ANNUAL REPORT 2015

eustream
SLOVAK GAS TSO

Contents

The 2015 Annual Report concerns the reporting period from 1 January 2015 until 31 December 2015.

FOREWORD OF THE CHAIRMAN OF THE BOARD OF DIRECTORS

Dear Ladies and Gentlemen, Colleagues and Friends,

It is with great pleasure that I can start my summary of **2015** with some positive information, as last year proved to be a successful one for **Eustream**. Despite the complex situation in international gas transmission, we transported almost **twenty percent more natural gas** than in the previous year, ending the year with positive financial results.

The factors that have greatly affected the life of our company in recent years, and which will continue to do so, include rising competition in natural gas transmission and strict regulation of the gas sector. Even the **political situation has a strong impact** on our transmission business. For example, events across Slovakia's eastern border boosted the trend of reserving transmission capacities in reverse flow, inevitably causing a change in the traditional gas flow direction from east to west. Our transmission network was prepared for the new directions, though, so we not only transported natural gas all year round without disruption, but also with the utmost safety, reliability and effectiveness. Expressed in numbers, **55.8 billion** cubic metres of natural gas passed through the transmission system of Eustream in 2015, which converts in energy units to 591.13 terrawatt-hours. Most of the transmission, **over 93 percent**, was performed for **international customers.**

The need for transmission system flexibility was reflected also in the portfolio of products and services that **Eustream** offers to its customers. The confirmation of nearly six hundred capacity bookings in 2015 means the registration of more than six hundred and fifty active contracts for transmission system access and natural gas transmission. In addition to stable long-term contracts, **growth was seen also in short-term contracts and cross-border transactions** between gas hubs in Central Europe, as well as contracts relating to liberalisation of the domestic Slovak gas market.

A fundamental change to our business activities came last year from **implementation of the network code of the European Union on allocation of transmission capacities and on gas balancing in transmission systems**. It is important to emphasise that our company managed to incorporate the prescribed conditions by the strictly set deadlines without the slightest hitch. The outcome is that **Eustream** was the only transmission system operator in Europe that by the prescribed date was prepared to sell capacities at cross-border points via all three existing electronic platforms for sale of transmission capacities.

Market demand for diversification of natural gas supplies, combined with market liberalisation, have produced ambitions to integrate various markets and strengthen the cross-border connection of transmission networks or neighbouring markets. **Eustream** played an active part in establishing the new vision of a united European energy market. Thanks to development projects, we continue to strengthen the flexibility and dependability of our

Most of the transmission, over 93 percent, was performed for international customers.

transmission system and so we contribute to the security of natural gas supplies in central, eastern and southern Europe. On the successes achieved in this respect, I must mention **the launch of the Slovakia-Hungary gas interconnector into commercial operation** in the middle of 2015. We met the agreed deadline also for adapting technologies that enable bidirectional natural gas transmission at the station in Budince.

The Poland-Slovakia interconnection project (part of the north-south corridor) successfully went through the **Environmental Impact Assessment** process, which analysed three basic routes and their three options. Highly positive news is that the **Eastring** project is now included in the list of projects of common interest (PCI) of the European Commission. The record time that Eastring was included to the list is proof of the quality of the project, which helps resolve diversification of natural gas supplies on a broader scale.
The project of extending the distribution hub in the locality of Lakšárska Nová Ves is also at the preparatory phase, with the installation of technology for natural gas transmission to serve to strengthen reverse-flow transmission.

The development and expansion of our transmission system and the establishment of new cross-border connections has opened up new prospects for **Eustream** and boosted its position in the energy sector. We will therefore continue in our efforts to be a modern and responsible company in the years to come, a company that knows well the meaning of terms like flexibility, performance, reliability and openness to new ideas. We achieve our goals by applying the principles of sustainable development, by a systematic and long-term managerial approach that focuses on the future, and thanks to our highly qualified and motivated workers. **The quality of the employees and management at Eustream is the key to our success,** and so a strong emphasis on human resources will be a priority for the Board of Directors to achieve the set goals also in the years to come.

In conclusion, I would like to take this opportunity of thanking all the employees of **Eustream** for their diligent work in 2015. I would also like to thank our investors, customers and all our business partners for their co-operation and trust.

Tomáš Mareček
Chairman of the Board of Directors

Eustream transmission network

COMPANY PROFILE

Eustream – the gas crossroads of Central Europe

Eustream is a modern company with a long tradition and extensive experience in the transmission of natural gas. The key mission of the company is the transmission of natural gas to Slovakia and through its territory to European markets. Since 1972, the company Eustream has transported over 2.3 trillion cubic metres of natural gas through Slovakia, following on successfully in the 160-year tradition of the Slovak gas industry and over 40-year tradition of international gas transmission in Slovakia.

Eustream is the operator of the high-pressure transmission network in the Slovak Republic, with its transmission capacities being used by major energy companies from member and non-member states of the European Union. We provide all our business partners with access to the transmission network in a transparent and non-discriminatory way, in compliance with European and Slovak gas legislation.

In terms of operation, we endeavour to achieve operational excellence and **our key priorities are safety, reliability and efficiency**. Our customer relations are founded on a professional approach and transparent and non-discriminatory rules. The company reacts to the changing needs of the market and offers clients a broad palette of services linked to gas transmission.

History of Eustream

1970
Tranzitní plynovod, k.p., Praha

1993
divízia Slovtransgaz, Slovenský plynárenský priemysel, a.s.

2003
divízia Tranzit, Slovenský plynárenský priemysel, a.s..

2006
SPP - preprava, a.s

2008
eustream, a.s.

As of 31 December 2015, the 100% owner of the company eustream, a.s., was the company SPP Infrastructure, a. s., with registered office at Mlynské nivy 44/a, 825 11 Bratislava.

Eustream owns 15% of the shares in the company Central European Gas Hub AG with registered office at Floridsdorfer Hauptstrasse 1, 1210 Vienna, Austria, and 100% of the shares in the company Eastring B.V. with registred office at Amsterdam, Netherlands.

As of 31 December 2015, the company Eustream had no other shareholdings in other companies or branches abroad.

Our transmission system

The transmission system of the company **Eustream** is a significant energy link between the Commonwealth of Independent States and the European Union. It is interconnected with the main transmission routes in **Ukraine, the Czech Republic, Austria and Hungary.**
The transmission system comprises four or five parallel 1,200/1,400 mm diameter pipelines with an operating pressure of 7.35 MPa. The pressure differential required for the smooth flow of the gas is secured by four compressor stations with an output of almost 550 MW. The most important compressor station is located at the Slovakia-Ukraine border in Veľké Kapušany. With a total installed capacity of almost 300 MW, this is the largest compressor stations in the EU. The daily technical capacity at the entry point in Veľké Kapušany is 2,288 GWh, which gives 220 million cubic metres of gas a day.

The dominant part of **Eustream's** activities is concentrated on the international transmission of gas. Access to the capacities of the transmission system is based on the **"Entry – Exit"** principle. Customers can choose from the following entry/exit points to enter or exit the transmission system:

- Veľké Kapušany (point to/from the natural gas transmission network in Ukraine),
- Baumgarten (point to/from the natural gas transmission network in Austria),
- Lanžhot (point to/from the natural gas transmission network in Czech Republic),
- Budince (point to/from the natural gas transmission network in Ukraine),
- Veľké Zlievce (point to/from the natural gas transmission network in Hungary),
- Domestic point(point to/from the distribution networks and storage reservoirs in Slovakia).

Eustream allows a change of ownership of natural gas also at the so-called **Virtual Trading Point**, not only between users of the network with reserved transmission capacity, but also between gas traders.

NATURAL GAS TRANSMISSION

In 2015, we continued to register demand for greater flexibility in transmission services. We registered almost six hundred new confirmed transmission capacity bookings, and for the January – December 2015 period we recorded more than six hundred and fifty active contracts for transmission system access and the natural gas transmission.

Throughout **2015** we transported a total of **55.8 billion cubic metres** of natural gas through our transmission system, which in energy units works out at 591.13 TWh. Most of the transmission, **over 93 percent, was performed for international customers** –users of the Slovak network and natural gas traders operating in various European countries.

In addition to stable long-term contracts, the number of short-term contracts and cross-border transactions between natural gas hubs in the Central European region, and also contracts relating to liberalisation of the domestic Slovak gas market, have also increased substantially.

The lasting goal of **Eustream** is to approach clients proactively and to monitor their needs over and above the requirements of legislation. In the fast changing gas market and in the face of growing competition from other transmission systems, **Eustream** offers competitive natural gas transmission services.

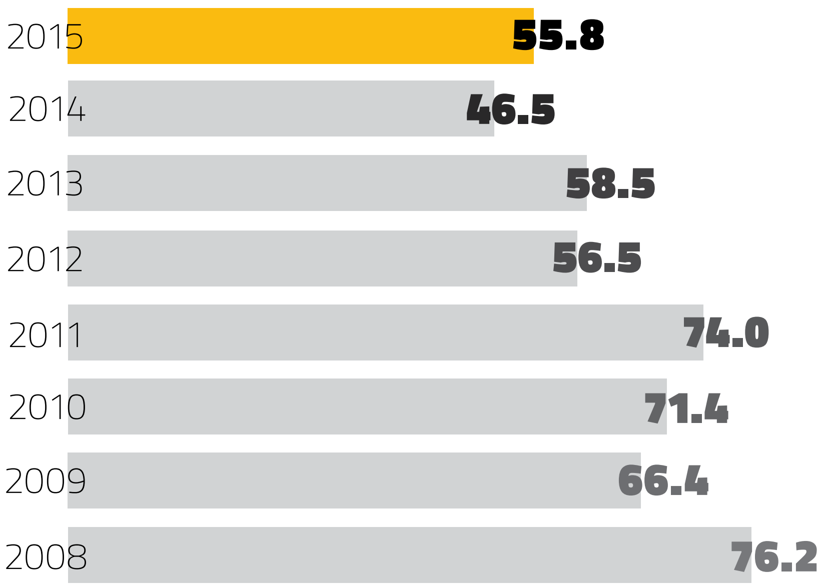
The implementation of network regulations on the allocation of transmission capacities and on transmission system gas balancing left a deep imprint on year 2015. **Eustream** is the only transmission system operator in Europe that is ready to sell capacities at cross-border points via all three existing electronic platforms for the sale of transmission capacities.

An important contribution to diversification of transmission routes, and so also to the security of supplies, was the launch into commercial use of the new interconnection between Slovakia and Hungary on 1 July 2015. Just as important was the technical completion of the bidirectional connection point at Budince, where technology was adapted so gas could flow also in the direction of Ukraine.

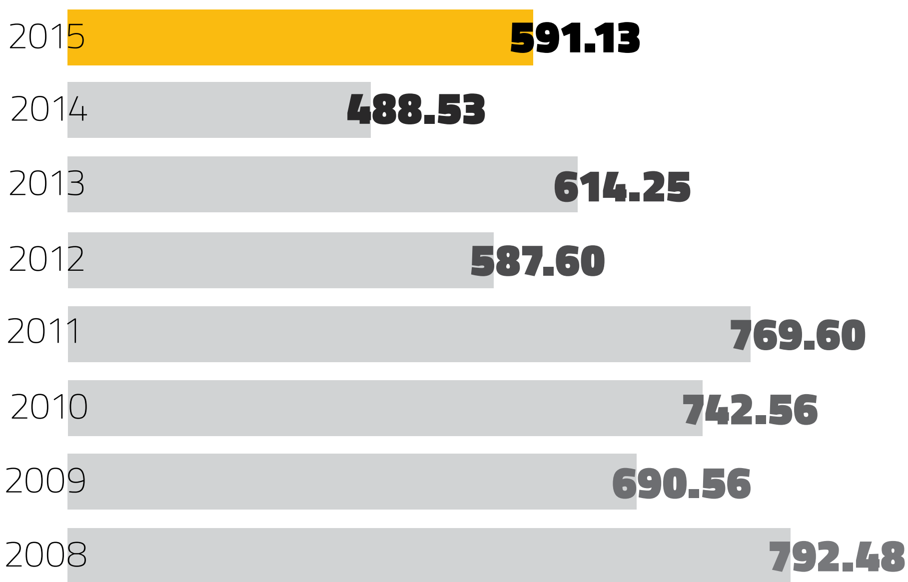
As part of the continued development of the transmission network, the company is moving forward with preparation of a potential new gas interconnector between Slovakia and Poland with connection to the LNG terminal Świnoujście, which could prove to be another milestone in securing gas supplies in the north-south corridor. Another similar project was **Eastring**, which was included to the list of projects of common interest of the European Union in record time.

Market demand for supply diversification, together with market liberalisation, generate ambitions to integrate various markets and strengthen cross-border connections of transmission systems or neighbouring markets. **Eustream** therefore plans to continue boosting mutual co-operation with its neighbouring counterparts, to provide additional flexible cross-border transmission services, including bundled products, and to develop co-operation with CEGH as the operator of the Virtual Trading Point in Austria.

Natural gas transmission (in billion cubic metres)



Natural gas transmission (in TWh)



TRANSMISSION SYSTEM DEVELOPMENT

The company **Eustream** consistently invests in new equipment and environmental technologies so as to minimise the impact of transmission system operation on the natural environment and increase the reliability, safety and efficiency of transmission. Based on long-term forecasts of the development of gas transmission through Slovakia and legislative requirements on environmental protection, we prepared a **long-term concept of change for transmission system infrastructure, which we proceeded to apply also in 2015.** Investments are directed at replacing obsolete equipment, **modernising existing units, technical modification of the arrangement and setup of the whole transmission system**, so that we are capable of reacting flexibly to the changing requirements for transported gas volumes.

In 2015, **Eustream** carried out projects aimed at developing the transmission system, with total investments costs in excess of EUR 7 million.

Key development investments in the year:

- gas filtration for Budince Delivery Station,
- connection DN700 at the Veľké Kapušany compressor station (CS01),
- construction of Ardovo Delivery Station.

The most important project at the engineering phase is the Poland-Slovakia gas interconnector.

Several projects are classed in the development category, the most important of which at the phase of assessment, engineering and implementation, include:

- extension of the redistribution node at the locality Lakšárska Nová Ves with installation of gas transmission technology,
- reconstruction of the high-pressure line on the section CS01 Veľké Kapušany – border point Slovakia - Ukraine,
- Eastring – gas interconnection project for Central and South Europe,
- construction of the new Ardovo Delivery Station,
- connection of the Poland-Slovakia interconnector.

In 2015, Eustream carried out projects aimed at developing the transmission system, with total investments costs in excess of EUR 7 million.

Research & Development

In the field of research and development, **Eustream** is involved in tasks focusing on the identification and application of new procedures and technologies, with the aim of raising the effectiveness of gas transmission and the safety of transmission system operation. Research and development tasks are managed as projects, which we carry out in co-operation with research institutes and universities in Slovakia and abroad.

In 2015, the company **Eustream** prepared several research and development proposals. In the upcoming period the Company will co-operate in resolving the task – **Assessment of the current state of degradation of mechanical properties of pipeline steel.**

LEGISLATIVE COMPLIANCE

Transposition of the European Union's Third Energy Package into Slovak legislation was done by the adoption of Act No. 251/2012 Coll. on energy, and on the amendment and supplementing of certain laws (Energy Act), and Act No. 250/2012 Coll. on regulation in network sectors (Act on Regulation), both of which govern and regulate the pursuit of business in the energy sector. These two laws set out also requirements for unbundling, i.e. unbundling of the production and supply activities from transmission system operation, which have a direct impact on the company **Eustream.**

In line with legislation and the decision of the Slovak government, the **ITO model (Independent Transmission Operator)** of unbundling is applied. In line with this decision, **Eustream** is part of a vertically integrated undertaking, while at the same time becoming obliged to meet various fundamental conditions imposed on it by the new legislation and to acquire certification as an independent transmission system operator.

Certification conditions

In line with the Act on Regulation, in 2013 **Eustream** filed a petition to initiate certification proceedings with the Regulatory Office for Network Industries **(RONI)**. Key requirements included ensuring ownership of the transmission network was held by the company **Eustream**, the creation of a Supervisory Commission, the resolution of various limitations in relation to other companies of the vertically integrated company, and the elaboration of an internal Compliance Programme and its application.

In complying with the Energy Act, we prepare our own Compliance Programme, where we set out the internal measures for ensuring Eustream's independence, as well as specific obligations for employees, Board of Directors members, Supervisory Board and Supervisory Commission members. The Compliance Programme is subject to the approval of the national regulator. By law, responsibility for monitoring fulfilment of the programme falls to the Compliance Officer, whose rights and obligations are defined under § 58 of the Energy Act and in the Articles of the company.

Certification process

As part of the certification process, the national regulator assessed the submitted certification petition and fulfilment of the criteria of independence as part of a vertically integrated undertaking. The European Commission also submitted its standpoint to the certification decision of RONI. Once all the conditions placed on an independent transmission system operator had been met, on 28 October 2013 RONI issued its final decision on certification. It announced its decision to the Ministry of Economy SR, which then certified the company Eustream as an independent transmission system operator satisfying the conditions required by European and Slovak legislation.
RONI is responsible for supervising the transmission system operator as part of constant monitoring of the conditions for granting the certification decision and compliance to set obligations. As part of this supervision in 2015, RONI found no breach of prescribed conditions from the side of Eustream.

Transmission tariffs

Regulator RONI approves the tariffs for access to the transmission system and for the transmission of natural gas, which are set based on analysis of a comparison of prices for gas transmission in other member states of the European Union. Tariffs for access to the transmission network and the transmission of natural gas were approved by decision ÚRSO 0001/2014/P for the regulatory period 2014 - 2016. On 1 October 2015, tariffs for access to the transmission system and for the transmission of natural gas were supplemented based on RONI Decision No. 0016/2015/P to include the tariff for the neutralisation fee for transmission system gas balancing.

COMPLIANCE PROGRAMME REPORT

Pursuant to § 58 subsection 11 item b) of Act No. 251/2012 Coll. on energy, and on the amendment and supplementing of certain laws, the person obliged to ensure compliance of the transmission system operator (hereinafter "Compliance Officer") is obliged to monitor fulfilment of the Compliance Programme.

Eustream maintained its Compliance Programme in 2015, setting out foremost:

- measures for ensuring non-discriminatory conduct and independence of the transmission system operator,
- specific obligations of employees, members of the management and supervisory bodies of the transmission system operator aimed at fulfilling the objective of the Compliance Programme.

The draft Compliance Programme of the transmission system operator was presented to the Regulatory Office for Network Industries (RONI), which on 18 June 2013 granted its approval, meaning the Compliance Programme took effect from the same date. The company Eustream then arranged all necessary steps leading to adherence to the Compliance Programme and monitoring its fulfilment.

The transmission system operator provided the Compliance Officer with necessary collaboration in exercising his rights and obligations and ensured that this collaboration was provided also by all parties through whom the transmission system operator pursues its activity. The Compliance Officer was provided with the right to participate in the meetings of the Board of Directors as a statutory body of the transmission system operator, and also in the meetings of the Supervisory Commission, the General Meetings of the transmission system operator and its other bodies as per the Commercial Code, the right to access documents and records concerning the activities of the transmission system operator and to the provision of all information required for the Compliance Officer to fulfil his obligations, as well as access to the registered office and operational premises of the transmission system operator without prior notice.

In 2015, the Compliance Officer:

- discovered no gross breaches concerning fulfilment of the Compliance Programme of the transmission system operator,
- did not identify actions of another party that is part of the same vertically integrated gas undertaking as the transmission system operator, or which has direct or indirect control over a party that is part of the same vertically integrated undertaking as the transmission system operator, at the General Meeting or a member of the Supervisory Commission at the meetings of the Supervisory Commission of the transmission system operator, which would prevent the transmission system operator from making investments that it is to carry out over the next three years according to the ten-year development plan.

Milan Sedláček
Compliance Officer

BOARD OF DIRECTORS

Tomáš Mareček
Chairman of the Board of Directors

He graduated from the Faculty of Finance of VŠE (University of Economics) in Prague. He launched his professional career by joining the department of Mergers and Acquisitions of J&T group in 2004. From 2004, he worked in the company Kablo Elektro a.s., where he first participated in the project of company restructuring before serving as finance director. In 2007-2009, he participated in the successful acquisition of several companies. From 2011 to 2013, he was Vice-chairman and since 2013 he has been the Member of the Board of Directors of the company Pražská teplárenská a.s. At the same time he has served in the Supervisory Board of the company EP Industries, a.s. From 24 January 2013 he has been Chairman of the Board of Directors of Eustream.

Robert Hančák
Vice-Chairman of the Board of Directors

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

The status is from 31 December 2015. A change was made to the composition of the Board of Directors of Eustream on 11 August 2015, when Jan Mašinda ended his term with the company, being replaced in the Board by Mirek Topolánek.

Miroslav Bodnár
Member of the Board of Directors

He graduated from the Faculty of International Affairs of the University of Economics in Prague. After a short period in the banking industry, he joined the EPH group in 2009 working in the Mergers and Acquisitions department with a focus on identifying and evaluating acquisition projects in the energy business. In March 2013, he entered Eustream as a member of the Supervisory Board and Supervisory Commission, having worked in these posts until 22 May 2014. Since June 2013, he has also held the post of Director of Strategy. He represents Eustream in the Supervisory Board of the Central European Gas Hub (the natural gas trading platform in Central and Eastern Europe). Since 13 June 2014, he has been a Member of the Board of Directors of Eustream. Since September 2014 he has been a Member of the Board of Directors of the European Network of Transmission System Operators for Gas (ENTSOG).

Kamil Peteraj
Member of the Board of Directors

His university study started at the Vienna University of Economics and Business, before extending his education at the Faculty of Management of Comenius University and at law school in Bratislava. In the 1990s, he worked as an interpreter and translator, and between 2001 – 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). In 2013, he became the Adviser to the State Secretary of the Ministry of Environment of the Slovak Republic. From 26 August 2014, he has been a Member of the Board of Directors of Eustream.

Mirek Topolánek
Member of the Board of Directors

Graduated from the Faculty of Mechanical Engineering at the Technical University of Brno. His professional career started as Senior Designer of the Automation and Mechanization Section, R&D, OKD Ostrava, later working as a Measuring&Control Systems specialist in Energoprojekt Praha. From 1991 till 2003, he was Executive Director and then CEO of the company VAE, a.s. (EPC energy sector supplier). In 1996, he launched his political career as an MP in the Czech Parliament. Between 2006 and 2009, he was Prime Minister of the Czech Republic and in 2009 also President of the European Council. In that year, he was also actively involved in resolving the gas crisis and was among the organisers of the 1st Summit on the southern gas corridor. After leaving top politics, he has worked in the energy sector and in education. In 2011, he was elected Chairman of the Association of District Heating of the Czech Republic. From 2011, he was Chairman of the Supervisory Board of Opatovice Power Plant. From 2013 to 2014 he was Director for Development and Foreign Relations in Nafta, a.s., Bratislava. Since 1 November 2014, he has held the post of Director for International Development and Public Affairs in Eustream. He became a member of the Board of Directors of Eustream on 11 August 2015.

SUPERVISORY BOARD

Peter Trgiňa
Chairman of the Supervisory Board

Daniel Křetínský
Vice-Chairman of the Supervisory Board

Otto Halás
Member of the Supervisory Board

Andrej Lendvay
Member of the Supervisory Board

Viktor Mihalik
Member of the Supervisory Board

Viera Peťková
Member of the Supervisory Board

Peter Trgiňa
Chairman of the Supervisory Board

He completed his university studies at the Faculty of Mechanical Engineering of the Slovak University of Technology in Bratislava and in 2010 completed his MBA studies at Nottingham Trent University, Great Britain. In 1996, he joined the company Toyota Motor Slovakia, s.r.o., where he worked as a manager until 2007, when he became General Director of VOP Nováky, a.s. In 2010, he took up the post of General Director of Automobilové opravovne MV SR, a.s. He then went on to provide consulting services in the field of crisis management and change management for various companies. On 20 September 2012, he became Chairman of the Supervisory Board of Eustream.

The given status is from 31 December 2015. No changes were made to the composition of the Supervisory Board in 2015.

SUPERVISORY COMMISSION

Daniel Křetínský
Chairman of the Supervisory Commission

Ružena Lovasová
Vice-chair of the Supervisory Commission

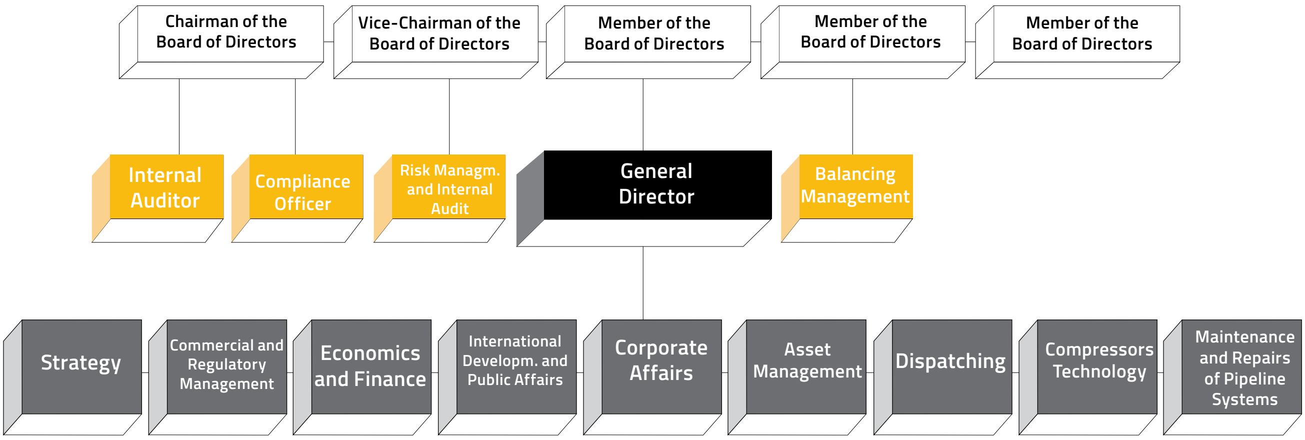
Hana Krejčí
Member of the Supervisory Commission

Roman Karlubík
Member of the Supervisory Commission

Jan Stříteský
Member of the Supervisory Commission

The status is from 31 December 2015 and no changes were made to the composition of the Supervisory Commission in 2015.

ORGANISATIONAL STRUCTURE



General Director
Rastislav Ňukovič

Strategy
Miroslav Bodnár

Commercial and Regulatory Management
Milan Sedláček

Economics and Finance
Peter Pčola

International Development and Public Affairs
Mirek Topolánek

Corporate Affairs
Petr Krafka

Asset Management
Peter Tóth

Dispatching
Ján Janus

Compressor Technology
Anton Zelenaj

Pipeline System Repair and Maintenance
Vladimír Potočný

The status is from 31 December 2015. The new organisational structure has been in effect since 1 January 2015. The following organisational change was made in 2015: creation of the new organisational unit Balancing Management.

Rastislav Ňukovič
General Director

He studied at the Faculty of Electrical Engineering and Informatics of STU Bratislava. From 2000 to 2002 he completed his postgraduate studies, specialising in the gas industry at the Faculty of Environmental Protection of VŠCHT in Prague. His career in the gas industry began in 1998 in Slovtransgas Division of SPP as an IT System Administrator, and later he became Head of the Assembly and Technical Support Department. Between 2005 and 2008, he worked as Director of Centralised Maintenance and in the following four years he was Director of Strategic Projects Section. At the beginning of 2012, he became Director of the newly created unit Asset Management. From 1 July 2014, he has been General Director of Eustream. On 2 October 2015 he was 2015 elected vice president of the Slovak Gas and Oil Association (SGOA), which he represents in the Executive Committee of Marcogaz (Technical Association of the European Gas Industry).

HUMAN RESOURCES

Human resources in Eustream focused in 2015 chiefly on moving forward with the revision of the Job Descriptions Catalogue with updating of job descriptions. In the area of collective bargaining, at the end of 2015 an Addendum was signed to the Collective Agreement, incorporating changes to it from the project revising the Jobs Descriptions Catalogue.

Employee education and development

Regarding employee development and education, in 2015 we concentrated on launching several **development projects:**

- National project (NP) **"Universities as the drivers of a knowledge-based society"** – project intended for 5th year university students, financed from EU funds,
- **Graduate program** – intended for graduates of university without practical experience, or with a maximum of 2 years' experience after university,
- **Talent Pool** – intended for internal employees of the Company with the aim of ensuring succession,
- **Erasmus programme** – intended for students of foreign universities on professional work experience in our company, where the student receives a bursary from the Erasmus programme.

Evaluation, remuneration and motivation

In **Eustream**, we make sure the remuneration system has clear, fair and motivational rules and that rewards are directly linked to performance evaluation. In 2015, we revised the evaluation scale of the remuneration system with emphasis on appreciating exceptional performance of employees. The Company focused on improving the whole process of remunerating employees by designing and developing an electronic application.

Social care

The programme of employee benefits did not change significantly in 2015 and **Eustream** provided its employees with the same compensations as in previous years. This year, once again, the employer used all available forms of assistance in cases when some employee found themselves in a situation that had a negative impact on their personal or family life.

In the collective bargaining process, a new addendum to the Collective Agreement let the company focus also on modifying the rules for admitting severance pay in excess to that prescribed by the Labour Code for employees over 50 years of age who in the year employment is terminated have not yet reached the age to be entitled to an old-age pension.

Communication

The primary goal of the company **Eustream** in respect of internal communication is the transparent, accurate and timely provision of information about **important changes to employees and representatives of the Gas Industry Trade Union (POZ).**

We continued in **2015** with the traditional meetings of representatives of the company **Eustream** as the employer and of the trade union POZ, where communication focused on all key events and prepared changes concerning employees and their working conditions.

By way of the intranet and electronic newsletter, employees can directly access information about what's happening in the company, about all open selection proceedings and organisational changes.

Employee structure

As of 31 December 2015, Eustream had **748 employees**, of which 134 are women (17.9% of total workforce). Thanks to organisational changes at the close of 2014, compared to previous years the company saw a slight increase in 2015 in the overall share of employees with a university education (48%) and the number of employees in the age category up to 50 years of age dropped.

Age structure as of 31 December 2015

30 or less	**32** employees	4.3%
31 to 40	**150** employees	20.0%
41 to 50	**272** employees	36.4%
51 and over	**294** employees	39.3%

Qualification structure as of 31 December 2015

Vocational school	**105** employees	14%
Full secondary education	**282** employees	38%
University education	**361** employees	48%

ENVIRONMENTAL PROTECTION AND OCCUPATIONAL HEALTH & SAFETY

In the field of environmental protection, Eustream focuses foremost on:

- respecting the waste management hierarchy with the aim of reducing the volume of produced wastes,
- optimising water management,
- reducing emissions and pollutants to the environment,
- reducing noise levels emitted near compressor stations.

Waste management

The main objective of waste management in **Eustream** is to minimise the negative impacts of waste production and management on human health and the environment, as well as the economic use of resources and proceeding in practice according to the waste management hierarchy (defined in the framework directive on waste – Directive 2008/98/EC of the European Parliament and of the Council of 19 November 2008 on waste and repealing certain directive):

- source reduction,
- preparation for reuse,
- recycling,
- other appreciation, e.g. energy recovery,
- treatment and disposal.

Air protection

Eustream operates stationary incineration facilities that produce emissions of greenhouse gases and pollutants. By caring continually about the quality of these facilities, we endeavour to comply with ever stricter legislation in respect of air protection.

An important project related to air protection was the modification of the Nuovo Pignone gas turbines to **Dry Low Emissions (DLE) technology,** the aim of which is to harmonise with Directive 2010/75/EU of the European Parliament and of the Council of on industrial emissions.

The total volume of emissions released into the atmosphere is falling also thanks to lower volumes of transported natural gas. Automated monitoring systems track non-stop the volumes of emissions at incineration facilities with a nominal thermal output of more than 50 MW.

Eustream ensures health and safety at work in line with respective legislative and internal regulations.

Waste production (in tons)

	2015	2014	2013	2012
Hazardous wastes	**246**	406	780	341
Other wastes	**1064**	2249	722	453
Total	**1310**	2655	1502	794

Emissions of base pollutants (in tons)

	2015	2014	2013	2012
Co	**61**	67	70	88
NOx	**218**	194	665	706

External noise reduction

Noise and vibration are produced in the transmission of natural gas at incineration facilities of compressor stations and related pipe yard technology. **Eustream** regularly monitors the level of noise emitted in the vicinity of compressor stations with the aim of reducing noise and vibration to below legally prescribed levels. The noise levels were greatly reducing by change of operating conditions and the switch to modern technical equipment.

Internal inspections and audits were carried out last year aimed at verifying compliance to legislation in the area of environmental protection. All ascertained discrepancies were eliminated.

Occupational health & safety

Eustream ensures health and safety at work in line with respective legislative and internal regulations so that we eliminate or minimise the risks to employee safety to the maximum possible extent, and so that we ensure protection of their health at work.
As part of the preventive employee health programme, various programmes take place throughout the year on caring for health and as work rehabilitation. Eustream applies an active OHS policy in relation to employees, suppliers and all business partners taking part in the company's activities.

Eustream has a functioning OHS management system in place. Compliance with legislation and adherence to OHS rules was confirmed by inspections of the Labour Inspectorate and surveillance conducted by regional offices of public health, fire protection checks, as well as an external supervisory audit of the Integrated Management System, carried out at the end of 2015.

In co-operation with the company medical service, we monitor the conditions and influencing factors of the working environment on the safety and health of employees at individual workplaces. Employees undergo regular preventive medical examinations in relation to their work. The scope of these depends on the risk factors that employees are exposed to during their work shift. In 2015, just one work injury was registered. We apply preventive measures and specific programmes for improving working conditions, eliminating risks and factors causing work injuries, occupational disease and other work-related bodily harm. Economic and other activities of the company are carried out accounting for the creation and maintenance of suitable working relations, conditions and above all, the requirements for ensuring OHS.

Accident rate

Year	**2015**	2014	2013	2012	2011	2010	2009
Number of registered work injuries	**1**	1	1	2	1	0	1
Of which: serious work injuries	**0**	0	1	0	1	0	0

ECONOMIC AND FINANCIAL PERFORMANCE

In **2015**, the company **Eustream** generated income from the sale of services worth EUR 776.37 million, which is a growth of EUR 146.35 million over the previous year. The reason for the growth was mainly a change to the volumes of contracted transmission capacities as a source of revenue. Operating costs in 2015 came to EUR 186.7 million. Central to the structure of costs again in 2015 were depreciations/amortisations, costs for services, consumption of natural gas, material and energy, as well as payroll expenses. The loss from financial activity for 2015 came to EUR 29.86 million, mostly due to interest expenses.

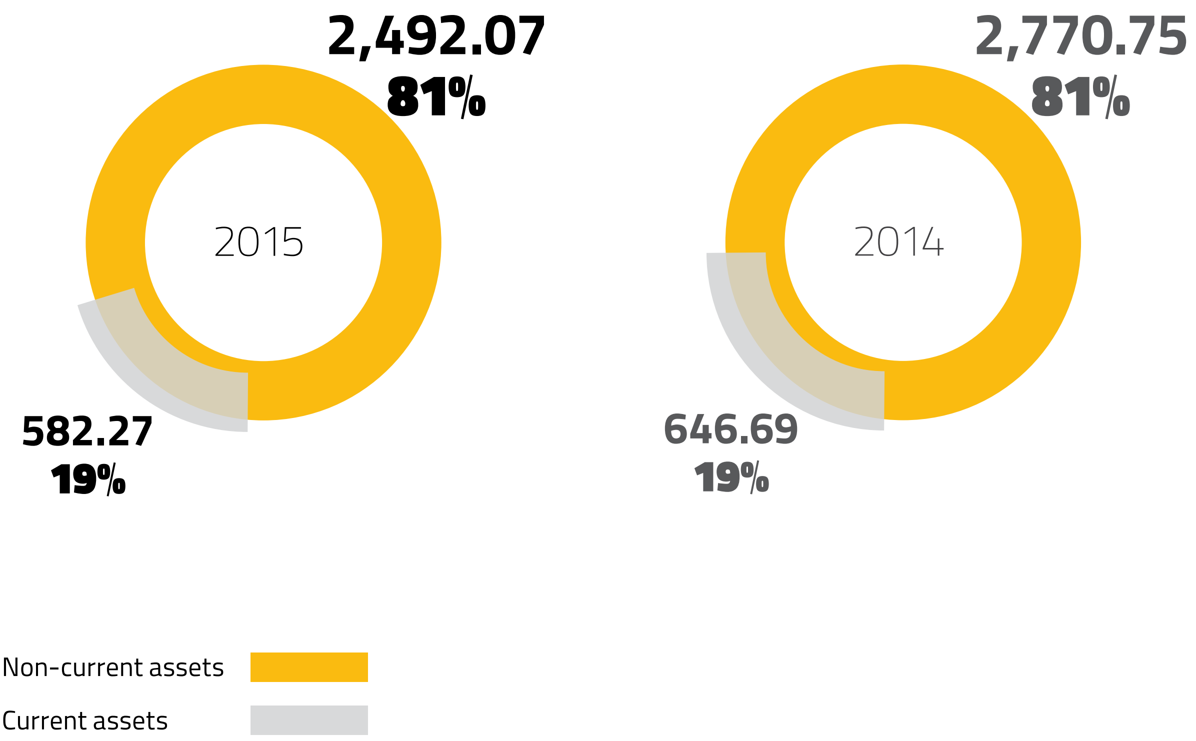
In **2015**, by applying International Financial Reporting Standards (IFRS) as approved for use in the European Union, **Eustream** posted a pre-tax **profit of EUR 559.81 million**, which is a growth of EUR 112.95 million over the previous year. Income tax from current operations came to EUR 141.54 million and profit after tax amounted to EUR 418.27 million.

Comparison of revenues, costs and profit (in EUR million)

	2015	2014
Revenues from the sale of services	**776.37**	630.02
Operating expenses	**(186.70)**	(183.30)
Financial income (expense)	**(29.86)**	0.14
Profit before tax	**559.81**	446.86
Income tax	**(141.54)**	(112.85)
Net profit for period	**418.27**	334.00

CAPITAL STRUCTURE

Comparison of asset structure (in EUR millions)



As of the balance sheet date, total assets of **Eustream** came to EUR 3,074.34 million and compared to the previous period it was down by EUR 343.1 million. The value of non-current assets was reported as EUR 2,492.07 million, accounting for 81% of total assets. Their value dropped mostly due to the partial repayment of a provided loan. Current assets comprised inventories, short-term receivables and cash and cash equivalents, accounting for 19% of the value of total assets. Compared to the previous reporting period, current assets decreased by EUR 64.42 million, mostly due to a reduction in the balance of cash and cash equivalents.

Equity came to EUR 1,105.33 million and accounted for 36% of the value of company assets. In addition to the share capital, equity comprised also statutory reserves, other funds and retained earnings. Equity dropped year-on-year by EUR 940.48 million, chiefly under the influence of the payment of dividends from profit and retained earnings. Share capital of the company as registered in the Companies Register stands at EUR 282.93 million. The share capital comprises ten ordinary shares with a nominal value of EUR 3,319.39, one ordinary share with a nominal value of EUR 82,865,533.19 and one ordinary share with a nominal value of EUR 200,000,000.00.

Shareholder structure as of 31 December 2015:

SPP Infrastructure, a. s.	**12**	shares 100%

The balance of statutory reserves of the company came to **EUR 56.59 million** as of the balance sheet date.

Total liabilities comprised **64%** of asset cover and came to EUR 1,969.01 million as of the balance sheet date. Liabilities consisted of long-term payables worth EUR 1,779.98 million and short-term payables amounting to EUR 189.03 million. Compared to the previous year, liabilities increased by EUR 597.38 million. This is primarily due to the issue of bonds worth EUR 492.66 million.

Comparison of structure of equity and liabilities (in EUR millions)

	2015	2014	2015	2014
Equity	**1,105.33**	2,045.81	**36%**	60%
Liabilities	**1,969.01**	1,371.63	**64%**	40%

FINANCIAL STATEMENTS

BALANCE SHEET (selected data in EUR thousands)

	31 December 2015	31 December 2014
ASSETS:		
NON-CURRENT ASSETS		
Property, plant and equipment	**2,295,226**	2,381,742
Non-current intangible assets	**5,023**	6,181
Long-term financial investments	**6,607**	6,600
Granted non-current loans	**183,578**	376,223
Other non-current assets	**1,634**	
Total non-current assets	**2,492,068**	2,770,746
CURRENT ASSETS	**582,271**	**646,693**
TOTAL ASSETS	**3,074,339**	**3,417,439**
EQUITY AND LIABILITIES		
EQUITY		
Share capital	**282,929**	282,929
Statutory and other reserves	**108,965**	67,712
Retained earnings	**713,437**	1,695,167
Total equity	**1,105,331**	2,045,808
NON-CURRENT LIABILITIES	**1,779,979**	**1,284,199**
CURRENT LIABILITIES	**189,029**	**87,432**
Total liabilities	**1,969,008**	**1,371,631**
TOTAL EQUITY AND LIABILITIES	**3,074,339**	**3,417,439**

PROFIT AND LOSS STATEMENT (selected data in EUR thousands)

	Year ended 31 December 2015	Year ended 31 December 2014
INCOME FROM SALE OF SERVICES	**776,369**	630,015
OPERATING COSTS	**(186,700)**	**(183,295)**
OPERATING PROFIT/LOSS	**589,669**	446,720
Financial income	**13,338**	30,702
Financial expenses	**(43,199)**	(30,566)
Profit before tax	**559,808**	446,856
INCOME TAX	**(141,538)**	(112,852)
PROFIT FOR PERIOD	**418,270**	**334,004**

CASH FLOW STATEMENT (selected data in EUR thousands)

	Year ended 31 December 2015	Year ended 31 December 2014
OPERATING ACTIVITIES		
Cash flows from operations	**351,328**	299,032
Interest paid	**(30,983)**	(25,489)
Interest received	**1,073**	819
Income tax paid	**(131,801)**	(177,157)
Net cash flows from operations	**189,617**	97,205
INVESTING ACTIVITIES		
Procurement of non-current assets	**(11,979)**	(47,281)
Procurement of financial investments	**(7)**	
Income from sale of property, plant and equipment and intangible assets	**205**	94
Dividends received	**675**	713
Net cash flows used in investing	**(11,106)**	(46,474)
FINANCING ACTIVITIES		
Income from issued bonds	**492,660**	
Expenses for pay-out of bonds	**-**	(3,162)
Income from received loans	**80,000**	74,925
Dividends paid	**(852,017)**	
Net cash flows from financing activities	**(279,357)**	71,763
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	**(100,846)**	122,494
FOREIGN EXCHANGE DIFFERENCES	**(48)**	347
CASH AND CASH EQUIVALENTS AT BEGINNING OF REPORTING PERIOD	**191,315**	68,474
CASH AND CASH EQUIVALENTS AT END OF REPORTING PERIOD	**90,421**	19,1315

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Appendix to the independent auditor's report on the consistency of annual report with the financial statements in accordance with Act No. 540/2007 Coll. § 23 par. 5

To the Shareholder of eustream, a.s.:

I. We have audited the financial statements of eustream, a.s. ("the Company") as at 31 December 2015 presented in the annual report. We issued the following independent audit report dated 11 February 2016 on the financial statements:

"Independent Auditor's Report

To the Shareholder of eustream, a.s.:

We have audited the accompanying financial statements of eustream, a.s. ('the Company'), which comprise the balance sheet as at 31 December 2015 and statements of income, comprehensive income, changes in equity and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and presentation of financial statements that give a true and fair view in accordance with International Financial Reporting Standards as adopted by the EU, 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 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 auditors' 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 of financial statements that give a true and fair view 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 give a true and fair view of the financial position of the Company as at 31 December 2015, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the EU.

THIS IS A TRANSLATION OF THE ORIGINAL SLOVAK REPORT

Building a better working world

Other Matter

The financial statements of eustream, a.s. for the year ended 31 December 2014 were audited by another auditor whose report dated 17 March 2015 expressed an unmodified opinion on those statements.

11 February 2016
Bratislava, Slovak Republic

Ernst & Young Slovakia, spol. s r.o.
SKAU Licence No. 257

Ing. Peter Uram-Hrišo
UDVA Licence No. 996"

II. We have also audited the consistency of the annual report with the above-mentioned financial statements. The management of the Company is responsible for the accuracy of preparation of the annual report. Our responsibility is to express an opinion on the consistency of the annual report with the financial statements, based on our audit.

We conducted our audit in accordance with International Standards on Auditing. Those standards require that we plan and perform the audit to obtain reasonable assurance as to whether the accounting information presented in the annual report and derived from the financial statements is consistent, in all material respects, with the financial statements. We have checked that the information presented in the annual report is consistent with that contained in the financial statements as at 31 December 2015. We have not audited information that has not been derived from financial statements or Company accounting records. We believe that our audit provides a reasonable basis for our opinion.

Based on our audit, the accounting information presented in the annual report is consistent, in all material respects, with the financial statements of the Company as at 31 December 2015 and is in accordance with the Act on Accounting No 431/2002 Coll., as amended by later legislation.

31 March 2016
Bratislava, Slovak Republic

Ernst & Young Slovakia, spol. s r.o.
SKAU Licence No. 257

Ing. Peter Uram-Hrišo
UDVA Licence No. 996

THIS IS A TRANSLATION OF THE ORIGINAL SLOVAK REPORT

SIGNIFICANT EVENTS

Since the last day of the reporting period for which this Annual Report is compiled, no significant events occurred that would merit mentioning.

CONTACT

Commercial name:	eustream, a.s.
Registered office:	Votrubova 11/A, 821 09 Bratislava, Slovak Republic
Tel.:	+421 2 6250 7111
Fax:	+421 2 6250 7051
E-mail:	info@eustream.sk
Legal form:	joint stock company
Registered in the Companies Register:	District Court of Bratislava I, section Sa, entry ref. no. 3480/B
Identification and tax details:	Company reg. no.: 35910712 Tax reg. no.: 2021931175 VAT reg. no.: SK2021931175

eustream a.s.
Votrubova 11/A
821 09 Bratislava
Slovak Republic
www.eustream.sk

FINANCIAL STATEMENTS 2015

eustream, a.s.

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

For the year ended 31 December 2015

Building a better working world

Ernst & Young Slovakia, spol. s r.o.
Hodžovo námestie 1A
811 06 Bratislava
Slovenská republika

Tel: +421 2 3333 9111
Fax: +421 2 3333 9222
ey.com

Independent Auditor's Report

To the Shareholder of eustream, a.s.:

We have audited the accompanying financial statements of eustream, a.s. ('the Company'), which comprise the balance sheet as at 31 December 2015 and statements of income, comprehensive income, changes in equity and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and presentation of financial statements that give a true and fair view in accordance with International Financial Reporting Standards as adopted by the EU, 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 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 auditors' 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 of financial statements that give a true and fair view 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 give a true and fair view of the financial position of the Company as at 31 December 2015, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the EU.

THIS IS A TRANSLATION OF THE ORIGINAL SLOVAK REPORT

Other Matter

The financial statements of eustream, a.s. for the year ended 31 December 2014 were audited by another auditor whose report dated 17 March 2015 expressed an unmodified opinion on those statements.

11 February 2016
Bratislava, Slovak Republic

Ernst & Young Slovakia, spol. s r.o.
SKAU Licence No. 257

Ing. Peter Uram-Hrišo
UDVA Licence No. 996

CONTENTS

eustream, a.s.
BALANCE SHEET
as at 31 December 2015
(EUR '000)

	Note	31 December 2015	31 December 2014
ASSETS:			
NON-CURRENT ASSETS			
Property, plant and equipment	7	2,295,226	2,381,742
Intangible assets	8	5,023	6,181
Non–current financial investments	9	6,607	6,600
Loans issued	9	183,578	376,223
Other assets		1,634	-
Total non-current assets		2,492,068	2,770,746
CURRENT ASSETS			
Inventories	10	27,847	31,485
Receivables and prepayments	11	464,003	409,775
Current income tax receivable		-	14,118
Cash and cash equivalents	12	90,421	191,315
Total current assets		582,271	646,693
TOTAL ASSETS		**3,074,339**	**3,417,439**
EQUITY AND LIABILITIES:			
EQUITY			
Registered capital	18	282,929	282,929
Legal reserve fund and other reserves	19	108,965	67,712
Retained earnings	19	713,437	1,695,167
Total equity		1,105,331	2,045,808
NON-CURRENT LIABILITIES			
Bonds issued	16	1,234,695	742,642
Loans received	16	74,945	74,934
Deferred income	13	6,819	4,673
Provisions	15	7,855	7,828
Retirement and other long-term employee benefits	14	3,349	3,197
Deferred income tax liability	26.2	441,545	440,065
Other non-current financial liabilities		10,771	10,860
Total non-current liabilities		1,779,979	1,284,199
CURRENT LIABILITIES			
Bonds issued	16	26,355	14,180
Loans received	16	80,115	78
Trade and other payables	17	51,378	47,856
Current income tax liability		30,931	25,155
Provisions and other current liabilities	15	250	163
Total current liabilities		189,029	87,432
Total liabilities		1,969,008	1,371,631
TOTAL EQUITY AND LIABILITIES		**3,074,339**	**3,417,439**

The financial statements on pages 1 to 42 were authorized for issue on behalf of the Board of Directors of the Company on 11 February 2016 and signed on their behalf by:

Ing. Tomáš Mareček
Chairman of the Board of Directors

Ing. Miroslav Bodnár
Member of the Board of Directors

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

(EUR '000)

	Note	Year ended 31 December 2015	Year ended 31 December 2014
REVENUES FROM SALE OF SERVICES			
Natural gas transmission and other	20	776,369	630,015
Total revenues		776,369	630,015
OPERATING COSTS			
Own work capitalized		2,332	2,104
Consumption of natural gas, consumables and services		(32,373)	(34,306)
Depreciation and amortization	7, 8	(97,952)	(97,908)
Other services		(24,310)	(17,718)
Personnel expenses	21	(32,282)	(35,668)
Provision for bad and doubtful debts, obsolete and slow-moving inventory, net	10, 11	(3,602)	(1,898)
Provisions and impairment losses, net	7, 8, 15	50	(223)
Other operating income		3,966	4,165
Other operating expenses		(2,529)	(1,843)
Total operating costs		(186,700)	(183,295)
OPERATING PROFIT		589,669	446,720
Financial income	23	13,338	30,702
Financial expense	24	(43,199)	(30,566)
Profit before taxation		559,808	446,856
INCOME TAX	26.1	(141,538)	(112,852)
NET PROFIT FOR THE PERIOD		**418,270**	**334,004**

(EUR '000)

	Note	Year ended 31 December 2015	Year ended 31 December 2014
PROFIT FOR THE PERIOD		418,270	334,004
Other comprehensive income (items that may be reclassified subsequently to income statement):	27		
Fair value gains/(losses) on cash flow hedges		52,889	14,090
Deferred tax relating to components of other comprehensive income/loss for the period		(11,636)	(3,100)
OTHER COMPREHENSIVE INCOME/(LOSS) FOR THE PERIOD		41,253	10,990
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD		**459,523**	**344,994**

(EUR '000)

	Registered capital	Legal reserve fund	Hedge reserve	Retained earnings	Total
Balance at 31 December 2013	**282,929**	**56,586**	**136**	**1,986,163**	**2,325,814**
Net profit for the period	-	-	-	334,004	334,004
Other comprehensive income/(loss) for the period	-	-	10,990	-	10,990
Total net comprehensive income for the period	**-**	**-**	**10,990**	**334,004**	**344,994**
Transactions with shareholders:					
Dividends paid	-	-	-	(625,000)	(625,000)
Balance at 31 December 2014	**282,929**	**56,586**	**11,126**	**1,695,167**	**2,045,808**
Net profit for the period	-	-	-	418,270	418,270
Other comprehensive income/(loss) for the period	-	-	41,253	-	41,253
Total net comprehensive income for the period	**-**	**-**	**41,253**	**418,270**	**459,523**
Transactions with shareholders:					
Dividends paid	-	-	-	(1,400,000)	(1,400,000)
Balance at 31 December 2015	**282,929**	**56,586**	**52,379**	**713,437**	**1,105,331**

(EUR '000)

	Note	Year ended 31 December 2015	Year ended 31 December 2014
OPERATING ACTIVITIES			
Cash flows from operating activities	28	351,328	299,032
Interest paid		(30,983)	(25,489)
Interest received		1,073	819
Income tax paid		(131,801)	(177,157)
Net cash flows from operating activities		189,617	97,205
INVESTING ACTIVITIES			
Acquisition of property, plant and equipment		(11,979)	(47,281)
Acquisition of financial investments		(7)	-
Proceeds from sale of property, plant and equipment and intangible assets		205	94
Dividends received		675	713
Net cash used in investing activities		(11,106)	(46,474)
FINANCING ACTIVITIES			
Proceeds from bonds issued		492,660	-
Expenditures related to bonds issued		-	(3,162)
Proceeds from loans received		80,000	74,925
Dividends paid	9,11,19	(852,017)	-
Net cash flow from financing activities		(279,357)	71,763
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS		(100,846)	122,494
Effect of foreign exchange differences		(48)	347
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD		191,315	68,474
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD		**90,421**	**191,315**

(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., ("eustream" or "the Company") has prepared these financial statements in accordance with International Financial Reporting Standards (IFRS), as adopted by the European Union (EU).

This version of the financial statements is a translation from the original, which was prepared in Slovak, and all due care has been taken to ensure that it is an accurate representation. However, in interpreting information, views or opinions, the original language version of the financial statements takes precedence.

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. Based on a change to the Commercial Register as at 3 January 2008, the Company name SPP – preprava a.s. changed its legal name to eustream, a.s.. Slovenský plynárenský priemysel, a.s. (SPP) was the 100% owner of the Company until 12 June 2014.

On 19 December 2013 the National Property Fund of the Slovak Republic (NPF), the Ministry of Economy of the Slovak Republic and Energetický a Průmyslový Holding, a.s. (EPH) signed a framework contract for the sale and acquisition of shares, which concerned means of reorganization of SPP Group that took place in the first half of 2014. The framework contract included the contribution of shares of SPP in 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. GALANTATERM, spol. s.r.o. into a newly 100% subsidiary, SPP Infrastructure, a.s. ("SPP Infrastructure"). After completion of this reorganization, the Slovak Republic represented by the Ministry of Economy became the ultimate owner of SPP, while SPP retained a non-controlling 51% ownership share in SPP Infrastructure.

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

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

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 14 May 2015, the Annual General Meetingapproved the Company's 2014 financial statements.

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

1.2. Principal activities

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

Liberalization of the Slovak Energy Sector

Regulatory framework of the Slovak natural gas market

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

Tariffs for regulated activities

For every year, RONI approves tariffs for access to the transmission network and natural gas transmission. These tariffs are determined based on an analysis of gas transmission price benchmarking in the other EU Member States. The tariffs for the regulated period 2014-2016 were approved by RONI Ruling 0001/2014/P and subsequently, on 1 October 2015 according to RONI Decision 0016/2015/P, neutralizing tariff charges were added to balance the transmission system.

Changes in regulatory laws and policy

The principle legislation is the Act on Regulation in Network Industries, published in the Collection of Laws under no. 250/2012 Coll. and also the Energy Act no. 251/2012 Coll. as amended ("the Acts on energy and regulation"). The main changes to lower legal standards include the RONI Decision 0005/2015/P of October 1, 2015 on Rules of Operation, which fully implements the principles of network codes on capacity allocation and balancing of the system, namely the provisions of Commission Regulation (EU) No. 984/2013 of 14 October 2013 and no. 312/2014 of 26 March, 2014.

The third energy package of EU and the certification of the transmission system operator

In 2009, the EU endorsed Directive No. 2009/73/EC and related regulations concerning common rules for the internal market in natural gas, the so-called EU Third Energy Package. The EU Third Energy Package was transposed into Slovak law in 2012 through the Acts on energy and regulation. Even though the new Energy Act established a model of ownership unbundling of the transmission system operator as the base model, the act left the possibility of the Slovak Government deciding to apply the ITO (Independent Transmission Operator) model and not the model of ownership unbundling. At its meeting on 28 November 2012, the Slovak Government decided, in Resolution No. 656/2012, that the model of ownership unbundling of the transmission system operator would not apply. Based on the above, eustream has complied with the conditions for unbundling the transmission system operator.

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

1.3. Employees

The average headcount of the Company for the year ended 31 December 2015 was 748. The number of employees as at 31 December 2015 was 748, including 12 representatives of the key management personnel (for the year ended 31 December 2014, the average headcount was 826, and the number of employees as at 31 December 2014 was 802 including 12 representatives of the key management personnel). Members of the Board of Directors, members of the Supervisory Board and managers under the direct line of command of the statutory body or a member of the statutory body are considered to be representatives of the key management personnel.

1.4. Registered Address

Votrubova 11/A
821 09 Bratislava
Slovak Republic

1.5. Information on the consolidated group

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

The Company is included in the consolidated financial statements of a higher level company within the EU. Those consolidated financial statements are prepared by SPP Infrastructure. SPP Infrastructure prepares consolidated financial statements in accordance with IFRS, as adopted by the EU.

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

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

2. NEW INTERNATIONAL FINANCIAL REPORTING STANDARDS AND CHANGES IN ESTIMATES

2.1. Adoption of new and revised IFRS

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 EU and that are relevant to its operations and are effective for accounting periods beginning on 1 January 2015. The following standards, amendments and improvements issued by the IASB and adopted by the EU are effective for the current accounting period:

- Amendments to IAS 19 Defined Benefit Plans: Employee Contributions - effective for financial years beginning on or after 1 July 2014 (for EU on or after 1 February 2015)
- IFRIC 21 Levies - effective for annual periods beginning on or after 1 January 2014 (for EU on or after 1 January 2015)
- Annual Improvements to IFRSs 2010-2012 – effective for financial years beginning on or after 1 July 2014 (for EU on or after 1 February 2015)
- Annual Improvements to IFRSs 2011-2013 – effective for financial years beginning on or after 1 July 2014 (for EU on or after 1 January 2015)

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

The following standards, interpretations and amendments to published standards that have been published are effective for accounting periods starting on 1 January 2016 or later, and the Company has not adopted them early:

- IFRS 9 - Financial Instruments (issued in 2014) - effective for financial years beginning on or after 1 January 2018. The Company is currently assessing the impact of changes on its financial statements
- IFRS 14 Regulatory Deferral Accounts - effective for financial years beginning on or after 1 January 2016

- Amendments to IAS 16 and IAS 38: Clarification of Accountable Methods of Depreciation and Amortisation - effective for financial years beginning on or after 1 January 2016
- Amendments to IFRS 11: Accounting for Acquisition of Interests in Joint Operations - effective for financial years beginning on or after 1 January 2016
- IFRS 15 Revenue from Contracts with Customers - effective for financial years beginning on or after 1 January 2018
- Amendments to IAS 27: Equity Method in Separate Financial Statements - effective for financial years beginning on or after 1 January 2016
- Amendments to IFRS 10, IFRS 12 and IAS 28: Investment Entities: Applying the Consolidation Exception - effective for financial years beginning on or after 1 January 2016
- Annual Improvements to IFRSs 2012-2014 – effective for financial years beginning on or after 1 January 2016
- Amendments to IAS 1: Disclosure Initiative – effective for financial years beginning on or after 1 January 2016
- Amendments to IFRS 10 and IAS 28: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture – effective for financial years beginning on or after 1 January 2016

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 its financial statements.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

a) Basis of accounting

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

The financial statements have been prepared under the historical cost convention, except for 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. The Company's reporting and functional currency is the euro (EUR). These financial statements were prepared on a going concern basis.

b) Segment information

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

c) Financial instruments

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

d) Financial assets

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

The available-for-sale category includes equity instruments which are initially recognized at fair value plus transaction costs and carried at fair value. Dividends are recognized 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 recognized in other comprehensive income until the investment is derecognized 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 recognized at fair value and subsequently measured in amortized costs using the effective interest method net of allowances. Financial assets are derecognized 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 recognized in the income statement against an allowance account to write down the asset's carrying value. When a financial asset is derecognized the current fair value less any impairment loss on that asset previously recognized in profit or loss is derecognized. Gains or losses realized on derecognition of a financial asset are represented by the calculated difference between the proceeds received from its disposal or sale, and the asset's carrying value and are recognized in the income statement.

e) Derivative financial instruments

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

Cash flow hedging

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

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

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

f) Trade receivables

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

g) Property, plant and equipment and intangible assets

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

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

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

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

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

Border entry/exit points, domestic points	14 – 56
Compressor stations	5 - 55
Gas pipelines	24 - 50
Buildings	18 - 40
Machinery and equipment	3 - 19
Other non-current assets including intangible assets	4 - 8

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

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

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

h) Business combinations

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

i) Inventories

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

j) Cash and cash equivalents

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

k) Bonds issued and loans received

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

l) Trade and other payables

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

m) Provisions

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

Provision for environmental liabilities

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

n) Greenhouse gas emissions

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

o) Social security and pension schemes

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

p) Revenue recognition

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

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

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

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

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

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

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

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

(vi) Interest income
Interest income is recognized 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 are 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 Slovak legislation, and adjusted for certain items in accordance with tax legislation, at the currently valid tax rate of 22%.

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

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

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

t) Foreign currency transactions

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

u) Accounting principles adopted for government grants

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

4. SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATIONS AND ASSUMPTIONS

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

Economic useful lives

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

The economic useful lives of fixed assets are based on the best estimates as listed in Note 3 g). The carrying values of these assets at the year ended 31 December 2015 and 31 December 2014 are presented in Note 7 and 8. If the estimated useful lives of the pipeline and compressor stations were 5 years longer than management's estimate as at 31 December 2015, a depreciation of assets constituting pipelines and compressor stations would be lower by EUR 17,161 thousand (as at 31 December 2014 lower by EUR 17,250 thousand).

(EUR '000)

5. FINANCIAL INSTRUMENTS

a) Financial risk

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

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

(1) Exchange rate risk

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

Analysis of financial assets and financial liabilities by currency:

	Assets		Liabilities	
	As at 31 December 2015	As at 31 December 2014	As at 31 December 2015	As at 31 December 2014
USD	53	3,817	5,043	87
CZK	46,849	2	91	1

The table below displays the sensitivity of the Company to a 10% increase or decrease of EUR against USD and a 2% increase or decrease of EUR against CZK. The sensitivity analysis includes only unpaid monetary items denominated in foreign currencies and shows their translation at the period end for a change in exchange rates.

	Impact in US dollar and CZK	
	As at 31 December 2015	As at 31 December 2014
Effect on profit before tax USD	2	658
Effect on profit before tax CZK	954	-

The effects mainly relate to risks to outstanding receivables in USD and funds in CZK at the balance sheet date (in 2014, the risk related to outstanding receivables).

Positive value indicates the potential gain recognised in the income statement in case of decrease of EUR against related currency.

(2) Commodity price risk

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

(EUR '000)

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

In 2015, the Company entered into commodity swaps to hedge cash flow from sales of surplus of gas in-kind.

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

Open commodity swaps	**2015**		**2015**	
	Fair value		**Nominal value**	
	Cash flow hedging	**Held for trading**	**Cash flow hedging**	**Held for trading**
Sales of natural gas				
Less than 3 months	12,372	-	41,606	-
3 to 12 months	32,725	-	121,266	-
Over 12 months	22,058	-	95,153	-

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

The 15% change in the market price of the natural gas would have impact on the fair value of derivatives of EUR 28,631 thousand.

Movement in hedging reserve is disclosed in Note 19.

(3) Interest rate risk

The Company has no significant exposure to an interest rate risk. As at 31 December 2015, the Company issued bonds with fixed interest rate and granted long-term loan with fixed interest rate as well. The Company had a long-term investment loan at 31 December 2015 with a floating interest rate and short-term operating loans with fixed interest rate (see Note 16). The Company considers exposure to interest rate risk to the extent of fluctuation of interest rates of the above mentioned long-term investment loan.

(4) Credit risk

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

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

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

(EUR '000)

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

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

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

	Note	2015	2014
Loans issued	**9**	**183,578**	**376,223**
Receivables and prepayments		**462,883**	**409,267**
- Receivables from transmission activities	11	38,907	44,670
- Receivables from financial derivatives	11	67,242	14,293
- Other receivables	11	356,734	350,304
Other assets		1,634	**-**
Cash and cash equivalents		**90,421**	**191,315**
Total maximum exposure to credit risk		**738,516**	**976,805**

Credit quality of cash in banks as at 31 December 2015 was as follows: EUR 1 thousand in banks rated by Moody's A1, EUR 57,957 thousand in a bank with a rating of Moody's A2, EUR 1,303 thousand in a bank rated Baa1 by Moody's and EUR 31,153 thousand in bank rated by Fitch BBB+.

(5) Liquidity risk

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

As at 31 December 2015, the Company recognized a long-term investment loan which was provided by the European Investment Bank (EIB) in 2014 of EUR 75,000 thousand, and short-term operating loans with fixed rates, see Note 16.

The table below summarizes the maturity of the financial liabilities and contingent liabilities as at 31 December 2015 and 31 December 2014 based on contractual undiscounted payments:

As at 31 December 2015	On demand	Less than 3 months	3 to 12 months	1 to 5 years	> 5 years	Total
Bonds issued	-	13,794	30,446	917,910	564,096	1,526,246
Loans received	-	80,200	321	1,714	75,108	157,343
Other financial liabilities	-	11,727	119	10,771	-	22,617
Trade and other payables	-	32,512	-	-	-	32,512
Guarantee issued	1,521,875	-	-	-	-	1,521,875
Currency swap contracts for trading	-	14	-	-	-	14
Swap commodity contracts recognized as hedging	-	-	-	-	-	-

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

b) Capital risk management

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

The Company's capital structure comprises cash and cash equivalents and equity attributable to the Company's owners as disclosed in Notes 18 and 19, and loans received and bonds issued as disclosed in Note 16. Liabilities to capital (gearing) ratio were at the year-end 31 December 2015 120% and 31 December 2014 31%.

The gearing ratio at the year-end:

	As at 31 December 2015	As at 31 December 2014
Debt (i)	(1,416,110)	(831,834)
Cash and cash equivalents	90,421	191,315
Net debt (ii)	(1,325,689)	(640,519)
Equity (iii)	1,105,331	2,045,808
Net debt to equity ratio	**120 %**	**31 %**

(i) Debt is defined as long-term and short-term bonds issued and loans received.
(ii) Net debt is defined as difference between debt and cash and cash equivalents
(iii) Page 4

The indebtedness of the Company has not exceeded the indebtedness stated in the Articles of Association.

(EUR '000)

c) Categories of financial instruments

	31 December 2015	31 December 2014
Financial assets		
Derivative financial instruments recognized as hedging	67,155	14,293
Derivative financial instruments for trading	87	-
Loans and receivables (including cash and cash equivalents)	487,696	586,281
Loans at amortized costs	183,578	376,223
Investments available for sale in fair value	6,607	6,600
Financial liabilities		
Derivative financial instruments recognized as hedging	-	30
Derivative financial instruments for trading	14	-
Financial liabilities carried at amortized costs	1,471,239	882,665

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

All of the Company’s financial assets are classified as loans and receivables except for the financial assets available-for-sale, financial derivatives recognized as hedging and financial derivatives held for trading.

All of the Company’s financial liabilities except for financial derivatives recognized as hedging and financial derivatives held for trading are carried at amortized cost.

d) Estimated fair value of financial instruments

Fair value measurements are analyzed 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 judgment in categorizing financial instruments using the fair value hierarchy. If a fair value measurement uses observable inputs that require significant adjustment, that measurement is a Level 3 measurement. The significance of a valuation input is assessed against the fair value measurement in its entirety.

(1) Recurring fair value measurements

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

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

As at 31 December 2015	Level 1	Level 2	Level 3	Total
Financial assets at fair value	**-**	**67,242**	**6,607**	**73,849**
Financial derivatives recognized as hedging	-	67,155	-	67,155
Financial derivatives for trading	-	87	-	87
Financial assets available-for-sale	-	-	6,607	6,607
Financial liabilities and contingent liabilities at fair value	**-**	**14**	**-**	**14**
Financial derivatives recognized as hedging	-	-	-	-
Financial derivatives for trading	-	14	-	14
Guarantee issued	-	-	-	-

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

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

The fair value of currency swaps is determined using forward exchange rates 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 29 Commitments and contingencies was determined as EUR nil as it was provided under the current market conditions and it is not probable that the Company will settle the obligation resulting from the guarantee.

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

In 2015 and 2014, there were no movements among the financial instruments classified in Levels 1-3.

Non-recurring fair value measurements

There weren't any non-recurring fair value measurements in 2015.

(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 31 December 2015	Level 1	Level 2	Level 3	Carrying value
Financial assets	**-**	**-**	**212,071**	**183,578**
Loans issued with fixed interest rate	-	-	212,071	183,578
Financial liabilities	**-**	**1,239,990**	**155,060**	**1,416,110**
Bonds issued	**-**	1,239,990	0	1,261,050
Loans received	**-**		155,060	155,060

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

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

Fair value of bonds issued was assessed with reference to market value of the bonds issued by SPP Infrastructure Financing B.V. (refer to Note 29).

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

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

(3) Embedded derivative instruments

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

The Company assessed all other significant contracts and agreements for embedded derivatives that should be recorded. The Company concluded that there are no embedded derivatives in these contracts and agreements which needs to be measured and separately recognized as at 31 December 2015 and 31 December 2014 under the requirements of IAS 39 (as revised in 2003).

6. SEGMENT REPORTING

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

(EUR '000)

7. PROERTY, PLANT AND EQUIPMENT

Year ended 31 December 2015	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	**65,797**	**453,041**	**1,809,491**	**26,652**	**13,103**	**871**	**12,787**	**2,381,742**
Additions	-	4	1	-	-	-	9,217	9,222
Put in use	4,742	5,193	4,850	513	1,200	86	(16,584)	-
Reclassifications	4	-	(4)	255	(269)	-	-	(14)
Disposals	-	-	-	-	(70)	(1)	-	(71)
Depreciation charge	(3,589)	(28,741)	(58,440)	(1,334)	(3,402)	(288)	-	(95,794)
Change in provisions	-	(14)	(11)	-	(98)	(6)	270	141
Closing net book value	**66,954**	**429,483**	**1,755,887**	**26,086**	**10,464**	**662**	**5,690**	**2,295,226**
As at 31 December 2015								
Acquisition cost	78,446	514,178	1,920,940	30,192	31,188	2,120	5,870	2,582,934
Provisions and accum. depreciation	(11,492)	(84,695)	(165,053)	(4,106)	(20,724)	(1,458)	(180)	(287,708)
Net book value	**66,954**	**429,483**	**1,755,887**	**26,086**	**10,464**	**662**	**5,690**	**2,295,226**

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

The most significant capital additions were filtration projects for Border entry/exit point (BEP) Budince and installation of ball valves bypass at the entrance point to KS1.

The acquisition cost of fully depreciated non-current assets (including non-current intangible assets) that were still in use as at 31 December 2015 amounted to EUR 14,033 thousand (31 December 2014: EUR 13,511 thousand).

There were no non-current assets that were in use, but not yet registered in the Land Registry as at 31 December 2015 neither at 31 December 2014.

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 2015	Acquisition cost of insured assets 2014	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	729,534	1,033,047	Allianz-Slovenská poisťovňa, a.s. Kooperativa, a. s. (in 2014 Generali poisťovňa, a.s. too)
Motor vehicles	MTPL, motor vehicle insurance against damage, destruction and theft	10,126	9,309	Kooperativa, a. s.

(EUR '000)

8. INTANGIBLE ASSETS

Year ended 31 December 2015	Software	Other non-current intangible assets	Assets under construction	Total
Opening net book value	6,089	2	90	6,181
Additions	-	-	1,154	1,154
Put in use	752	20	(772)	-
Reclassifications	14	-	-	14
Disposals	-	-	-	-
Amortization charge	(2,321)	(5)	-	(2,326)
Change in provisions	-	-	-	-
Closing net book value	**4,534**	**17**	**472**	**5,023**
As at 31 December 2015				
Acquisition cost	14,320	149	635	15,104
Provisions and accumulated depreciation	(9,786)	(132)	(163)	(10,081)
Net book value	**4,534**	**17**	**472**	**5,023**

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

Reconciliation of investments (cash effective) to additions to non-current assets:

	31 December 2015	31 December 2014
Investments (cash effective)	**11,979**	**47,281**
Assets acquired but not paid for	2,994	9,640
Payments to assets acquired in prior periods	(4,597)	(17,945)
Additions to PP&E and intangibles	**10,376**	**38,976**

(EUR '000)

9. FINANCIAL INVESTMENTS

Non-current financial investments include:

	Loans issued	Shares	31 December 2015	31 December 2014
Acquisition cost	183,578	6,607	190,185	382,823
Impairment	-	-	-	-
Closing balance, net	**183,578**	**6,607**	**190,185**	**382,823**

The Company granted a loan to the parent company SPP Infrastructure of EUR 964,314 thousand in 2013 with maturity day in 2020. In 2015, the loan was partially offset with payable from declared dividends of EUR 203,653 thousand (in 2014 offset with payable of EUR 625,000 thousand). The interest rate is fixed and equals to 4.245% p.a. and is payable together with the principal. The loan is not secured. Refer to Note 30.

Through the loan, indirect shareholders of the Company were financed. 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 companies:

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
Eastring B.V.	Netherlands	100	Holding company

10. INVENTORIES

	31 December 2015	31 December 2014
Natural gas used for balancing	24,073	25,074
Material and other inventories	12,496	11,853
Provision	(8,722)	(5,442)
Total	**27,847**	**31,485**

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

As at 31 December 2015 provision for obsolete or damaged raw materials in stock and for natural gas inventories was created (as at 31 December 2014 provision was created only for obsolete or damaged raw materials in stock).

(EUR '000)

11. RECEIVABLES AND PREPAYMENTS

	31 December 2015	31 December 2014
Receivables from transmission activities	38,907	44,670
Receivables from financial derivatives	67,242	14,293
Prepayments	146	9
Other receivables	356,588	350,295
Other taxes	1,120	508
Total	**464,003**	**409,775**

As at 31 December 2015, the Company recorded due receivables of EUR 463,911 thousand and overdue receivables of EUR 264 thousand excluding provision. As at 31 December 2014, the Company recorded receivables due and overdue of EUR 409,667 thousand and EUR 283 thousand, respectively, excluding provision.

Receivables and prepayments are disclosed net of provisions for bad and doubtful receivables of EUR 172 thousand (31 December 2014: EUR 175 thousand).

Receivables from transport activities are mainly receivables against well-known international gas transportation companies and were fully paid at the date of preparation of the financial statements.

Other receivables are mainly receivables from cash-pooling with SPP Infrastructure of EUR 352,080 thousand (31 December 2014 EUR 344,330 thousand), whose conditions are comparable to those of current bank accounts. In 2015, a portion of receivables from cash-pooling of EUR 1,196,347 thousand (out of which EUR 852,017 thousand was granted in 2015) was offset with payable from declared dividends.

SPP Infrastructure is the parent company of SPP - distribúcia, a.s., eustream, a.s., NAFTA a.s. and others (see Note 1.1). Taking careful consideration of historical and future financial performance of the subsidiaries of SPP Infrastructure, management believes that receivables and other receivables against SPP Infrastructure are fully recoverable.

Receivables securities

To secure the Company's receivables, several bank guarantees were issued of EUR 53,659 thousand (31 December 2013: EUR 51,296 thousand).

Movements in provision for receivables were as follows:

	31 December 2015	31 December 2014
Opening balance	(175)	(188)
Creation	(1)	(5)
Use	-	1
Reversal	4	17
Closing balance	**(172)**	**(175)**

(EUR '000)

12. CASH AND CASH EQUIVALENTS

	31 December 2015	31 December 2014
Cash on hand and cash in bank	68,166	165,408
Cash on hand and cash in bank – financial guarantees	22,255	25,907
Total	**90,421**	**191,315**

The balance of cash and cash equivalents as at 31 December 2015 include financial guarantees of EUR 22,255 thousand (31 December 2014: EUR 25,907 thousand).

13. DEFERRED REVENUE

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

Changes in deferred revenue recognized in the balance sheet for the year ended 31 December 2015 are as follows:

	31 December 2015	31 December 2014
Opening balance	4,836	4,795
Grants allocated during the period	2,338	88
Derecognition	(38)	-
Reversal	(158)	(47)
Closing balance	**6,978**	**4,836**

	Current portion (included in other current liabilities)	Non-current portion	Total
As at 31 December 2015	159	6,819	6,978
As at 31 December 2014	163	4,673	4,836

14. RETIREMENT AND OTHER LONG-TERM EMPLOYEE BENEFITS

The long-term employee benefits program of the Company was launched in 2006. This is a defined benefit program, under which the employees are entitled to a lump-sum payment upon reaching retirement age or disability retirement and, subject to vesting conditions, life and work jubilee payments. Under the applicable collective agreement, employees are entitled to the retirement benefits based on the number of continuously worked years in selected gas companies. The retirement benefits range from one month to six months of the employee's average salary (minimum average monthly salary of EUR 665 and maximum average monthly salary of EUR 1,330). As at 31 December 2015 and 31 December 2014, the obligation relating to retirement and other long-term employee benefits was calculated on the basis of valid collective agreements in the given years.

(EUR '000)

As at 31 December 2015, there were 747 (31 December 2014: 749) employees covered by this program. The program is not funded, without separately allocated assets to cover its liabilities.

Movements in the net liability recognized in the balance sheet for the year ended 31 December 2015 are as follows:

	Long-term benefits	Post-employment benefits	Total at 31 December 2015	Total at 31 December 2014
Net liabilities at 1 January	448	2,832	3,280	2,963
Net expense/ (revenue) recognized	40	295	335	360
Contribution	-	-	-	-
Benefits paid	(50)	(14)	(64)	(43)
Net liabilities	**438**	**3,113**	**3,551**	**3,280**

	Current liabilities (included in other current liabilities)	Non-current liabilities	Total
As at 31 December 2015	202	3,349	3,551
As at 31 December 2014	83	3,197	3,280

Key assumption used in actuarial valuation:

	At 31 December 2015	At 31 December 2014
Market yield on government bonds	1.526 %	1.836 %
Future real rate of salary increase, p. a.	2.00 %	2.00 %
Employee turnover, p. a.	1.44 %	1.44 %
Retirement age (male and female)	62 for male and 60 for female	62 for male and 60 for female

Sensitivity analysis of the commitment to change in important assumptions is shown in the following table:

	Net liability for employee benefits	Change in the discount rate		Change in average wage	Change in the expected life expectancy
		+ 0.5 %	**- 0.5 %**	**+ 0.5 %**	**+ 1 year**
As at 31 December 2015	3,551	(172)	185	5	81
As at 31 December 2014	3,280	(166)	179	4	72

(EUR '000)

15. PROVISIONS

Movements in provisions are summarized in the following table:

	Environmental provision	Other provisions	Total at 31 December 2015	Total at 31 December 2014
Balance at 1 January	7,828	-	7,828	7,995
Effect of discounting	27	-	27	(74)
Creation of provision	-	91	91	-
Utilization of provision	-	-	-	(93)
Reversal of provision	-	-	-	-
Closing balance	**7,855**	**91**	**7,946**	**7,828**

Provisions are included in liabilities as follows:

	Current provisions (included in other current liabilities)	Non-current provisions	Total provisions
As at 31 December 2015	91	7,855	7,946
As at 31 December 2014	-	7,828	7,828

Environmental provision

The project performed in 2011 identified environmental burdens in all compressor stations operated by eustream. 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 recognized the provision for decontamination works based on current existing technologies and prices adjusted for expected inflation factor at amortized 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 1.39% was used). The provision was recognized as part of the contribution of part of the business in the amount of EUR 8,344 thousand.

Other provisions as at 31 December 2015 included provision of EUR 91 thousand to cover liabilities from other expenses.

(EUR '000)

16. LOANS RECEIVED AND BONDS ISSUED

In 2015, the Company issued private unsecured bonds through which it received funds of EUR 492,660 thousand.

The bonds were issued in EUR currency with a fixed interest rate of 2.90% p.a. (coupon). The bonds have a fixed final maturity date, with a lump-sum at the final maturity date on 10 February 2025.

The effective interest rate is 2.90% p.a. The whole volume of issued bonds was purchased by an entity under common control - SPP Infrastructure Financing B.V. with registered seat in the Netherlands.

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

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

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

On 28 February 2014, the Company received a long-term investment loan from the EIB of EUR 75,000 thousand. The loan is due in 2021. The loan bears a variable interest rate based on 3M EURIBOR with an update every three months. As at 31 December 2015, the interest rate was 0.563 % p.a. and the effective interest rate was 0.568 % p.a. As at 31 December 2014, the interest rate was 0.748 % p.a. and the effective interest rate was 0.774 % p.a.

In November 2015, the Company withdrew short-term operating loans of EUR 80,000 thousand. The loans are due in the first quarter of 2016. The loans have a fixed interest rate based on EURIBOR 1M and 3M.

	31 December 2015 secured	**31 December 2015 unsecured**	**31 December 2015 total**	**31 December 2014 secured**	**31 December 2014 unsecured**	**31 December 2014 total**
Loans	-	155,060	155,060	-	75,012	75,012
Bonds issued	-	1,261,050	1,261,050	-	756,822	756,822
Total	**-**	**1,416,110**	**1,416,110**	**-**	**831,834**	**831,834**
Received loans and issued bonds based on currency:						
EUR						
- variable interest rate	-	75,017	75,017	-	75,012	75,012
– fixed interest rate	-	1,341,093	1,341,093	-	756,822	756,822
Total	**-**	**1,416,110**	**1,416,110**	**-**	**831,834**	**831,834**
Received loans and issued bonds maturity:						
Up to 1 year	-	106,470	106,470	-	14,258	14,258
1 to 5 years	-	742,035	742,035	-	-	-
More than 5 years	-	567,605	567,605	-	817,576	817,576
Total	**-**	**1,416,110**	**1,416,110**	**-**	**831,834**	**831,834**

(EUR '000)

	Carrying amount		Fair value (note 5 (d) (3))	
	31 December 2015	**31 December 2014**	**31 December 2015**	**31 December 2014**
Loans	155,060	75,012	155,060	75,012
Bonds issued	1,261,050	756,822	1,239,990	801,030
Total	**1,416,110**	**831,834**	**1,395,050**	**876,042**

17. TRADE AND OTHER PAYABLES

	At 31 December 2015	**At 31 December 2014**
Trade payables	23,718	16,218
Other liabilities	11,846	15,252
Liabilities from transmission activities	8,794	8,501
Liabilities from financial derivatives	14	30
Total financial liabilities	***44,372***	***40,001***
Liabilities to employees	4,413	5,011
Liabilities from social insurance and other taxes	2,593	2,844
Total non - financial liabilities	***7,006***	***7,855***
Total	**51,378**	**47,856**

As at 31 December 2015, the Company recorded due liabilities of EUR 51,356 thousand and overdue liabilities of EUR 22 thousand. As at 31 December 2014, the Company recorded due liabilities of EUR 47,805 thousand and overdue liabilities of EUR 51 thousand.

Trade payables as at 31 December 2015 includes payables due to the company NAFTA a.s. of EUR 7,621 thousand (31 December 2014: EUR 0 thousand) and to the company SPP – distribúcia, a.s. of EUR 3,021 thousand (31 December 2014: EUR 4 thousand).

Social fund liabilities

	2015	**2014**
Opening balance at 1 January 2015	163	296
Total creation:	326	303
from expenses	*326*	*303*
Total usage:	(175)	(436)
monetary rewards and gifts	*(26)*	*(19)*
emergency benefit	*(5)*	-
work jubilee benefits	*(39)*	*(32)*
catering allowance	*(76)*	*(85)*
other drawing as per CA	*(29)*	*(300)*
Closing balance at 31 December 2015	**314**	**163**

Liabilities secured by pledge or other form of collateral

As at 31 December 2015, there is a bank guarantee in Tatra banka established totaling EUR 700 thousand for liabilities to the Customs Office (31 December 2014: EUR 700 thousand).

(EUR '000)

18. REGISTERED CAPITAL

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

19. LEGAL RESERVE FUND AND RETAINED EARNINGS

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

Legal reserve fund

The legal reserve fund of EUR 56,586 thousand (31 December 2014: EUR 56,586 thousand) is created in accordance with Slovak legislation and is not distributable to shareholders. The reserve is created from retained earnings to cover possible future losses or increase of the registered capital. Contribution of at least 10% of the current year's profit is required to be made until the reserve is equal to at least 20% of the registered capital. The legal reserve fund in the Company has already reached 20% of the registered capital.

Based on the decision of the sole shareholder, the Company declared dividends for 2014 totaling EUR 1,400,000 thousand (see also Note 9 and 11). This amount was covered by the profit of 2014 of EUR 334,004 thousand and retained earnings in the amount of EUR 1,065,996 thousand.

Distribution	**Profit distribution for 2014**	**Profit distribution for 2013**
Contribution to legal reserve fund	-	-
Settlement of loss carried forward	-	-
Dividends	334,004	319,362
Total profit to be distributed	**334,004**	**319,362**

(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 2015	Year ended 31 December 2014
Opening balance	**11,126**	**136**
Gain/(loss) on cash-flow hedging		
Currency forward contracts	-	-
Commodity forward contracts	-	-
Commodity swap contracts	68,412	23,377
Interest swap contracts	-	-
Deferred Income tax applicable to gains/losses recognised through equity	(11,636)	(3,100)
Transfer to profit/loss		
Currency forward contracts	-	-
Commodity forward contracts	-,	-,
Commodity swap contracts	(15,523)	(9,287)
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	**52,379**	**11,126**

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 recognized 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 2015	Year ended 31 December 2014
Revenues from sale of services	-	-
Natural gas transmission	15,523	9,287
Purchases of natural gas, consumables and services	-	-
Other costs, net	271	2
Financial expenses	-	-
Income tax charged to expenses	-	-
Total	**15,794**	**9,289**

(EUR '000)

20. REVENUES FROM SALES OF SERVICES

	Year ended 31 December 2015	**Year ended 31 December 2014**
Natural gas transmission	758,202	620,040
Other	18,167	9,975
Total	**776,369**	**630,015**

In 2015, the Company fully executed a long-term contract for natural gas transmission through the Slovak Republic with a significant Russian natural gas exporter. These contracts enable the use of gas pipelines in line with the transmission capacity required by this exporter to execute long-term export contracts signed with customers in Central and Western Europe.

The Company provides access to the transmission network and transmission services on the basis of ship-or-pay contracts. The major user of the network (shipper) is a significant Russian natural gas exporter, followed by other customers, usually leading European gas companies transmitting gas from Russian and Asian reservoirs to Europe. The major part of the transmission capacity is ordered on the basis of long-term contracts, which comprise more than 68% of the Company's revenues from natural gas transmission. In addition, eustream, within the entry-exit transmission system also concludes short-term transmission contracts and provides supplementary gas transmission services.

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

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

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

The increase of revenues in caused mainly from increased revenues from gas transmission and also due to sales of excess natural gas used for balancing.

21. PERSONNEL EXPENSES

	Year ended 31 December 2015	**Year ended 31 December 2014**
Wages, salaries and bonuses	22,608	23,699
Pension security costs	3,032	3,557
Social security costs	4,591	5,386
Other social security costs and severance pay	2,051	3,026
Total	**32,282**	**35,668**

The Company is required to make social and pension security contributions, amounting to 35.2% of salary bases as determined by law, up to a maximum amount ranging approx. EUR 4,120, except for accident insurance, where the salary base is not limited. The employees contribute an additional 13.4% of the relevant salary base up to the above limits.

(EUR '000)

22. COSTS OF AUDIT SERVICE

	Year ended 31 December 2015	Year ended 31 December 2014
Audit of the financial statements	24	23
Other assurance services	59	70
Related audit services	2	-
Other non-audit services provided by the auditor	-	5
Total	**85**	**98**

23. FINANCIAL INCOME

	Year ended 31 December 2015	Year ended 31 December 2014
Interest income	11,782	29,271
FX differences - profit (see Note 25)	511	348
Dividends	675	713
Other financial income, net	370	370
Total	**13,338**	**30,702**

24. FINANCIAL EXPENSE

	Year ended 31 December 2015	Year ended 31 December 2014
Interest expense	42,618	30,526
FX differences – loss (see Note 25)	494	-
Other financial expense	87	40
Total	**43,199**	**30,566**

25. FOREIGN EXCHANGE RATE DIFFERENCES

	Year ended 31 December 2015	Year ended 31 December 2014
Foreign exchange rate gains (losses) arising from:		
– operating activities	(11)	136
– financing activities (see Note 23 and 24)	17	348
Total	**6**	**484**

(EUR '000)

26. TAXATION

26.1. Income tax

Income tax comprises the following:

	Year ended 31 December 2015	Year ended 31 December 2014
Current income tax	128,403	103,057
Special levy	23,291	18,524
Deferred tax (see Note 26.2)	(10,156)	(8,729)
Total	**141,538**	**112,852**

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

	Year ended 31 December 2015	Year ended 31 December 2014
Profit before taxation	559,808	446,856
Income tax at 22% and special levy on business in regulated industries	146,449	116,832
Effect of adjustments from permanent differences between accounting and tax value of assets and liabilities	561	(50)
Other adjustments	(348)	145
Tax impact due to the change in the tax rate	-	-
Effect of special levy as a tax deductible item	(5,124)	(4,075)
Total	**141,538**	**112,852**

Adjustments primarily include non-tax deductible expenses.

The effective tax rate differs from the statutory tax rate of 22% in 2015 mainly due to the special levy.

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

In line with Act No. 235/2012 Coll. on a Special Levy on Business in Regulated Industries and on the Amendment to and Supplementation of Certain Acts, the Company is obliged to pay a monthly special levy from September 2012. The levy rate is 0.00363 per month based on the profit before tax and is presented as a part of the current income tax pursuant to the IFRS requirements. The taxation years from 2010 to 2015 are still open for inspection by the tax authorities.

(EUR '000)

26.2. Deferred Tax

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

	At 1 January 2015	Charge to equity for the period	(Debit)/credit to profit for the period	At 31 December 2015
Difference in net book value of non-current assets	(441,309)	-	8,778	(432,531)
Change in fair value of derivatives	(3,138)	(11,636)	-	(14,774)
Employee benefits and other provisions	2,805	-	44	2,849
Provisions for assets	356	-	(50)	306
Provisions for inventories	1,197	-	722	1,919
Other	24	-	662	686
Total	**(440,065)**	**(11,636)**	**10,156**	**(441,545)**

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

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 2015	At 31 December 2014
Deferred tax liability	441,545	440,065
Total	**441,545**	**440,065**

Non-current and current part of deferred tax liability:

	At 31 December 2015	At 31 December 2014
Deferred tax asset expected to be utilized within 12 months	3,237	1,934
Deferred tax asset expected to be utilized after 12 months	2,523	2,449
Deferred tax liability expected to be utilized within 12 months	(18,906)	(11,261)
Deferred tax liability expected to be utilized after 12 months	(428,399)	(433,187)
Deferred tax liability, net	**(441,545)**	**(440,065)**

(EUR '000)

27. TAX EFFECTS IN THE STATEMENT OF OTHER COMPREHENSIVE INCOME

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

At 31 December 2015	Before tax	Tax	After tax
Cash flow hedging	52,889	(11,636)	41,253
Other comprehensive income for the period	**52,889**	**(11,636)**	**41,253**

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

28. CASH FLOWS FROM OPERATING ACTIVITIES

	Year ended 31 December 2015	Year ended 31 December 2014
Profit before tax	559,808	446,856
Adjustments:		
Depreciation and amortization	97,794	97,861
Interests, net	30,836	1,255
Financial investments income	(675)	(713)
FX differences	50	(353)
Derivatives	(2,329)	(625)
Provisions, allowances and other non-cash items	4,087	(16,923)
(Gain)/loss from sale of non-current assets	(133)	(46)
Loss from impairment of assets	(230)	58
(Increase)/decrease in receivables and prepayments	(345,326)	(257,011)
(Increase)/decrease in inventories	(320)	5,557
Increase/(decrease) in trade and other liabilities	7,766	23,116
Cash flows from operating activities	**351,328**	**299,032**

29. COMMITMENTS AND CONTINGENCIES

Capital Expenditure Commitments

As at 31 December 2015, capital expenditures of EUR 14,698 thousand (as at 31 December 2014: EUR 10,449 thousand) had been committed under contractual arrangements for the acquisition of non-current assets, but were not recognized 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. of EUR 1,274,448 thousand as at 31 December 2015 (as at 31 December 2014: EUR 762,868 thousand). The Company has committed to guarantee repayment of the bonds by SPP Infrastructure Financing B.V. and as such is exposed to all the resultant risks.

Operating Lease Arrangements

The Company leases vehicles under an operating lease agreement. The contracted period is four years and the Company has no pre-emptive right to purchase the assets at the end of the lease term. The lease payments for the year ended 31 December 2015 were EUR 965 thousand (31 December 2014: EUR 1,213 thousand).

Non-cancellable operating lease payables amount to:

Period	**2015**	**2014**
Up to 1 year	965	1,360
1 to 5 years	1,528	3,512
More than 5 years	-	-
Total	**2,493**	**4,872**

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 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.

(EUR '000)

30. RELATED PARTY TRANSACTIONS

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

	Year ended 31 December 2015				As at 31 December 2015	
	Revenues	**Expenses**	**Dividends**	**Other**	**Receivables**	**Liabilities**
SPP Infrastructure	11,512	15	1,400,000	-	535,658	1
Related parties under control of EPH	1,239	50,318	-	124	327	1,272,351
Related parties under influence of the Government of the Slovak Republic	40,716	30	-	4,656	114	5,885
Other related parties	675	48	-	3	50	4

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

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

Transactions with the SPP Infrastructure represent the payment of dividends, loans granted (see also Note 9) and transactions related to cash-pooling (see Note 11). Transactions with related parties under the control of EPH in 2015 are mainly issued bonds (see also Note 16).

Transactions with related parties under the influence of the Slovak Government in 2015 are mainly services related to transmission and purchase of natural gas.

In 2014 and 2015, the Company provided a financial guarantee to SPP Infrastructure Financing B.V. (see Note 29).

The Government of the Slovak Republic has a significant influence over the financial and operating decisions of the Company through its ownership of 51% of the shares of SPP Infrastructure by the Ministry of Economy of the Slovak Republic ("MH SR") (MH SR does not have managerial control). Therefore, the Government of the Slovak Republic and the companies controlled or jointly controlled by the Government of the Slovak Republic are classified as related parties of the Group ("Government related entities"). Except for the transactions disclosed above and except for taxes, the Company had no individually significant transactions with the Government related entities in 2015 and 2014. The Company applied exemption from disclosing insignificant transactions with the Government related entities according to IAS 24, par. 25.

(EUR '000)

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

	Year ended 31 December 2015	**Year ended 31 December 2014**
Total compensation of the actual and former members of board of directors, supervisory board and key management –	1,034	835
of which – Board of Directors and executive management	*586*	*271*
– Supervisory Board	*309*	*276*
– Supervisory Committee	*103*	*103*
– former members of the Board of Directors and executive management	*36*	*165*
– former members of the Supervisory Board	*-*	*20*
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	72	193
of which – Board of Directors and executive management	*-*	*-*
– former members of the Board of Directors and executive management	*72*	*193*
Benefits in kind to the members of the Board of Directors, Supervisory Board, executive management and former members of the bodies - total	17	18
of which – Board of Directors and executive management	*17*	*17*
– Supervisory Board	*-*	*1*
Other remuneration (including loans, guarantees or other securitization) to the members of the Board of Directors, Supervisory Board, executive management and former members of the bodies – total	-	-
Total amount of used financial or other remunerations for personal use by the Members of statutory body, supervisory body or other body of the accounting unit, which are accounted for	18	14
of which – Board of Directors and executive management	*16*	*9*
– Supervisory Board	*2*	*-*
– former members of the Board of Directors and executive management	*-*	*5*

(EUR '000)

31. MEMBERS OF THE COMPANY'S BODIES

Body	Position	Name
Board of Directors	Chairman	Ing. Tomáš Mareček
	Vice-Chairman	Ing. Robert Hančák
	Member	Ing. Miroslav Bodnár
	Member	Mgr. Kamil Peteraj
	Member	Ing. Mirek Topolánek – since 11 August 2015
	Member	Ing. Jan Mašinda – until 11 August 2015
Supervisory Board	Chairman	Ing. Peter Trgiňa, MBA
	Vice-Chairman	JUDr. Daniel Křetínský
	Member	RNDr. Otto Halás, PhD.
	Member	Ing. Viera Peťková, PhD.
	Member	Bc. Andrej Lendvay
	Member	Viktor Mihalik
Supervisory Committee	Chairman	JUDr. Daniel Křetínský
	Vice-Chairman	Ing. Ružena Lovasová
	Member	Ing. Roman Karlubík, MBA
	Member	Mgr. Jan Stříteský
	Member	Mgr. Hana Krejčí, PhD.
Executive management	CEO	Ing. Rastislav Ňukovič

32. POST-BALANCE SHEET EVENTS

No events occurred subsequent to 31 December 2015, which would have a material impact on the financial statements of the Company at 31 December 2015.

Prepared on: **11 February 2016**	**Signature of a member of the statutory body of the reporting entity**	
	Ing. Tomáš Mareček Chairman of the Board of Directors	Ing. Miroslav Bodnár Member of the Board of Directors

Approved on:

22 June 2016

Proposal
of profit distribution
for the year 2015

The proposal of profit distribution for the year 2015 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 2015 is based on the audited financial statements for the year 2015.

I.	**Profit after tax**	**418,269,501.04 €**
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**	**418,269,501.04 €**
IV.	**The amount of retained earnings determined as dividends**	**81,730,498.96 €**
V.	**The amount total determined as dividends**	**500,000,000.00 €**
VI.	**Tantiems to the members of the bodies**	**0.00 €**

Note:

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

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