2013 amounted to EUR 1,905 thousand (31 December 2012: EUR 1,971 thousand).

Non-cancellable operating lease payables amount to:

Period	**2013**	**2012**
Up to 1 year	1,111	308,163
1 to 5 years	-	1,150
More than 5 years	-	-
Total	**1,111**	**309,313**

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 2013, the Company entered into the following transactions with related parties:

	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 NPF	253	2,891	-	40	63	130
Other related parties	420	125	-	-	52	6

	Year ended 31 December 2012				**As at 31 December 2012**	
	Revenues	**Expenses**	**Dividends**	**Other**	**Receivables**	**Liabilities**
SPP	102,522	307,995	187,059	1,017	236,744	962
Related parties under control of GDF and E.ON	73,440	1,505	-	13,149	968	9,580
Related parties under influence of NPF	2	5,083	-	-	10	1,246
Other related parties	-	9	-	42	-	-

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

Transactions with SPP represented distribution of dividends and other transactions related mainly to the lease of transmission assets of EUR 52,708 thousand, (2012: EUR 306,193 thousand) and transmission, purchase and sale of natural gas of EUR 32,365 thousand (2012: EUR 98,765 thousand).

In 2013, SPP made the contribution of a part of the business of EUR 2,429,205 thousand (see also Note 1.6).

(EUR ’000)

Transactions with related parties under control of EPH in 2013 comprise mainly of provided loan (see also Note 9), issued bonds (see also Note 15), services related to transmission, purchases and sale of natural gas, and other services of EUR 35,264 thousand.

The Company provided the guarantee to SPP Infrastructure Financing B.V. in 2013 (see also Note 28).

Transactions with related parties under control of GDF and E.ON in 2012 comprise mainly of services related to the transmission, purchase and sale of natural gas, of EUR 50,212 thousand.

The Government of the Slovak Republic has a significant influence over the financial and operating policy decisions of the Company through its ownership of 51% of the shares of SPP by the National Property Fund of the Slovak Republic (“NPF”) (NPF does not have managerial control). Therefore, the Slovak Government 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 as disclosed above, the Company had no individually significant transactions with the Government related entities either 2013 or 2012.

The Company applied exemption from disclosure of transactions with Government related entities according to IAS 24, par. 25.

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

	Year ended 31 December 2013	**Year ended 31 December 2012**
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 – total	598	711
of which – Board of Directors and executive management	*231*	*593*
– Supervisory Board	*127*	*118*
– Supervisory Committee	*85*	-
– former members of the Board of Directors and executive management	*151*	-
– former members of the Supervisory Board	*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	170	-
of which – Board of Directors and executive management	*170*	-
Benefits in kind to the members of the Board of Directors, Supervisory Board, executive management and former members of the bodies – total	15	17
of which – Board of Directors and executive management	*15*	*17*
Other remuneration (including loans, guarantees or other securization) to the members of the Board of Directors, Supervisory Board, executive management and former members of the bodies – total	-	-
of which – Board of Directors and executive management	-	-
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	*11*	*9*
– former members of the Board of Directors and executive management	*3*	*5*

(EUR '000)

30. MEMBERS OF THE COMPANY'S BODIES

Body	Position	Name
Board of Directors	Chairman	Jean-Luc Rupp – until 23 Jan 2013
	Chairman	Ing. Tomáš Mareček – from 24 Jan 2013
	Vice-Chairman	Ing. Robert Hančák
	Member	Gunnar Löwensen – until 23 Jan 2013
	Member	Vladimír Mlynář – from 24 Jan 2013
Supervisory Board	Chairman	Ing. Peter Trgiňa, MBA
	Vice-Chairman	Thierry Kalfon – until 24 Jan 2013
	Vice-Chairman	JUDr. Daniel Křetínský – from 13 Feb 2013 until 4 Mar 2013
	Vice-Chairman	Ing. Miroslav Bodnár – from 23 Apr 2013
	Member	JUDr. Daniel Křetínský – from 25 Jan 2013 until 12 Feb 2013
	Member	Ing. Miroslav Bodnár – from 5 Mar 2013 until 22 Apr 2013
	Member	RNDr. Otto Halás, PhD
	Member	Ing. Viera Petková, PhD.
	Member	Bc. Andrej Lendvay
	Member	Viktor Mihálik
Supervisory Committee	Chairman	Mgr. Hana Krejčí, PhD. – from 13 Mar 2013
	Vice-Chairman	Ing. Ružena Lovasová – from 13 Mar 2013
	Member	Mgr. Hana Krejčí, PhD. – from 4 Mar 2013 until 12 Mar 2013
	Member	Ing, Miroslav Bodnár – from 4 Mar 2013
	Member	Ing. Roman Karlubík, MBA – from 4 Mar 2013
	Member	Mgr. Jan Stříteský – from 4 Mar 2013
Executive management	General Director	Ing. Pavol Janočko – until 26 May 2013
	General Director	Ing. Miloš Pavlík – from 27 May 2013

31. POST-BALANCE SHEET EVENTS

No events occurred subsequent to 31 December 2013 that would have a material impact on the financial statements of the company.

Prepared on: **9 April 2014**	**Signature of a member of the statutory body of the reporting entity**	
	Ing. Tomáš Mareček Chairman of the Board of Directors	Ing. Robert Hančák Vice-Chairman of the board Of Directors

Approved on: 3 June 2014

Proposal
of profit distribution
for the year 2013

The proposal of profit distribution for the year 2013 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 2013 is based on the audited financial statements for the year 2013.

I.	**Profit after tax**	**319,362,415.52 €**
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**	**319,362,415.52 €**
IV.	**The amount of retained earnings determined as dividends**	**305,637,584.48 €**
V.	**The amount total determined as dividends**	**625,000,000.00 €**

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