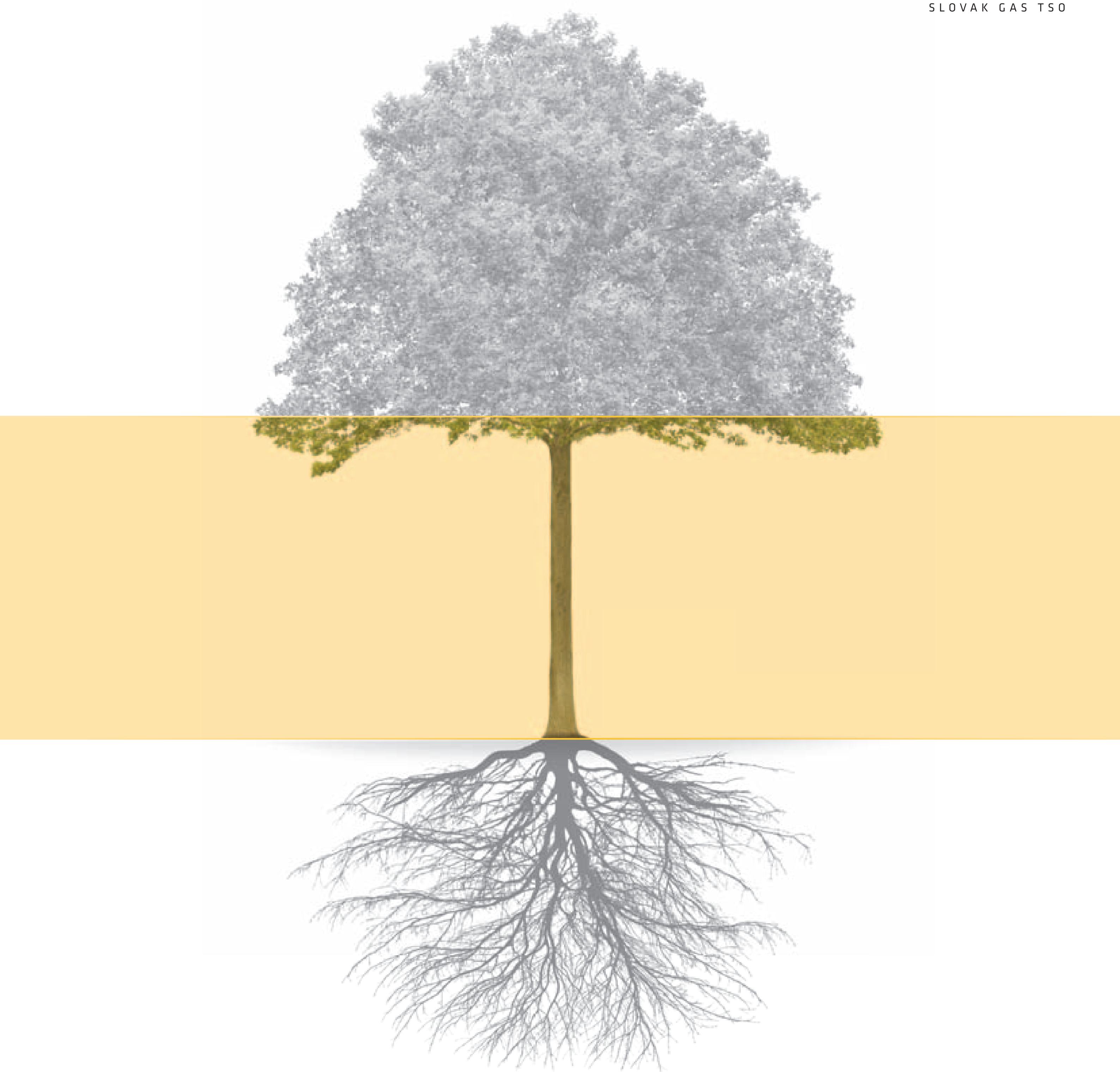

Independent Auditor's Report and Separate Financial Statements

(Prepared in Accordance with International Financial Reporting Standards as Adopted by the EU)

for the year ended 31 December 2009

eustream, a.s.

Independent Auditor's Report and Separate Financial Statements (Prepared in Accordance with the International Financial Reporting Standards, as adopted by the EU) for the year ended 31 December 2009

ERNST & YOUNG

Ernst & Young Slovakia, spol. s r.o.
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Independent Auditor's Report

To the Shareholders of eustream, a.s.:

We have audited the accompanying separate financial statements of eustream, a.s. ('the Company'), which comprise the balance sheet as at 31 December 2009 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 notes.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards as adopted by the EU. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditor's Responsibility

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

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

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

Opinion

In our opinion, the separate financial statements present fairly, in all material respects, the financial position of the Company as at 31 December 2009, 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

22 February 2010
Bratislava, Slovak Republic

Ernst & Young

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

Ing. Peter Uram-Hrišo
UDVA Licence No. 996

Spoločnosť zo skupiny Ernst & Young Global Limited
Ernst & Young Slovakia, spol. s r.o., IČO: 35 840 463, zapísaná v Obchodnom registri Okresného súdu Bratislava I, oddiel: Sro, vložka číslo: 27004/B
a v zozname audítorov vedenom Slovenskou komorou audítorov pod č. 257.

eustream, a.s.

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

for the year ended 31 December 2009

CONTENTS

eustream, a.s.
SEPARATE BALANCE SHEETS
As at 31 December 2009 and 31 December 2008
(EUR '000)

	Note	31 December 2009	31 December 2008
ASSETS:			
NON-CURRENT ASSETS			
Property, plant and equipment	6	21,981	23,649
Non-current intangible assets	7	2,166	1,208
Total non-current assets		**24,147**	**24,857**
CURRENT ASSETS			
Inventories	8	21,507	22,334
Receivables and prepayments	9	164,852	158,185
Income tax asset		1,259	3,914
Other assets		4	-
Cash and cash equivalents		20	1,953
Total current assets		**187,642**	**186,386**
Assets classified as held for sale			
TOTAL ASSETS		**211,789**	**211,243**
EQUITY AND LIABILITIES:			
CAPITAL AND RESERVES			
Registered capital	13	82,929	82,929
Legal reserve fund and other funds	14	16,102	16,773
Retained earnings	14	82,123	88,702
Total equity		**181,154**	**188,404**
NON-CURRENT LIABILITIES			
Retirement and other long-term employee benefits	10	2,334	2,156
Deferred tax liability	19.2	1,583	2,267
Total non-current liabilities		**3,917**	**4,423**
CURRENT LIABILITIES			
Trade and other payables	12	23,435	18,416
Income tax payable		-	-
Provisions and other current liabilities	11	3,283	-
Total current liabilities		**26,718**	**18,416**
Total liabilities		**30,635**	**22,839**
TOTAL EQUITY AND LIABILITIES		**211,789**	**211,243**

The financial statements on pages 3 to 29 were signed on 22 February 2010 on behalf of the Board of Directors:

Ing. Andreas Rau
Chairman of the Board of Directors

Dipl. Ing. Antoine Jourdain
Member of the Board of Directors

(EUR '000)

	Note	*Year ended 31 December 2009*	*Year ended 31 December 2008*
Revenues from sale of services			
Natural gas transmission and other		742,913	804,098
Total revenues		**742,913**	**804,098**
Operating expenses			
Own work capitalized		523	803
Purchases of natural gas and raw material and energy consumption		(133,934)	(209,183)
Depreciation and amortization	6, 7	(3,875)	(4,094)
Other services		(477,601)	(485,472)
Staff costs	15	(36,405)	(29,222)
Provision for bad and doubtful debts, obsolete and slow-moving inventory, net	9,8	(650)	(93)
Provisions and impairment losses, net	11,6,7	(44)	(42)
Other, net		5,267	2,335
Total operating expenses		**(646,719)**	**(724,968)**
Operating profit		**96,194**	**79,130**
Finance income/(costs)	17	1,158	26,318
Profit before income taxes		**97,352**	**105 448**
Income tax	19.1	(18,683)	(20,200)
NET PROFIT FOR THE PERIOD		**78,669**	**85,248**

(EUR '000)

	Note	*Year ended 31 December 2009*	*Year ended 31 December 2008*
PROFIT FOR THE PERIOD		**78,669**	**85,248**
Other comprehensive income:	20		
Cash flow hedging		(715)	231
Deferred tax relating to components of other comprehensive profit / loss for the period		44	(44)
OTHER NET COMPREHENSIVE INCOME / (LOSS) FOR THE PERIOD		**(671)**	**187**
TOTAL NET COMPREHENSIVE INCOME FOR THE PERIOD		**77,998**	**85,435**

(EUR '000)

	Registered capital	*Legal reserve fund*	*Hedging reserve*	*Retained earnings*	*Total*
Balance at 31 December 2007	**82,929**	**16,586**	**-**	**105,530**	**205,045**
Net profit for the period	-	-	-	85,248	85,248
Other comprehensive profit for the period	-	-	187	-	187
Dividends paid	-	-	-	(102,076)	(102,076)
Balance at 31 December 2008	**82,929**	**16,586**	**187**	**88,702**	**188,404**
Net profit for the period	-	-	-	78,669	78,669
Other comprehensive loss for the period	-	-	(671)	-	(671)
Dividends paid	-	-	-	(85,248)	(85,248)
Balance at 31 December 2009	**82,929**	**16,586**	**(484)**	**82,123**	**181,154**

(EUR '000)

	Note	Year ended 31 December 2009	Year ended 31 December 2008
Operating activities			
Cash generated from operations	21	100,280	35,240
Interest paid		(1)	(74)
Interest received		675	3,453
Income tax paid		(16,669)	(40,825)
Net cash inflow from operating activities		84,285	(2,206)
Investing activities			
Purchase of property, plant and equipment		(1,986)	(5,383)
Proceeds from sale of property, plant and equipment and intangibles		1	3
Net cash inflow/(outflow) from investing activities		(1,985)	(5,380)
Financing activities			
Dividends paid		(85,248)	(102,076)
Other proceeds and payments from financial activities, net		1,016	26,691
Net cash outflow from financing activities		(84,232)	(75,385)
Net increase/(decrease) in cash and cash equivalents		**(1,932)**	**(82,971)**
Net foreign exchange difference		**(1)**	**(10)**
Cash and cash equivalents at the beginning of the period		**1,953**	**84,934**
Cash and cash equivalents at the end of the period		**20**	**1,953**

(EUR '000)

1. GENERAL

1.1. General Information

In accordance with Act No. 431/2002 Coll. on Accounting as amended, eustream, a.s., ("the Company") is required to prepare separate financial statements as at 1 January 2008 in accordance with the International Financial Reporting standards ("IFRS"), as adopted by the European Union ("EU"). The transition to IFRS was realized in accordance with IFRS 1 *First Time Adoption of IFRS* as at 1 January 2007 (transition date to IFRS).

The accounting procedures detailed in Note 3 were used in preparing these separate financial statements, the comparatives in these separate financial statements and the opening balance sheet as at 1 January 2007 (transition date to IFRS).

The Company was founded by Memorandum of Association on 26 November 2004 and incorporated in the Commercial Register on 10 December 2004 under the business name SPP – preprava, a.s. Slovenský plynárenský priemysel, a.s., is 100% owner of the Company.
On 1 July 2006, Slovenský plynárenský priemysel, a.s., ("SPP") made a contribution to the Company of part of the business, including the assets (not including the main assets held for natural gas transmission) and liabilities of the former transit division. At the same time, SPP leased the main assets held for natural gas transmission (gas transmission pipelines, compressor stations) to the Company under the Contract for Operating Lease.
Since 1 July 2006, the Company has assumed the performance of activities related to international natural gas transmission.
SPP – preprava a.s. changed its business name to eustream a.s. by entry in the Commercial Register on 3 January 2008.

These financial statements represent the separate financial statements of the Company. They were prepared for the reporting period from 1 January to 31 December 2009 in accordance with IFRS, as adopted by the EU.

On 28 April 2009, the General Meeting approved the Company's 2008 financial statements.

Company Identification No. (IČO)	35 910 712
Tax Registration No. (DIČ)	2021931175

1.2. Principal Activities

Since 1 July 2006, following legal unbundling, the Company has been responsible for the transmission of natural gas.

SPP contributed part of the business, including the assets (not including the main assets held for natural gas transmission) and liabilities of the original transit division to its subsidiary SPP – preprava. At the same time, SPP leased the main assets held for natural gas transmission (gas transmission pipelines, compressor stations) to the Company under the Contract for Operating Lease. With effect from 1 July 2006, the Company assumed the performance of activities associated with the transmission of natural gas.

1.3. Employees

The average number of employees of eustream, a.s., for the year ended 31 December 2009 was 1,086, of which executive management: 1 (for the year ended 31 December 2008: 1,088, of which executive management:1).

1.4. Registered Address

Mlynské nivy 42
825 11 Bratislava
Slovak Republic

2. NEW INTERNATIONAL FINANCIAL REPORTING STANDARDS AND CHANGES IN ESTIMATES

2.1. Adoption of New and Revised International Financial Reporting Standards

In the current year, the Group 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 are applicable to its operations and that have been endorsed by the EU and are effective for the accounting periods commencing 1 January 2009.

<u>IFRS 7 – Financial Instruments – Disclosures (Amendment) – effective from 1 January 2009</u>
The amendment requires additional disclosures in reporting fair value and liquidity risks. The Company will be obliged to report financial instruments using a three-level hierarchy to determine fair value. The revision has had an impact on additional disclosures in the notes.

<u>IAS 1 (revised) Presentation of Financial Statements – effective from 1 January 2009</u>
The revised standard precludes the presentation of income and expense items (other than those resulting from transactions with owners) in the statement of changes in equity. Their presentation is required in the statement of comprehensive income. The Company has applied these changes in the presentation to current as well as comparable periods.

<u>IAS 23 Borrowing Costs (revised) – effective from 1 January 2009</u>
The revised standard requires capitalization of borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset (an asset that necessarily takes a substantial period of time to prepare for its intended use or sale) as part of the cost of the related asset. The option to record them directly in costs has been eliminated. The Company has applied this accounting policy. The change had no impact on current and comparable periods at the current state as the Company did not have any such borrowing costs.

<u>IFRS 8 Operating Segments – effective from 1 January 2009</u>
The standard relates to companies that have publicly tradable debt or equity securities or have submitted or are about to submit their financial statements to the respective body in order to issue a class of securities on a public market. IFRS 8 requires disclosure of financial and other explanatory information on operating segments by the Company. This information is required to be consistent with that used by the management for internal management and reporting purposes. IFRS 8 is not applicable for the Company.

<u>Amendment to IFRS 2 Share-Based Payments – Vesting Conditions and their Cancellations – effective from 1 January 2009</u>
IFRS 2 is not applicable for the Company.

<u>Amendment to IAS 32 Financial Instruments: Presentation - effective from 1 January 2009</u>
The amendment required companies to classify financial instruments that meet the definition of a financial liability such as equity. This revision had no impact on the financial statements.

<u>IFRIC 15 Agreements for the Construction of Real Estate - effective from 1 January 2009</u>
The interpretation is not applicable for the Company.

As at the date of authorization of these separate financial statements, the following standards and interpretations or amendments to the existing standards and interpretations which became effective from 1 July 2009 or later, i.e. from 1 January 2010 for the SPP Group were issued:

- IFRIC 17 Distributions of Non-cash Assets
- IFRIC 18 Transfers of Assets from Customers
- IAS 27 Consolidated and Separate Financial Statements (revised)
- IFRS 3 Business Combinations (revised)
- IFRS 1 First-time Adoption of International Financial Reporting Standards (revised)
- IFRS 2 Share-based Payments – cash-settled share-based payment transactions in the Group" (revised)

The Company anticipates that the adoption of these standards in future periods will have no material impact on the separate financial statements of the Company.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

a) Basis of Accounting

These separate financial statements have been prepared in accordance with IFRS, as adopted by the EU. IFRS as adopted by the EU do not currently differ from IFRS as issued by the International Accounting Standards Board (IASB).

The financial statements are prepared under the historical cost convention, except for certain financial instruments. The principal accounting policies adopted are detailed below. The reporting and functional currency of eustream is euro (EUR). The separate financial statements were prepared based on the assumption that the Company is a going concern.

b) Research and Development

Research and development expenditure is recognized as an expense except for costs incurred on development projects, which are recognized as development assets (intangible assets) to the extent that the expenditure is expected to have future economic benefits. However, development costs initially recognized as an expense are not recognized as an asset in a subsequent period.

c) Financial Instruments

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

d) Derivative Financial Instruments

Derivative financial instruments are initially recorded at fair value and are re-assessed to fair value at subsequent reporting dates.

Changes in the fair value of derivative financial instruments which are determined and effective as cash flow hedges are recognized direct in equity. As a hedging relationship arises, the Company documents the relation between a hedging instrument and the hedged item, risk management objectives and the strategy for realization of various hedging transactions. As of the hedging origination, the Company continuously monitors whether the hedging instrument used in the hedging relationship is effective in compensating for cash flow changes in the hedged item. The amounts recognized in equity are recognized in the income statement at the same period when the hedged fixed liability originates or the anticipated transaction affects the profit or loss.

Changes in the fair value of derivative financial instruments that do not qualify for hedge accounting are recognized in the statement of profit and loss.

e) Trade Receivables

Trade receivables are stated at expected realizable value, net of provisions for debtors within bankruptcy or restructuring proceedings and net of provisions for overdue bad and doubtful receivables at risk of full or partial non-settlement.

(EUR '000)

f) Property, Plant and Equipment and Intangible Assets

Property, plant and equipment and intangible assets are stated in the balance sheet at historical cost less accumulated depreciation and impairment losses. In the event of assets deposited as a contribution in kind as at 1 July 2006, historical cost was determined by an independent expert as at this date.

Cost includes all costs directly attributable to bringing the asset into working condition for its intended use.

Items of property, plant and equipment and intangible assets that are retired or disposed of are eliminated from the balance sheet, along with any corresponding accumulated depreciation. Any gain or loss resulting from such retirement or disposal is included in the statement of profit and loss.

Other items of property, plant and equipment are depreciated on a straight-line basis over their estimated useful lives. Depreciation is recorded by a charge to income computed so as to amortize the cost of the assets to their estimated residual values over their residual useful lives. The useful lives of property, plant and equipment and intangible assets are as follows:

	2009	***2008***
Regulation stations	15 – 50	15 - 50
Structures	40	40
Machines, tools and equipment	4 – 15	4 - 15
Other non-current assets	1 – 8	1 – 8

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

At each balance sheet date an assessment is made as to whether there is any indication that the recoverable amount of the Company's property, plant and equipment and intangible assets is less than the carrying amount. Where there is such an indication, the recoverable amount of the asset, being whichever is the higher of the asset's net selling price and the present value of its net cash flows, is estimated. The resulting impairment loss is recognized in full in the statement of profit and loss in the year in which the impairment occurs. The discount rates used to calculate the net present value of the 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 significantly postpone its planned completion date, the carrying amount of the asset is reviewed for potential impairment and a provision recorded, if appropriate.

Subsequent expenditure relating to an item of property, plant and equipment and intangible assets is added to the carrying amount of the asset when it is probable that future economic benefits, in excess of the original assessed standard of performance of the existing asset, will flow to the Company. All other subsequent expenditure is treated as repairs and maintenance and is expensed in the period in which it is incurred.

g) Inventories

Inventories are stated at whichever is the lower of cost and net realizable value. The cost of natural gas in the transmission network pipelines and materials and supplies is calculated using the weighted average method. Cost of materials and other inventory includes cost of acquisition and other costs related to acquisition and for own products materials, other direct costs and production overheads. Increase of natural gas accumulation in the transmission network pipelines is valued at cost. There are no acquisition by-costs. Appropriate provision is made for obsolete and slow-moving inventories.

h) Cash and Cash Equivalents

Cash and cash equivalents consist of cash in hand and balances with banks with insignificant risk of changes in value.

i) Provisions

A provision is recognized when the Company has a present obligation (legal or constructive) as a result of a past event and it is probable (i.e. more likely than not) that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation. Provisions are reviewed at each balance sheet date and adjusted to reflect the current best estimate. The amount of the provision is the present value of the risk-adjusted expenditures expected to be required to settle the obligation, determined using the estimated risk-free interest rate as discount rate. Where discounting is used, the carrying amount of the provision increases in each period to reflect the unwinding of the discount by the passage of time.

j) Greenhouse Gas Emissions

The Company receives free emission rights as a result of the European Emission Trading Schemes. The rights are received on an annual basis and in return the Company is required to remit rights equal to its actual emissions. The Company has adopted a policy of applying a net liability approach to the emission rights granted. Therefore, a provision is only recognized when actual emissions exceed the emission rights granted and retained. When emission rights are purchased from other parties, they are recorded at cost, and treated as a reimbursement right.

k) Revenue Recognition

Sales are recorded upon the delivery of products or performance of services, net of value added tax and discounts. The Company records revenue from fees for natural gas transition, revenue from transmission network balance and from other activities on the accrual basis. Revenues are accounted for on the fulfilment of delivery terms, since at that moment the significant risks and rights of ownership are transferred to the customer. The date of delivery fulfilment is the last day of the respective calendar month.

l) Social Security and Pension Schemes

The Company is required to make contributions to various obligatory Government insurance schemes, together with contributions by employees. The cost of social security payments is charged to the statement of profit and loss in the same period as the related salary cost.

m) Retirement and Other Long-Term Employee Benefits

The Company operates un-funded defined long-term benefit programs comprising lump-sum post-employment, disability and jubilee benefits. In accordance with IAS 19, the employee benefits costs are assessed using the projected unit credit method. Under this method, the cost of providing pensions is charged to the statement of profit and loss 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 outflows discounted by market yields on Slovak government bonds, which have terms to maturity approximating to the terms of the related liability. All actuarial gains and losses are recognized immediately in the statement of profit and loss. If the benefits have already vested, immediately following the introduction of, or changes to, a pension plan, past service costs are recognized immediately.

n) Taxation

Income taxes currently payable are provided on accounting profit as determined under Slovak accounting principles after adjustments for certain items for taxation purposes at a rate of 19%.

Deferred income tax is provided, using the liability method, for all temporary differences arising between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes. 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 charged or credited to the statement of profit and loss, except when it relates to items credited or charged directly to equity, in which case the deferred tax is also recorded in equity. The income tax rate valid from 1 January 2004 is 19%.

The principal temporary differences arise from depreciation on property, plant and equipment, various provisions and financial derivative instruments. Deferred tax assets are recognized to the extent that it is probable that future taxable profit will be available against which the deductible temporary differences can be utilized.

o) Foreign currencies

Transactions in foreign currencies are initially recorded at the rates of exchange of the European Central Bank (ECB) pertaining on the dates of the transactions. Monetary assets, receivables and liabilities denominated in foreign currencies are retranslated at the ECB exchange rates pertaining on the balance sheet date. Gains and losses arising on exchange are included in the statement of profit and loss for the period.

In relation to adoption of the euro as the official currency of the Slovak Republic as at 1 January 2009, the official conversion rate of EUR 1 = SKK 30.126 was used for reporting values for the immediately preceding accounting period. The average exchange rate for 2008 was EUR 1 = SKK 31.291. This change had no impact on the Company's financial situation.

4. CRITICAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

Except key assumptions used in actuarial valuation (Note 10) there is no significant risk of material adjustments in future periods.

5. FINANCIAL INSTRUMENTS

a) Financial risk management

The Company is not exposed to severe financial risks that would include the effects of changes in foreign currency exchange rates. The Company's overall risk management program focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on the financial performance of the Company. To manage certain risks the Company enters into derivative transactions, e.g. forward currency contracts. The purpose is to manage the currency risks arising from the Company's operations and its sources of finance.

(1) Foreign currency risk

The Company operates internationally and is exposed to foreign currency risk arising from various currency exposures.

Analysis of financial assets and financial liabilities by currency:

	Financial assets		***Financial liabilities***	
in EUR thousands	***As at 31 December 2009***	***As at 31 December 2008***	***As at 31 December 2009***	***As at 31 December 2008***
USD	3,482	-	2	4

The Company also uses forward contracts to hedge against foreign currency risk in the local currency for the specified dates of cash flows. These derivatives are accounted for as trading instruments with fair value adjustments reported in the statement of profit and loss. As at 31 December 2009 and 31 December 2008, the Company had open forward contracts to manage the exposure of the foreign exchange rate on income from transmission.

In 2008, the Company concluded forward contracts to hedge 2009 cash flows for transmission services in USD which meet the criteria for IAS 39. The effective part of these forward contracts is recognized in equity.

The table below summarizes open forward currency contracts as at the balance sheet date.

Open forward currency contracts *in EUR thousands*	***Fair value***			
	2009		***2008***	
	Cash flow hedging	***Held for trading***	***Cash flow hedging***	***Held for trading***
USD sale				
Within 3 months	(161)	-	169	-
From 3 to 12 months	(323)	(18)	104	358

Sensitivity to foreign currency changes

The table below displays the sensitivity of the Company to a 3 % strengthening or weakening of euro against the US dollar. The sensitivity analysis only includes outstanding monetary items denominated in foreign currency and adjusts their translation at the end of the reporting period by the 3 % FX change.

	Impact of US dollar rate	
in EUR thousands	***As at 31 December 2009***	***As at 31 December 2008***
Effect on profit/loss before tax	108	-

The effects mainly relate to risks relating to outstanding receivables and payables in USD at the year-end.

(2) Commodity price risk

To reduce risks related to changes in commodity prices the Company uses swap of EUA – CER licences within the 7% limit determined by law. The Company did not hedge other risks resulting from changes in commodity prices with other instruments.

(3) Interest rate risk

The Company has no significant concentrations of interest rate risk. As at 31 December 2009 and 31 December 2008, the Company had no outstanding long-term loans and granted no long-term loans with a fixed interest rate.

(4) Credit risk

The maximum exposure to credit risk is represented by the carrying amount of each financial asset, including derivative financial instruments, in the balance sheet, net of any impairment.

(5) Liquidity risk

Prudent liquidity risk management implies maintaining sufficient cash with adequate due date, the availability of funding through an adequate amount of committed credit lines and the ability to close out market positions. The Company, as a member of the main SPP Group, is part of the cash-pooling system. In the system flexibility is maintained by keeping committed credit lines available and synchronizing the maturity of financial assets with financial needs.

(EUR '000)

The table below summarizes the maturity profile of the financial liabilities at 31 December 2009 and 31 December 2008, based on contractual undiscounted payments:

As at 31 December 2008	On demand	Less than 3 months	3 to 12 months	1 to 5 years	> 5 years	Total
Other liabilities	-	3,811	-	-	-	3,811
Trade and other payables	-	14,605	-	-	-	14,605

As at 31 December 2009	On demand	Less than 3 months	3 to 12 months	1 to 5 years	> 5 years	Total
Other liabilities	-	11,450	-	-	-	11,450
Trade and other payables	-	15,269	-	-	-	15,269

The table below details the Company's liquidity analysis for its derivative financial instruments. The table is based on undiscounted net cash inflows/(outflows) on the derivative instrument that are settled on a net basis:

	Less than 1 month	*1 – 3 months*	*From 3 months to 1 year*	*1 – 5 years*	*5 years and more*
2008					
Net settled:					
Foreign exchange forward contracts recognized as hedging	56	114	104	-	-
Forward currency contracts held for trading	-	-	358	-	-
Commodity swap contracts	-	-	(36)	(130)	-
Total	**56**	**114**	**426**	**(130)**	**-**
2009					
Net settled:					
Foreign exchange forward contracts recognized as hedging	(54)	(107)	(323)	-	-
Forward currency contracts recognized as hedges	-	-	(18)	-	-
Commodity swap contracts held for trading	-	-	(5)	(56)	-
Total	**(54)**	**(107)**	**(346)**	**(56)**	**-**

b) Capital risk management

The Company manages its capital to ensure that it will be able to continue as a going concern while maximizing the return to stakeholders through the optimization of the debt and equity balance.
The Company's capital structure consists of cash and cash equivalents and equity attributable to the parent's equity-holders, comprising issued capital, legal and other funds and retained earnings as disclosed in Notes 13 and 14, respectively. The gearing ratio at year-ends 2009 and 2008 was 0%.

(EUR '000)

c) Categories of financial instruments

	31 December 2008	*31 December 2007*
Financial assets		
Financial derivatives recognized as hedging	-	274
Financial derivatives held for trading	-	357
Loans and receivables (including cash and cash equivalents)	146,803	138,602
Financial assets available for sale	4	-
Financial liabilities		
Financial derivatives recognized as hedging	502	-
Financial derivatives held for trading	61	167
Financial liabilities carried at amortized costs	22,873	18,250

d) Fair value of financial instruments

The fair value of forward foreign exchange contracts was determined using forward exchange market rates at the balance sheet date.

Embedded derivative instruments

Transmission contracts denominated in EUR represented the currency of the primary economic environment in which a substantial party to the contracts operates and so these contracts were not regarded as a host contract with an embedded foreign currency derivative, as 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 USD represented the currency which is commonly used in contracts to purchase or sell non-financial items within the economic environment of the Slovak Republic in respect of business relations with external parties. Hence, in accordance with IAS 39 (as revised in December 2003), the Company did not recognize the embedded derivatives separately from the host contract.

The Company assessed all other significant contracts and agreements for embedded derivatives that should be recorded and concluded that there are no embedded derivatives in these contracts and agreements that are required to be valued and separately recorded as at 31 December 2009 and 31 December 2008 under the requirements of IAS 39 (as revised in December 2003).

Derivative instruments recognized as hedges and held for trading

The Company uses the following financial derivatives to decrease risks resulting from fluctuations in both foreign currency exchange rates and interest rates:

Forward currency contracts

Forward currency contracts are executed to hedge risks from fluctuations in foreign currency exchange rates with regard to particular transactions. The Company executes these contracts to manage risks arising from ordinary business transactions.

As at 31 December 2009 and 31 December 2008, open forward currency contracts were recognized in the Company's balance sheet under hedges and held for trading.

(EUR '000)

6. PROPERTY, PLANT AND EQUIPMENT

	Regulation stations	*Plant, machinery and equipment*	*Other non-current tangible assets*	*Capital work in progress*	*Total*
Year ended 31 December 2008					
Opening net book value	2,315	19,317	1,823	1,095	24,550
Additions	-	-	-	2,857	2,857
Put in use	-	2,611	556	(3,167)	-
Reclassifications	-	1	-	-	1
Disposals	-	(16)	(4)	-	(20)
Depreciation charge	(147)	(3,061)	(583)	-	(3,791)
Change in provisions	-	61	10	(19)	52
Closing net book value	**2,168**	**18,913**	**1,802**	**766**	**23,649**
At 31 December 2008					
Cost	2,340	26,415	3,159	814	32,728
Provision and accumulated depreciation	(172)	(7,502)	(1,357)	(48)	(9,079)
Net book value	**2,168**	**18,913**	**1,802**	**766**	**23,649**
Year ended 31 December 2009					
Opening net book value	2,168	18,913	1,802	766	23,649
Additions	-	-	-	1,852	1,852
Put in use	-	1,422	122	(1,544)	-
Reclassifications	-	(7)	7	-	-
Disposals	-	(3)	(2)	-	(5)
Depreciation charge	(147)	(2,892)	(567)	-	(3,606)
Change in provisions	-	91	(1)	1	91
Closing net book value	**2,021**	**17,524**	**1,361**	**1,075**	**21,981**
At 31 December 2009					
Cost	2,340	27,721	3,234	1,122	34,417
Provision and accumulated depreciation	(319)	(10,197)	(1,873)	(47)	(12,436)
Net book value	**2,021**	**17,524**	**1,361**	**1,075**	**21,981**

The cost of fully depreciated non-current assets (including non-current tangible assets) which as at 31 December 2009 were still in use amounted to EUR 2,308 thousand (31 December 2008: EUR 1,435 thousand).

Type and amount of insurance for property, plant and equipment and intangible assets:

Insured object	*Type of insurance*	*Cost of insured assets*		*Name and seat of the insurance company*
		2009	*2008*	
Buildings, halls, structures, machinery, equipment, fixture & fittings, low-value TFA, other TFA, works of art, inventories	Insurance of assets	10,448	10,245	Allianz-Slovenská poisťovňa, a.s. Kooperativa, a.s., ČSOB Poisťovňa, a.s.
Motor vehicles	CASCO, motor vehicle insurance against damage, destruction or theft	5,218	4,712	Allianz-Slovenská poisťovňa, a.s.

(EUR '000)

7. NON-CURRENT INTANGIBLE ASSETS AND OTHER ASSETS

	Software	***Other non-current intangible assets***	***Assets in the course of construction***	***Total***
Year ended 31 December 2008				
Opening net book value	828	65	670	1,563
Additions	-	-	5	5
Put in use	76	-	(76)	-
Reclassifications	-	-	-	-
Disposals	-	-	-	-
Amortization	(341)	(19)	-	(360)
Change of provisions	-	-	-	-
Closing net book value	**563**	**46**	**599**	**1 208**
At 31 December 2008				
Cost	1,419	93	770	2 282
Provision and impairment loss	(856)	(47)	(171)	(1 074)
Net book value	**563**	**46**	**599**	**1,208**
Year ended 31 December 2009				
Opening net book value	563	46	599	1,208
Additions	-	-	1,405	1,405
Put in use	6	1,488	(1,494)	-
Reclassifications	-	-	-	-
Disposals	-	-	(51)	(51)
Amortization	(350)	(46)	-	(396)
Change of provisions	-	-	-	-
Closing net book value	**219**	**1,488**	**459**	**2,166**
At 31 December 2009				
Cost	1,425	1,581	630	3,636
Provision and impairment loss	(1,206)	(93)	(171)	(1,470)
Net book value	**219**	**1,488**	**459**	**2,166**

8. INVENTORIES

	31 December 2009	***31 December 2008***
Natural gas	11,094	12,778
Raw materials and other inventories	11,145	9,667
Provision	(732)	(111)
Total	**21,507**	**22,334**

The balance of natural gas represents accumulated natural gas in the pipelines.

As at 31 December 2009 and 31 December 2008, only a provision for inventories of raw materials in stock was created.

9. RECEIVABLES AND PREPAYMENTS

	31 December 2009	***31 December 2008***
Trade receivables from transmission activities	48,991	57,839
Trade receivables from financial derivatives	-	631
Prepayments and other receivables	97,792	78,810
Other taxes	18,069	20,905
Total	**164,852**	**158,185**

As at 31 December 2009, the Company recorded receivables due and overdue of EUR 164,768 thousand and EUR 232 thousand excluding provision for impairment of receivables, respectively. As at 31 December 2008, the Company recorded receivables due and overdue of EUR 157,722 thousand and EUR 462 thousand excluding provision for impairment of receivables, respectively.

(EUR '000)

Trade receivables and prepayments are shown subsequent to provisions for bad and doubtful accounts of EUR 148 thousand (31 December 2008: EUR 145 thousand).

Amounts due and prepayments include receivables against SPP, a.s., of EUR 105,119 thousand (31 December 2008: EUR 88,263 thousand) and SPP – distribúcia, a.s., of EUR 933 thousand (31 December 2008: EUR 5,785 thousand).

Movements in the provision for impairment of receivables were as follows:

	31 December 2009	***31 December 2008***
Opening value	(145)	(135)
Creation	(4)	(12)
Utilized	-	-
Unused amounts reversed	1	2
Closing value	**(148)**	**(145)**

Collateralisation of receivables

As at 31 December 2009, pursuant to contracts for the collateralisation of receivables, a bank guarantee was established in the total amount of EUR 1,484 thousand (31 December 2008: EUR 553 thousand).

Overdue receivables which were not provided for:

	2009	***2008***
Less than 2 months	84	274
2 to 3 months	-	-
3 to 6 months	-	-
6 to 9 months	-	-
9 to 12 months	-	-
More than 12 months	-	-
Total	**84**	**274**

Overdue receivables which were provided for:

	2009	***2008***
Less than 2 months	-	-
2 to 3 months	-	1
3 to 6 months	-	-
6 to 9 months	1	2
9 to 12 months	-	7
More than 12 months	147	178
Total	**148**	**188**

(EUR '000)

10. RETIREMENT AND OTHER LONG-TERM EMPLOYEE BENEFITS

The long-term employee benefits program at the Company was launched in 2006. This is a defined benefit program, under which the employees are entitled to a lump-sum payment upon old age or disability retirement and, subject to vesting conditions, jubilee payments. In 2008, the Company signed a new collective agreement under which employees are entitled to a retirement benefit based upon the number of years with the Company at the date of retirement. The benefits range from one month's to six months average salary. As at 31 December 2008 and 31 December 2009, the obligation relating to retirement and other long-term employee benefits was calculated on the basis of this agreement.
As at 31 December 2009, there were 1,080 (31 December 2008: 1,092) employees at eustream covered by this program. To date it has been an un-funded program, with no separately allocated assets to cover the program's liabilities.

Movements in the net liability recognized in the balance sheet for the year ended 31 December 2009 are as follows:

	Long-term benefits	*Post-employment benefits*	*Total benefits at 31 December 2009*	*Total benefits at 31 December 2008*
Net liability at 1 January	539	1,734	2,273	2,164
Net expense for the period	(17)	230	213	157
Benefits paid	(52)	(10)	(62)	(48)
Net liabilities	**470**	**1,954**	**2,424**	**2,273**

	Current liabilities (included in other current liabilities)	*Non-current liabilities*	*Total*
At 31 December 2008	117	2,156	2,273
At 31 December 2009	90	2,334	2,424

Key assumptions used in actuarial valuation:

	At 31 December 2009	*At 31 December 2008*
Market yield on government bonds	4.30 %	5.03 %
Annual future real rate of salary increases	2.00%	2.00%
Annual employee turnover	1.44%	1.44%
Retirement ages (male and female)	62 for male and 60 for female	62 for male and 60 for female

(EUR '000)

11. PROVISIONS

Movements in provisions are summarized as follows:

	Total provisions at 31 December 2009	*Total provisions at 31 December 2008*
Balance at 1 January	-	3,303
Accretion of interest	-	-
Creation of provision	3,283	-
Utilization of provision	-	(3,303)
Reversal of provision	-	-
Closing balance	**3,283**	**-**

The provisions are included in liabilities as follows:

	Current provisions (included in other current liabilities)	*Non-current provisions*	*Total provisions*
At 31 December 2008	-	-	-
At 31 December 2009	3,283	-	3,283

In 2007, following the ruling of the Anti-monopoly Office of the SR imposing a fine on the Company, a provision of EUR 3,283 thousand was created. The fine was paid in 2008, thereby using the provision in full. In 2009, following a ruling by the Bratislava Regional Court, the Anti-monopoly Office returned the fine in the full amount to the bank account of the Company.
As the litigation was not fully closed in legal terms, a provision of EUR 3,283 thousand was created.

12. TRADE AND OTHER PAYABLES

	At 31 December 2009	*At 31 December 2008*
Trade and other payables	12,238	14,992
Employee liabilities	5,646	2,104
Social security and other taxes	1,605	1,153
Liabilities from transmission activities	3,383	-
Liabilities from financial derivatives	563	167
Total	**23,435**	**18,416**

As at 31 December 2009, amounts due to group undertakings included trade payables to SPP of EUR 2,428 thousand (31 December 2008: EUR 1,133 thousand), and SPP – distribúcia, a.s. of EUR 4,308 thousand (31 December 2008: EUR 849 thousand).

As at 31 December 2009, the Company recorded payables due in the amount of EUR 23,435 thousand; no overdue payables were registered. As at 31 December 2008, the Company recorded payables due of EUR 18,416 thousand; no overdue payables were registered.

Social fund payables:

	Amount
Opening balance as at 1 January 2009	**348**
Total creation:	265
from expenses	*265*
Total drawing:	(299)
emergency support	-
monetary rewards and gifts	*(38)*
personnel jubilee benefits	*(24)*
employment jubilee benefits	*(28)*
catering allowance	*(114)*
other drawing as per CA	*(95)*
Closing balance as at 31 December 2009	**314**

(EUR '000)

Liabilities secured by lien or other form of guarantee

As at 31 December 2009, the Company established a bank guarantee in Tatra banka, a.s., totalling EUR 332 thousand for other payables to the Customs Office (31 December 2008: EUR 332 thousand).

13. REGISTERED CAPITAL

The registered capital consists of 10 ordinary certificate-form shares at face value of EUR 3,319.39 per share, and 1 ordinary certificate-form share at face value of EUR 82,895,533.19. The SPP is the 100% owner of the shares referred to above. The registered capital was incorporated in the Commercial Register in the full amount.

14. LEGAL RESERVE FUND AND RETAINED EARNINGS

Since 1 January 2008 eustream, a.s., has been required to prepare separate financial statements in accordance with IFRS as adopted by the EU. Retained earnings represent amounts based on the separate financial statements.

The legal reserve fund of EUR 16,586 thousand (31 December 2008: EUR 16,586 thousand) is created in accordance with Slovak law and is not distributable to shareholders. The reserve is created from retained earnings to cover possible future losses or increases of share capital. Transfers of at least 10% of the current year's profit are required to be made from retained earnings until the reserve is equal to at least 20% of share capital. The legal reserve fund in the Company has already attained 20% of share capital.

Allotment	*Profit allotment for 2008*	*Profit allotment for 2007*
Allotment to legal reserve fund	-	-
To cover losses from previous years	-	-
Dividends	85,248	102,076
Total profit to be allotted	**85,248**	**102,076**

In 2008, accounting profit was distributed in accordance with IFRS (in 2007, accounting profit was distributed in accordance with Slovak accounting standards).

15. STAFF COSTS

	Year ended 31 December 2009	*Year ended 31 December 2008*
Wages, salaries and bonuses	23,079	19,846
Social security costs	7,509	6,131
Other social security costs and termination pay	5,817	3,245
Total staff costs	**36,405**	**29,222**

The Company is required to make social security contributions, amounting to 35.2% of salary bases as determined by law, up to a maximum amount ranging from EUR 1 - 3 thousand per employee depending on the type of insurance. The employees contribute a further 13.4% of the relevant base up to the above limits.

16. COSTS OF AUDIT SERVICES

	Year ended 31 December 2009	*Year ended 31 December 2008*
Review of financial statements by the auditor	39	51
Other assurance services	-	-
Tax advisory	3	3
Other related services provided by the auditor	-	-
Total	**42**	**54**

(EUR '000)

17. FINANCE INCOME / COSTS

	Year ended 31 December 2009	*Year ended 31 December 2008*
Interest income	586	3,405
Profit from derivative transactions	767	22,942
Other	(1)	(74)
FX differences – (loss)/profit (Note 18)	(153)	94
Other	(41)	(49)
Total finance costs	**1,158**	**26,318**

18. FOREIGN EXCHANGE RATE DIFFERENCES

	Year ended 31 December 2009	*Year ended 31 December 2008*
Foreign exchange rate losses (gains) arising from:		
– Operating activities	1,309	(808)
– Financing activities (Note 17)	(153)	94
Total foreign exchange rate losses (gains)	**1,156**	**(714)**

19. TAXATION

19.1. Income Tax Expense

The income tax charge comprises the following:

	Year ended 31 December 2009	*Year ended 31 December 2008*
Current tax charge	19,323	21,210
Deferred tax charge (Note 19.2)		
– current year	(640)	(1,010)
Total	**18,683**	**20,200**

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

	Year ended 31 December 2009	*Year ended 31 December 2008*
Profit before taxation	97,352	105,449
Income tax at 19%	18,497	20,035
Effect of permanent differences between accounting and tax value of assets and liabilities	254	150
Other adjustments	(68)	15
Income tax charge for the year	**18,683**	**20,200**

Adjustments primarily include non-taxable costs.

The financial years from 2004 to 2009 are still open for inspection by the tax authorities.

(EUR '000)

19.2. Deferred Income 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 2008	*Debit to equity for the period*	*(Charge) credit to profit for the period*	*At 31 December 2008*
Difference in NBV of non-current assets	(2,919)	-	143	(2,776)
Change in fair value of derivatives	(810)	(44)	766	(88)
Items adjusting tax base only when paid	-	-	1	1
Employee benefits and other provisions	411	-	91	502
Provisions for receivables	-	-	5	5
Impairment loss	79	-	(11)	68
Provisions for inventories	6	-	15	21
Total	**(3,233)**	**(44)**	**1,010**	**(2,267)**

	At 1 January 2009	*Debit to equity for the period*	*(Charge) credit to profit for the period*	*At 31 December 2009*
Difference in NBV of non-current assets	(2,776)	-	112	(2,664)
Change in fair value of derivatives	(88)	44	44	-
Items adjusting tax base only when paid	1	-	(1)	-
Employee benefits and other provisions	502	-	388	890
Provisions for receivables	5	-	(2)	3
Impairment loss	68	-	(19)	49
Provisions for inventories	21	-	118	139
Total	**(2,267)**	**44**	**640**	**(1,583)**

In accordance with the Company's accounting policy, certain deferred tax assets and liabilities were mutually offset. The following table shows the balances of deferred tax recognized on the face of the balance sheet:

	31 December 2009	*31 December 2008*
Deferred tax liability	1,583	2,267
Total	**1,583**	**2,267**

(EUR '000)

20. TAX EFFECTS IN THE STATEMENT OF OTHER COMPREHENSIVE INCOME

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

At 31 December 2008	***Before tax***	***Tax***	***After tax***
Cash flow hedging	231	(44)	187
OTHER COMPREHENSIVE INCOME FOR THE PERIOD	**231**	**(44)**	**187**

At 31 December 2009	***Before tax***	***Tax***	***After tax***
Cash flow hedging	(484)	-	(484)
OTHER COMPREHENSIVE LOSS FOR THE PERIOD	**(484)**	**-**	**(484)**

21. 21. CASH GENERATED FROM OPERATIONS

	Year ended 31 December 2009	***Year ended 31 December 2008***
Profit before tax	97,353	105,448
Adjustments:		
Depreciation and amortization	4,002	4,166
Interest income, net	(585)	(3,331)
FX differences	(20)	(4)
Derivatives	(766)	(22,942)
Provisions and other non-cash items	3,817	(3,246)
Loss from sale of property	4	2
(Increase)/decrease in receivables and prepayments	(7,356)	(34,275)
(Increase)/decrease in inventories	205	(12,303)
Increase/(decrease) in trade and other payables	3,626	1,725
Cash generated from operations	**100,280**	**35,240**

22. COMMITMENTS AND CONTINGENCIES

Capital Expenditure Commitments

As at 31 December 2009, capital expenditure of EUR 1,599 thousand (31 December 2008: EUR 3,517 thousand) had been committed under contractual arrangements for acquisition of non-current assets, but not recognized in the financial statements.

Operating Lease Arrangements

The Company operates the international natural gas transmission network under the Contract for Operating Lease with the owner – SPP, a.s. The Contract is for six years and does not contain an option for purchase of the assets at the end of the lease term. The lease payments in the year ending 31 December 2009 amounted to EUR 428,510 thousand. The lease payments in 2008 totalled EUR 433,664 thousand.

The future non-cancellable operating lease receivables amount to:

Period	***2009***	***2008***
Not longer than 1 year	428,510	433,664
Longer than 1 year and not longer than 5 years	642,766	1,084,160
Longer than 5 years	-	-
Total	**1,071,276**	**1,517,824**

Natural Gas Transmission

In 2009, the Company implemented in full a long-term contract for natural gas (with *ship-or-pay* conditions) through the Slovak Republic with Gazprom export LLC, Russian natural gas exporter. This contract enables use of gas pipelines in the ownership of SPP, leased by means of a lease contract to eustream, a.s., in line with the transmission capacity required by Gazprom export LLC 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 contracts of *ship-or-pay* type. The major user of the network (shipper) is Gazprom export LLC followed by other customers, usually leading European gas companies transmitting gas from Russian and Asian storage facilities to Europe. The major part of the transmission capacity is ordered on the basis of long-term contracts. In addition, the Company, within the *entry-exit* system, also executes short-term transmission contracts.

The Company is paid transmission fees direct to its accounts by the respective shipper. Tariffs have been fully regulated since 2005. The regulator annually issues pricing decisions on the basis of a proposal submitted by the Company.

On the basis of the regulated business and pricing terms, shippers also provide the Company with a portion of the tariffs in natural form as gas for operating purposes, covering gas consumption during the operation of the transmission network.

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, which are relatively undeveloped and with few existing precedents. As the tax authorities are reluctant to provide official interpretations in respect of the tax legislation, there is an inherent risk that the taxation 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.

Liberalization of the Slovak Energy Sector and possible regulation risks

Regulation framework on the natural gas market in the Slovak Republic

On the basis of the current legislation, the natural gas market in the Slovak Republic is liberalized, allowing free selection of natural gas supplier for all customers (effective from 1 July 2007). The Company as the operator of the transmission network, is obliged to provide free and non-discriminatory access to the transmission network to all natural gas transmission companies that fulfil 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 regulation policy for individual regulation periods, monitors compliance of corporate activities with the existing legislation and RONI ordinances, and issues decisions on tariff determination for access to the transmission network and gas transmission.

Tariffs for regulated activities

Every year RONI approves tariffs for access to the transmission network and natural gas transmission. These tariffs are determined based on an analysis of gas transmission price benchmarking in the other EU member states, and the contract for gas transmission throughout the Slovak Republic concluded prior to 1 January 2005.

Changes in the regulatory laws and policy

In 2009, Act No. 73/2009 Coll. amended Act No. 656/2004 Coll. on Energy as amended, as also Act No. 276/2001 Coll. on Regulation in Network Industries and on the Amendment and Supplement to Certain Acts. In 2009, other secondary legislation regulations were issued (RONI price ordinances). In general, this new legislation does not introduce any changes into the method of price regulation with regard to gas transmission for users of the transmission network in the Slovak Republic. In Ruling 0003/2010/P of 8 October 2009, RONI approved the Company's draft price for access to the transmission network and gas transmission.

(EUR '000)

23. RELATED PARTY TRANSACTIONS

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

	Year ended 31 December 2009					***31 December 2009***		
	Sales	***Creation/ (reversal) of provisions for receivables***	***Purchases***	***Dividends***	***Other***	***Amounts owed by related parties***	***Provisions for receivables***	***Amounts owed to related parties***
SPP, a.s.	119,898	-	455,551	85,249	21,109	105,119	-	2,428
Other related parties	62,201	-	10,651	-	8,386	1,256	-	5,012

Management considers that the transactions with related parties have been conducted on normal commercial terms.

In 2009, transactions with SPP, a.s., represented distribution of dividends and other transactions related to lease of non-current assets, purchase and sale of natural gas and other services.

In 2009, transactions with other related parties mainly represented services related to purchases, sale and transmission of natural gas, and other services.

	Year ended 31 December 2008					***31 December 2008***		
	Sales	***Creation/ (reversal) of provisions for receivables***	***Purchases***	***Dividends***	***Other***	***Amounts owed by related parties***	***Provisions for receivables***	***Amounts owed to related parties***
SPP, a.s.	71,259	-	459,210	102,076	13,096	88,263	-	1,133
Other related parties	62,164	-	17,746	-	8,667	6,054	-	4,875

(EUR '000)

The compensation of Directors and other members of the Company's executive management during the year was as follows:

	Year ended 31 December 2009	***Year ended 31 December 2008***
Remuneration to members of the Board of Directors, Supervisory Board, executive management and former members of the bodies - total	597	1,049
of which – Board of Directors and executive management	466	787
– Supervisory Board	131	262
Benefits after termination of employment of members of the Board of Directors, Supervisory Board, executive management and former members of the bodies – total	-	-
Other long-term benefits to members of the Board of Directors, Supervisory Board, executive management and former members of the bodies – total	-	1
of which – Board of Directors and executive management	-	1
Benefits in kind to members of the Board of Directors, Supervisory Board, executive management and former members of the bodies - total	11	12
of which – Board of Directors and executive management	11	12
Other payments to members of the Board of Directors, Supervisory Board, executive management and former members - total	-	-
Of which – Board of Directors and executive management	-	-

24. SUPPLEMENTARY INFORMATION TO COMPLY WITH OTHER STATUTORY REQUIREMENTS FOR SEPARATE FINANCIAL STATEMENTS

a) Members of the Company's bodies

Body	***Function***	***Name***
Board of Directors	Chairman	Ing. Andreas Rau – from 1 July 2009
	Chairman	Dipl. Ing. Antoine Jourdain – up to 30 June 2009
	Vice-Chairman	Ing. Miroslav Gažo
	Member	Dipl. Ing. Antoine Jourdain – from 1 July 2009
	Member	Ing. Andreas Rau – up to 30 June 2009
Supervisory Board	Chairman	Ing. Jaroslav Krč – Šebera
	Vice-Chairman	Ing. Georg Friedrich Rosenstock – from 1 July 2009
	Vice-Chairman	Mgr. Louis de Fouchécour – up to 30 June 2009
	Member	Martin Ryba
	Member	Mgr. Ivan Švec
	Member	Andrej Lendvay
	Member	Ing. Rudolf Rigáň
Executive management	General Director	Ing. Pavol Janočko

b) Consolidated financial statements

The Company is a subsidiary of SPP, a.s., which has its registered office at Mlynské nivy 42, Bratislava, and holds a 100% share in the Company's registered capital.

The Company provides the data for the separate financial statements to the higher consolidation of SPP. SPP prepares the consolidated financial statements in accordance with the International Financial Reporting Standards (IAS/IFRS).

The highest reporting entities that consolidate eustream, a.s., are GDF SUEZ SA and EON AG.

The separate financial statements of eustream a.s., and consolidated financial statements of SPP, a.s., are deposited with the Commercial Register of Bratislava I District Court, Záhradnícka 10, 811 07 Bratislava, published in the Commercial Journal and released at www.spp.sk

c) Liabilities secured by lien or other form of guarantee

In respect of payables arising from the lease of the transmission network and the adjacent land, eustream, a.s., and SPP, a.s., concluded the Contract for Conditional Assignment of Receivables, on the basis of which the Company cedes the receivables from the transmission contracts to SPP in the event of non-settlement of payables for the lease of the transmission network and adjacent land.

25. POST-BALANCE SHEET EVENTS

No events occurred subsequent to 31 December 2009 as might have a material effect on the financial statements of the Company.

Prepared on: **22 February 2010**	***Signature of a member of the statutory body of the reporting enterprise or a natural person acting as a reporting enterprise:***	***Signature of the person responsible for the preparation of the financial statements:***	***Signature of the person responsible for bookkeeping:***
Approved on: **30 April 2010**	Ing. Andreas Rau Chairman of the Board of Directors Dipl. Ing. Antoine Jourdain Member of the Board of Directors	Ing. Libor Briška Director of Economics and Finance Division	Ing. Miroslav Jankovič Director of Accounting and Taxes Section

Proposal of the profit distribution for the year 2009

The proposal of profit distribution for the year 2009 is prepared in line with the Articles of Association of eustream, a.s., Article XIX. PROFIT DISTRIBUTION, Article XVIII. GENERATION 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 2009 is based on the individual financial statements for the year 2009.

I.	**Profit after tax**	**78,669,483.52 €**
II.	**Allocation to the statutory reserve fund** in accordance with the Article XVIII. of the Articles of Association the reserve fund reached the level of 20 % of registered capital	**0.00 €**
III.	**The amount of net profit and a part of retained earnings determined as dividends**	**78,669,483.52 €**

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