

Annual Report
2010



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Statement by the Chairman of the Board of Directors



In 2010, Eustream performed very well even though the impact of the persisting financial and economic crisis is still visible in most segments of the economy. While transporting 71 billion cubic meters of gas in total, Eustream offered its services to several new customers, which greatly appreciated the improved possibilities for access to the Central European Gas Hub at Baumgarten. By successfully following our mission to serve as the bridge for the EU and to be a gas turntable in Central Europe, we improved also our financial performance. All the more important, Eustream achieved these goals without encountering any work-related accidents.

These positive results are the outcome of our systematic and long-term managerial approach, which is focused primarily on preparation for the future.

In 2010, Eustream continued developing products and projects to support and facilitate all the activities of those traders that want to be active in Central Europe. In this respect, the initiatives taken by Eustream and FGSZ to launch the Open Season of the planned interconnector between Slovakia and Hungary show our proactive approach and our strong commitment to ensuring the security of gas supply and enhance competition. More intensive co-operation with other operators will follow - the signing of a Letter of Intent with the Polish TSO GAZ-SYSTEM seems to be the next step as part of the close collaboration of V4 countries.

To do this we need 100% reliable technical facilities. In 2010, we improved the reliability of our system by putting two new 31 MW GE compressors into service at the gas compressor station in Veľké Kapušany. In the same time, we concluded a contract with Rolls Royce for two others to be installed in Veľké Zlievce. Furthermore, we continued to improve the security of supply and at present we are able to use the reverse flow mode within Slovakia and at the borders with the Austrian and Czech TSO. In the next five years, Eustream will invest more than 400 million EUR into the modernisation and renovation of its facilities to make them safer, more reliable and environmentally friendly.

All these changes have to be driven in parallel to another external factor - the Third Energy Package. Our organisation also has to change by enhancing our own internal services. This process is currently ongoing, we have defined our targets and in 2011 we will take on around 200 new employees. This is a challenging and motivating exercise for the management to welcome this people and to create a new culture for the company.

The quality of Eustream's staff and management is the key element of our success and so a strong focus on human resources will remain a priority for the Board of Directors also in the years to come in order to reach our goals. I am confident that this will prove successful.

Antoine Jourdain
Chairman of the Board of Directors

Statement by the General Director



”You must be the change you wish to see in the world.”

In the history of our company the year 2010 was a turning point. The most important issue kicked off, i.e. preparation and implementation of the Third Liberalization Package. A huge challenge! We worked under changing conditions, we performed every day operations, we transported gas without any interruptions, we did our work to a high quality and even more efficiently. We had to focus on the new structure for supporting functions such as finance, human resources, information technologies, procurement, etc. The key words of 2010 were motivation and awareness. The motivation to achieve better results and the awareness of inevitable changes to the organisational structure of our company. We had very ambitious targets. In the end we were fortunate to achieve even more than the goals we had set. It was a very good year and we did excellent business. It was not always easy. We learned a lot from previous years, we became more competent, we trained up excellent staff. We offered trust and received it. We were working hard on preparing and implementing all the planned changes.

We focused on the following:

Awareness of the need for change, which is strongly linked to the right communication in the company. We were doing our best to communicate clearly and openly in order to explain needs, the consequences of positive and negative aspects of the changes. The next stage was motivation to support the changes and create *motivating* driving forces within us. The quality to accept change as a challenge is based on knowledge, understanding and the ability to take action and so implement the change. This ability cannot just be found, as we have to invest lots of energy and capital into training and educating our staff.

Commitment to maintain the change is the most important stage in this process and also after it has been completed. We have to find the best way of measuring and evaluating so that all positive effects of the changes can be sustained.

Awareness, Motivation, Ability, Commitment. I would add Culture. I know it is difficult to define corporate culture, but we can compare this culture to the power of natural gas, because corporate culture is like the gas, powerful and invisible with far-reaching effects. Along with the implementation of all changes, a new modern corporate culture has been established. It is based on the heritage, energy and attitudes, professionalism, expertise, and loyalty of the people in the company. Our team is a combination of a firm old base and newcomers, so it is a fruitful mix of a traditional way of thinking and approach to work with a new fresh flair of behaviour, style, and ideas. We are bound strongly by a common feature that influences our results – responsibility.

Responsibility for the efficient, safe and reliable operation of our transmission system has always been and will be the driver of change. We have been working on projects that will result in the radical replacement of old technologies for new ones, which are environmentally-friendly and provide great flexibility in being able to effect big changes during transport days. The other projects will provide the flexible transport of natural gas in different directions. In the commercial area of our business we focused on new products for our customers, upgrading the business information system and preparing a virtual trading platform.

Taking into account all situations, successes and events of the year 2010, I must add one word, which in my opinion is the real driving force within Eustream. That word is courage. Yes, the courage to step on new land that nobody has stepped on before, it is the courage to stand up and say yes, we can do it. This courage enables us to follow the vision of our company to become a Central European Gas Turntable.

“You cannot discover new oceans unless you have the courage to lose sight of the shore.”
Sir Francis Drake

Pavol Janočko
General Director

Company Profile

Eustream – the Central European Gas Turntable

The basic mission of Eustream is to transport natural gas in Slovakia and through Slovakia to the European markets. Since 1968, Eustream has secured the transmission of more than 2 trillion cubic meters of natural gas across the territory of the Slovak Republic and successfully continues in the 155-year tradition of the Slovak gas industry and the 40-year tradition of international gas transmission.

Eustream operates a large-scale high-pressure gas transmission system in the territory of the Slovak Republic and its transmission capacities are used by major energy companies from EU and non-EU member states. We allow all business partners to access the gas transmission system on a transparent and non-discriminatory basis in full compliance with European and Slovak gas industry legislation.

Regarding operation, we endeavour to attain operational excellence and our key priorities are safety, reliability and efficiency. We build up relationships with customers by way of a professional approach, and transparent and non-discriminatory rules. We react to market demands and offer a broad range of transmission services.

Transmission System

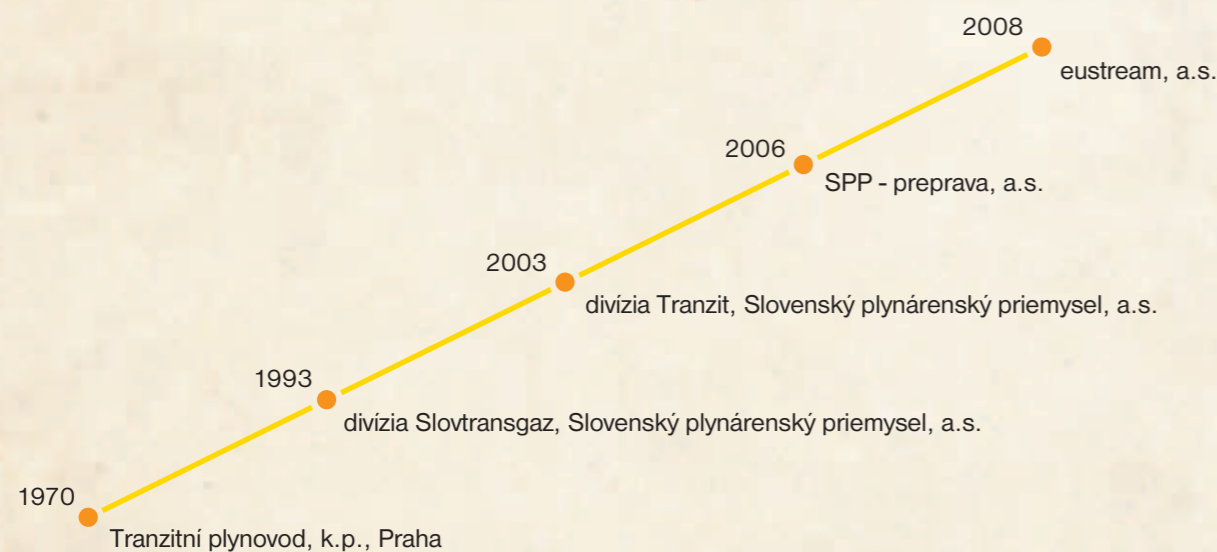
The transmission system operated by Eustream represents an important energy link between the Commonwealth of Independent States (CIS) and the European Union. It is interconnected with major European trunk lines in Ukraine, the Czech Republic and Austria. The transmission system consists of four or five parallel pipelines, mostly 1200/1400 mm in diameter, with an operating pressure of 73 bars. The pressure differential needed for a continuous gas flow is secured by four compressor stations with an aggregated power of more than 1,000 MW. The most important station is located at Veľké Kapušany at the Ukrainian-Slovak border. With a total output of nearly 300 MW it is the biggest compressor station in the EU, allowing an entry flow of almost 300 million cubic meters per day.

A large part of Eustream's work concerns international gas transport. The annual capacity of the transmission system is over 90 billion cubic meters, which equals roughly 15 times the overall domestic gas consumption of the Slovak Republic.

Thanks to the continual modernization and upgrading of infrastructure, Eustream contributes to ensuring safe and reliable gas supplies to Central and Western Europe. In the next five years, the company is investing more than EUR 400 million into new equipment and environmental technologies in order to minimize the environmental impact of transmission system activities and to increase the reliability and safety of transmission.

Access to the transmission system is entry-exit based. For entering and exiting the system customers can choose one of the following four entry/exit points:

- Veľké Kapušany (border point between the Slovak Republic and Ukraine),
- Baumgarten (border point between the Slovak Republic and Austria),
- Lanžhot (border point between the Slovak Republic and the Czech Republic),
- Domestic point (virtual aggregated interconnection to and from domestic storage and distribution networks).



Natural Gas Transmission

The year 2010 saw substantial evolution of the commercial activities of Eustream. The number of newly confirmed capacity orders exceeded seventy and the total number of active contracts has approached almost one hundred.

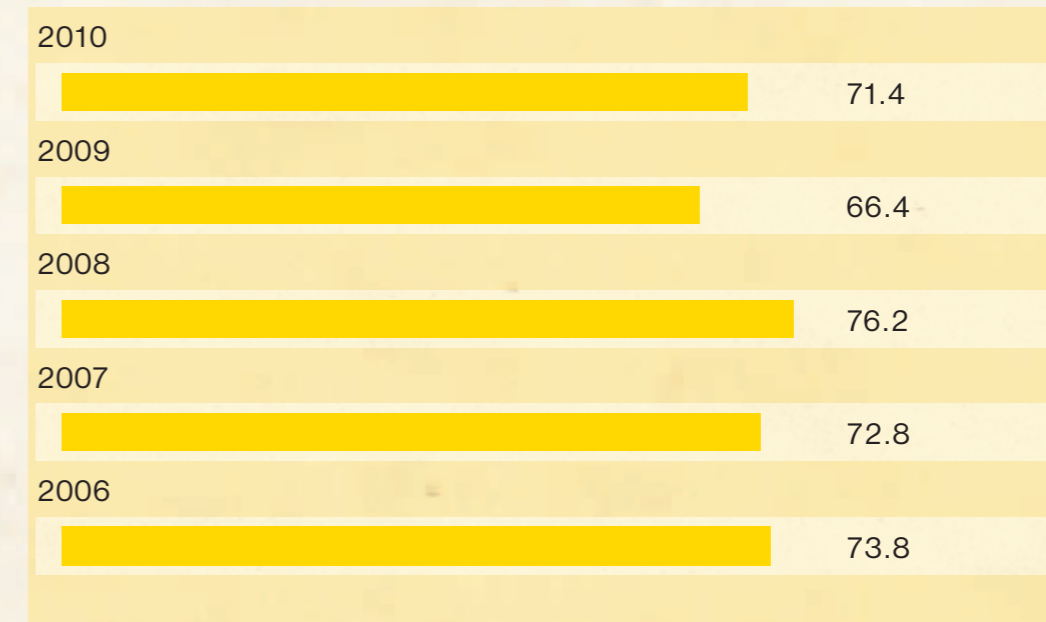
Besides its core business, Eustream focuses on the permanent improvement of the quality of serving shippers' needs at every step of the process, from the first contact up to the day-to-day performance of dispatching routines.

The totally transmitted gas volume in 2010 of 71.4 bcm means that the transmission system operated by Eustream has maintained its position as a crucial route for gas transmission to the EU territory. Over 90% of the total transmitted volume was provided to international customers, including gas trading companies of various size and scope from numerous European countries. Part of the contract portfolio, which has been gaining in importance every year, is related to short-term cross border transactions between trading points in this part of the continent.

Naturally, it is in the interest of Eustream to enhance further this development, which is the reason for introducing/including new products and services to our business terms, so that our transmission system, besides its primary role of securing gas supplies to Europe, is able to offer more versatile options of use for the open market. This ambition is also reflected in the technological re-design of our transmission system, most notably in establishing cross-border interconnections.

After completing the reverse flow solutions with the Czech TSO Net4Gas and the Austrian operator BOG, the support of Eustream at present is focused on the new interconnector project with Hungary. This could become a starting point for the envisaged North-South gas corridor in the Central Europe.

Transmission of Natural Gas (in billion m³)



Supervisory Board



Jaroslav Krč – Šebera, Chairman of the Supervisory Board. In 1993 he graduated from the Faculty of Agricultural Engineering at the University of Agriculture in Nitra, Teaching of Vocational Agricultural Courses Department. In the same year he joined the company SAM, a.s. in the position of Water Management Mechanic. Between 1994 and 1998 he worked in SAM in several management positions in the field of human resources and trade. Since 1998 he has been Production Director and Member of the Board of Directors in MOA, a.s. He has been serving as Chairman of the Supervisory Board of Eustream since 9 February 2007.

Thierry Kalfon, Vice-Chairman of the Supervisory Board

Members:
Andrej Lendvay
Rudolf Rigáň
Martin Ryba
Ivan Švec

Georg Friedrich Rosenstock was Vice-Chairman of the Supervisory Board until 30 June 2010.

Board of Directors



Antoine Jourdain, Chairman of the Board of Directors. He graduated from Ecole Polytechnique in 1991 and from Ecole Nationale des Pétrole et Moteurs (the French Oil Institute) in 1992. In 1992 he started work with Gaz de France and started working in the USA in the Division of Underground Reservoirs, Research and Extraction. From 1997 he worked in EDF - GDF Services in the area of power and gas distribution in central France and subsequently in Brittany. In 2002 he became the Deputy Director of the Strategic Division. In 2006 he was appointed as Deputy CEO of the gas company EGAZ and DEGAZ in Hungary (subsidiaries of GDF). Since 1 September 2008 he has been a member of the Board of Directors of Eustream. On 1 July 2010 he became Chairman of the Board of Directors of Eustream for the second time as part of the rotating chairmanship agreed between the international shareholders of SPP.



Miroslav Gažo, Vice-Chairman of the Board of Directors. He graduated with inter branch studies from the Mechanical Engineering Faculty of the Slovak University of Technology in Bratislava. He underwent several specialised stays abroad in the period between 1989 and 1995. After 1983 he worked in several positions in the company SES Tlmače. From 1992 to 1997 he was the Technical Director of the company ISTROENERGO GROUP, a.s. and in 1997 he was Chairman of the company Board of Directors. From 1999 to 2000 he was Chairman of the Board of Directors ISTROFIN, a.s., and later he was the Executive Director of ADATO, s.r.o., GasTrading, s.r.o. and SLOVINTEGRA ENERGY, s.r.o. Since 9 February 2007 he has been Vice-Chairman of the Board of Directors of Eustream.



Andreas Rau, Member of the Board of Directors. He graduated in Mechanical Engineering / Energy Technology from the University of Bochum in 1995 and received a master's degree in European Studies from the University of Aachen in 1997. In the same year he joined the company E.ON Ruhrgas AG where he has held various positions in technical and commercial gas transmission management. Since May 2006 he has been a Member of the Board of Directors of Eustream. From 1 July 2007 to 30 June 2008 and from 1 July 2009 to 30 June 2010 he chaired the Board of Directors of Eustream as part of the rotating chairmanship agreed between the international shareholders in SPP.

Management



Pavol Janočko
General Director



Ján Janus
Head of Dispatching



Oľga Majorošová
Head of Economic Services



Jana Molnarová
Head of Information and Communication Technologies



Rastislav Ňukovič
Head of Strategic Projects



Miloš Pavlík
Head of Commercial and Regulatory Affairs



Vladimír Potočný
Head of Technical Competence Centre



Anton Zelenaj
Head of Centralized Maintenance



Štefan Keresteš
Head of Area Jablonov nad Turňou



Peter Olšanský
Head of Area Veľké Kapušany



Jozef Titka
Head of Area West

Human Resources

Eustream as an employer is fully aware that qualified and motivated employees are crucial to the company's success. Therefore, the areas of education, personal development and support for motivation and open communication will remain among our priorities in the upcoming period.

Eustream is presently undergoing major changes, which naturally also affects the area of human resources. On one hand, this concerns changes under preparation relating to implementation of the third energy package, which involve, among other things, the creation of roughly 200 work positions in the field of support activities. On the other hand, due to the expected decline in transmission in the coming years and also due to the introduction of new technologies, we are implementing necessary organisational changes associated with optimising the operation and maintenance of the transmission system.

The year 2010 was a breakthrough year in this respect. It represented a preparatory phase for the unbundling process, which will not be a simple one, placing a great challenge before the company. It will require thorough preparation, the determination of exact rules and their practical observance, as well as open and clear communication towards employees.

In 2010 we began preparing the new organisational structure with new units that will start providing full-fledged support activities for Eustream from 2012.

Education and Development

Our aim is to continue improving the skills of our employees, thanks to which the company can be successful even in a tough international competitive environment. In order to implement the ambitious targets, Eustream not only needs experienced and highly qualified experts, but also young and creative employees with strong potential.

According to individual development programmes, we offer our employees educational programmes and managerial training courses. In addition to standard periodical training courses focusing on obligatory updating of re-training required by legislation and professional training relating to the introduction of new technologies, our employees participated in many conferences and workshops not only as attendees, but also as active speakers giving expert presentations.

We arranged specialised educational activities for managers in the field of occupational law, evaluation using the 360° system and leadership meetings. Our efforts focus on winning and keeping professionally prepared and trained managers able to cope with demanding work tasks and to lead employees properly.

In 2010, we managed to successfully place all employees undergoing the Graduate Development Programme in permanent work positions. This proves that the programme supporting the development of talents, expertise and skills has been successfully implemented in our company. We would therefore like to continue in the intensive use of this form of preparing young graduates for work in Eustream in future. At the same time, we will continue to support the development of selected employees possessing strong potential under the Talent Pool Programme, who are in this way being prepared for future positions of managers and experts.

Human Resources

Communication

At the end of 2009 we carried out an employee satisfaction survey. The goal was not only to discover the opinions of employees on individual areas of work life and their functioning in the company, but also the development of monitored areas compared with the previous survey. The survey results showed a positive trend over the previous years. There are still areas in which employees expect improvements, however. Therefore, in 2010 we paid attention to detailed analysis of results, discussions with employees at meetings of focus groups and proposals of specific measures and activities necessary for their improvement.

With respect to the unbundling process, we are particularly interested in accurate and transparent communication of the whole process. The basic principles of selection proceedings were clearly specified and published so that they were accessible to all employees. In addition to employees, we also ensure regular communication with representatives of Gas Trade Unions.

In 2010, we remained devoted to the tradition of regular meetings between Board of Directors members and employees in individual regions, where employees receive information about what is happening in the company and about tasks and activities, while at the same time having the chance to put their questions directly to Board of Directors members on topics of their interest. The aim of these activities is to support open internal communication with employees on all levels and, at the same time, to receive direct feedback from employees.

Social Care

The benefits programme gives our employees the opportunity to flexibly use various options for healthcare, spa programmes, sporting and cultural events, as well as support for housing and pension programmes.

One of the extraordinarily important events in 2010 in the field of social care was the signing of the new Collective Agreement for the next three years (2011-2013), which guarantees many above-standard benefits to employees over this period. For this reason, it is of great assistance to us in implementing the organisational changes that await us, as it guarantees those employees affected by organisational changes an identical standard of compensation and benefits as those they were used to in the previous period.

With respect to the organisational changes that are under preparation, our goal is to provide assistance and support to all departing employees in adapting to their new life situation, this by consulting, training courses or practical advice when looking for new employment.

Remuneration and Motivation

Eustream endeavours to reward employees according to their job performance, work difficulty and required knowledge and skills. The current evaluation system for job performance, remuneration and the motivation of employees provides a differentiated approach to each employee group. Nevertheless, in future we plan to make changes to this system so that it allows closer interconnection between remuneration and job performance evaluation, and provides better options for rewarding and motivating employees with strong potential or exceptional job performance. A just remuneration system is a strong motivational tool for keeping and motivating these employees over the long term.

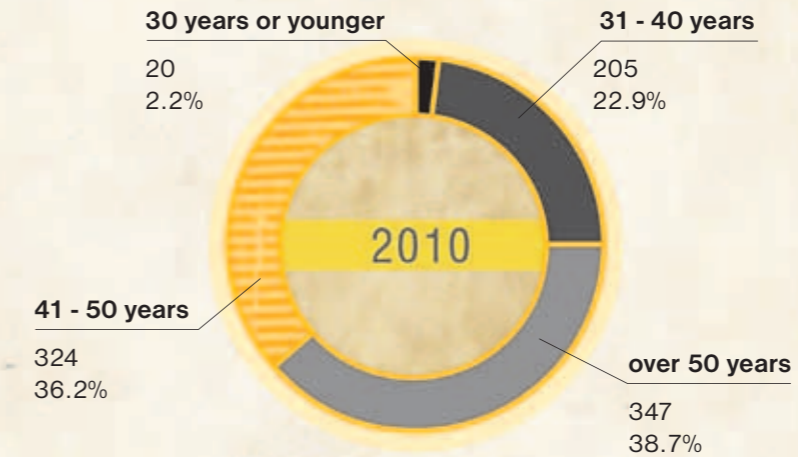
In addition to the aforementioned financial motivation, in 2010 we paid attention to non-financial motivation as well. We continued in the Idea Management project, supporting the personal involvement of employees in improving the processes and functioning of the company. The management of Eustream highly appreciates the efforts and interest of employees who came up with this project and, at the same time, offered their specific ideas, which is why we would like to support this project more intensively.

Structure of Employees

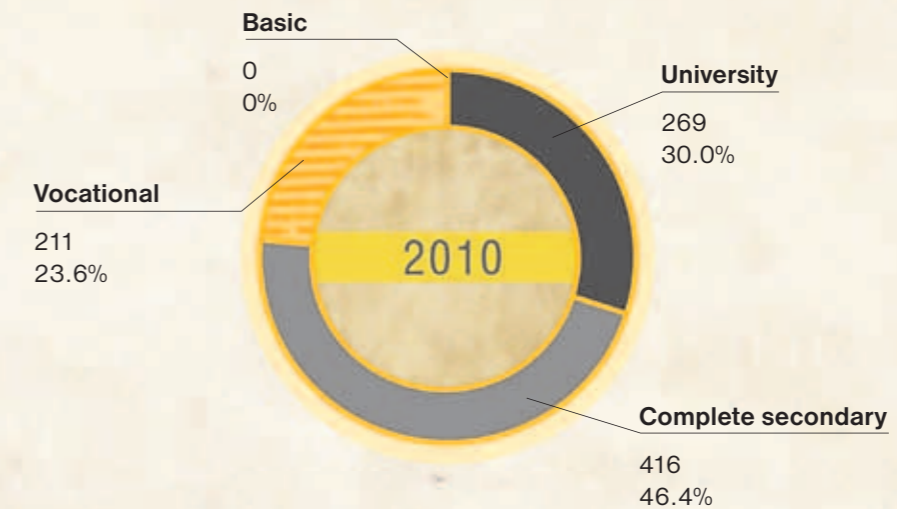
As of 31 December 2010 Eustream had 896 employees, of whom 89 were women, representing 10% of the total workforce. Eustream supports the involvement of women in the company management, with 20% of top management and 10% of middle management positions currently being held by women.

Human Resources

Age structure



Qualification structure



Environmental Protection and Safety

The basic mission of Eustream is to secure safe, reliable and efficient operation of the transmission system. To fulfil this mission, we have integrated our established managerial systems into a single integrated management system, which reflects not only the quality of our services, but also the approach to the environment and occupational health and safety.

The integrated management system covers and combines:

- Quality Management System,
- Environmental Protection System,
- Energy Management System,
- Occupational Health and Safety Management System,
- Fire Protection Management System.

Our continuous efforts to improve quality are also reflected in ISO standard certification. The entire Eustream company is certified to comply with the requirements of ISO 14001 and OHSAS 18001 standards. Moreover, the Centralised Maintenance Section focusing on maintaining the transmission system's facilities is also certified to comply with the requirements of the ISO 9001 and ISO 3834-2 standards.

A successful periodical audit took place in Eustream in 2010, implemented by Bureau Veritas. The audit ratified full compliance with audit criteria (ISO 14001:2004 and OHSAS 18001:2007) and Eustream thus confirmed that it is environmentally responsible and able to manage the risks in the field of occupational health and safety and fire protection.

In the field of environmental protection, Eustream pays attention primarily to the following areas:

- waste management with the aim of lowering the amount of produced waste and increasing its value to the maximum possible extent,
- optimisation of needs in the field of water management,
- intense care of the technical condition of technological facilities with the goal of lowering the pollutant emissions to the atmosphere and of reducing the noise levels generated in the vicinity of compressor stations.

Waste Management

A large amount of waste is generated in daily activities such as repairs, maintenance or reconstructions. Eustream handles generated waste in accordance with the Slovak National Council Act no. 223/2001 Coll. on waste. Where possible, we prevent waste generation, limit waste creation and prefer waste recycling to waste disposal. The year 2010 saw a drop in total waste generation by approximately 20% compared with the previous year.

Waste Generation (in tons)

	2010	2009	2008
Hazardous waste	769	426	396
Other waste	488	1,157	3,614
Total	1,257	1,583	4,010

Environmental Protection and Safety

Water Management

Eustream is a major consumer of drinking water and also a waste water producer. Water management is therefore one of our priorities in the field of caring for the environment. The amount of discharged waste water depends on precipitation volumes. The period of 2010 was extremely rich in rainfall, which reflected in a higher volume of discharged waste water by approximately 90% compared with the previous year. No exceeding of limits in discharged water was identified in 2010.

Drinking Water Consumption and Waste Water Discharge (in thousand m³)

	2010	2009	2008
Total water offtake	48.98	42.2	49.5
Discharge of waste water	274.75	144.4	123.7

Air Protection

Eustream operates stationary combustion equipment that produces emissions of greenhouse gases and pollutants. By continuously taking care of the quality of our combustion equipment, we strive to lower the volume of produced emissions and, at the same time, to comply with ever stricter legislation in this field.

At present, Eustream is intensely preparing itself for the planned changes in the field of air protection resulting from the Directive of the European Parliament and of the Council of Europe on industrial emissions governing standard pollution prevention and control. Among others, the volume of CO and NO_x emissions depends on fuel gas consumption. In 2010, the total emission volumes released to the atmosphere decreased by approximately 4% compared with 2009. No exceeding of emission limits was identified in 2010.

Pollutant Emissions of Basic Pollutants (in tons)

	2010	2009	2008
CO	198.7	192.4	304.6
NO _x	2,353.1	2,593.3	3,692.4

Protection against Noise in External Environment

Noise and vibrations are a side effect of natural gas transmission during operation of our combustion equipment and related pipe yard technology at compressor stations. Eustream therefore regularly monitors noise levels in the vicinity of compressor stations. Our prime interest is to reduce noise and vibrations below the level required by applicable legislation, which is facilitated by new technologies and the modification of existing equipment.

Fire Protection

The workplaces at compressor stations require a strong degree of fire protection and so it is necessary to observe strictly all legislative and internal regulations. We inspect the observance of obligations in the form of regular internal audits. We check the status of fire safety in preventive fire inspections that are performed by our internal specialists.

State supervision over the observance of fire protection legislation is performed in Eustream by the State Fire Supervision. Six fire safety inspections in 2010 demonstrated full compliance with regulations relating to fire protection in Eustream.

Environmental Protection and Safety

Occupational Health and Safety

Occupational health and safety forms an inseparable part of ensuring the safe and reliable transmission of natural gas.

In securing activities in the field of occupational health and safety, Eustream proceeds in accordance with relevant legislative and internal regulations. We safeguard the individual activities in natural gas transmission in a way to prevent to the maximum degree, or possibly minimise, the risks affecting the safety of employees and their health protection.

We inspect the fulfilment of obligations in the field of occupational health and safety by way of regular internal audits carried out by our own professional employees. As part of systematic and preventive measures we focus also on prevention and education, we make periodic evaluations of harmful factors in the working environment and implement corrective measures. In 2010, state administration authorities performed five H&S inspections in Eustream, which confirmed 100% compliance with all legislative requirements.

Our measures connected to maintenance, which eliminate or prevent occupational risks, were awarded the national prize in the European campaign "For Healthy Workplaces" as a positive example of good practice.

The continuous monitoring of the conditions and effects of the working environment on the safety and health of employees takes place at individual workplaces in cooperation with the work health service. We minimise the adverse effects of the working environment by using technical and organisational means. The positive result is that no work accidents were registered in 2010 in Eustream.

Work Accident Rate

	2010	2009	2008
Number of employees	893	1,080	1,090
Number of registered work accidents	0	1	3
of which: serious	0	0	0

Economic and Financial Performance

Financial Results

In 2010, Eustream generated revenue from the sale of services worth EUR 826.47 million, which was an increase over the previous period by EUR 83.56 million. The main source of revenues was contracted gas transmission capacities. Operating costs amounted to EUR 593.05 million. The major cost items here comprised costs of services, consumption of natural gas, material and energy, and personnel costs. Operating costs were down EUR 53.67 million over 2009. Profit from financial operations reached EUR 0.78 million in 2010, and was EUR 0.38 million lower than the previous period.

For the 2010 fiscal year, Eustream posted a profit before tax of EUR 234.20 million (according to International Financial Reporting Standards – IFRS), which was EUR 136.85 million higher than the previous year. The total income tax charge came to EUR 45.91 million and profit after tax to EUR 188.29 million.

Comparison of Revenues, Costs and Profit (in EUR million)

	2010	2009
Revenues from sale of products and services	826.47	742.91
Operating costs	-593.05	-646.72
Finance income/(costs)	0.78	1.16
Profit before income tax	234.20	97.35
Income tax	-45.91	-18.68
Profit after tax	188.29	78.67

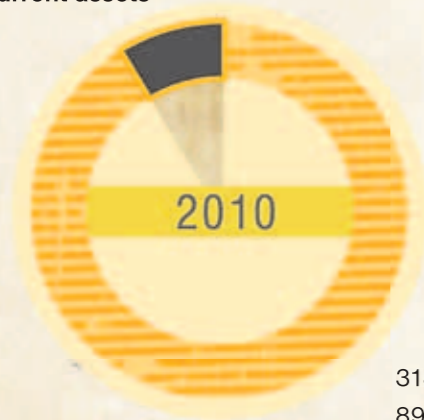
Capital Structure

As of the balance sheet date, total assets of the company reached EUR 356.03 million, having risen EUR 144.24 million over the previous period. The value of non-current assets (non-current intangible and tangible assets) was posted at EUR 37.20 million and formed 10.4% of total assets. The investment costs reached EUR 15.77 million and were linked to the transmission system development. As of the balance sheet date, current assets comprised inventories, short-term receivables, cash and cash equivalents and represented 89.6% of the value of total assets. Compared with the previous year, current assets grew by EUR 131.19 million.

Comparison of the Assets Structure (in EUR million)

Non-current assets

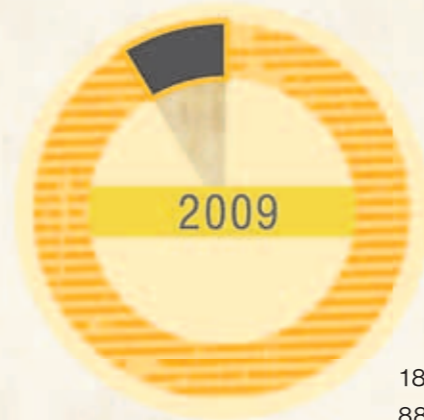
37.20
10.4%



318.83
89.6%
Current assets

Non-current assets

24.15
11.4%



187.64
88.6%
Current assets

Capital Structure

The shareholders' equity amounted to EUR 291.90 million, representing 82% of the value of equity and liabilities of the company's assets. In addition to the registered capital, it also consisted of the statutory reserve fund, other funds and retained earnings. Shareholders' equity increased by EUR 110.75 million year-on-year.

The registered capital of the company represented the capital registered in the Companies Register, comprising EUR 82.93 million. It consists of 11 ordinary shares (10 shares with a par value of EUR 3,319.39 and one share with a par value of EUR 82,895,533.19).

The structure of shareholders as of 31 December 2010 was as follows:

Slovenský plynárenský priemysel, a.s.

11 shares 100%

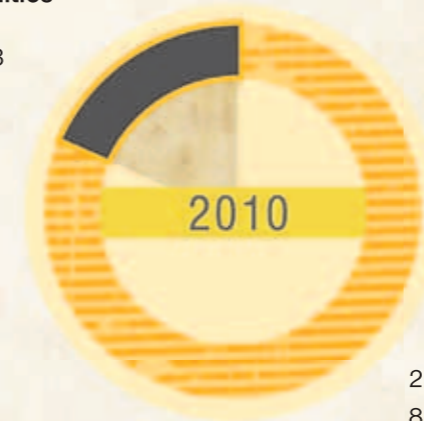
The balance of the statutory reserve fund of the company reached EUR 17.23 million as of the balance sheet date.

Total liabilities amounted to 18% of equity and liabilities. As of the balance sheet date, liabilities came to EUR 64.13 million. The liabilities consisted of long-term liabilities worth EUR 3.90 million and short-term liabilities amounting to EUR 60.23 million. Compared with the initial balance, the liabilities increased by EUR 33.49 million.

Comparison of the Structure of Equity and Liabilities (in EUR million)

Liabilities

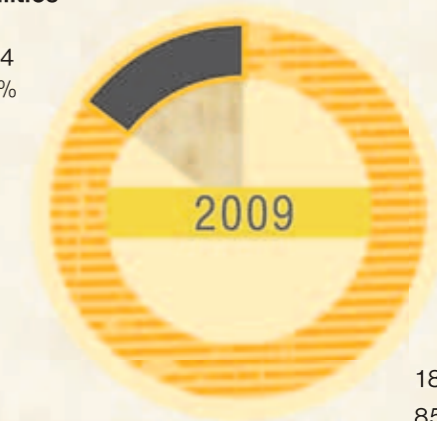
64.13
18%



291.90
82%
Equity

Liabilities

30.64
14.5%



181.15
85.5%
Equity

Financial Statements

Balance Sheet (Selected Data in EUR thousand)

	31 December 2010	31 December 2009
ASSETS:		
NON-CURRENT ASSETS		
Property, plant and equipment	33 883	21 981
Non-current intangible assets	3 321	2 166
Total non-current assets	37 204	24 147
CURRENT ASSETS	318 826	187 642
TOTAL ASSETS	356 030	211 789
EQUITY AND LIABILITIES:		
CAPITAL AND RESERVES:		
Registered capital	82 929	82 929
Legal reserve fund and other funds	17 233	16 102
Retained earnings	191 739	82 123
Total equity	291 901	181 154
NON-CURRENT LIABILITIES	3 898	3 917
CURRENT LIABILITIES	60 231	26 718
Total liabilities	64 129	30 635
TOTAL EQUITY AND LIABILITIES	356 030	211 789

Profit and Loss Statement (Selected Data in EUR thousand)

	Year ended 31 December 2010	Year ended 31 December 2009
Revenues from sale of services	826 472	742 913
Operating expenses	(593 052)	(646 719)
Operating profit	233 420	96 194
Financial income/(costs)	777	1 158
Profit before income taxes	234 197	97 352
Income tax	(45 912)	(18 683)
NET PROFIT FOR THE PERIOD	188 285	78 669

Financial Statements

Cash Flow Statement (Selected Data in EUR thousand)

	Year ended 31 December 2010	Year ended 31 December 2009
OPERATING ACTIVITIES		
Cash generated from operations	118 150	100 280
Interest paid		(1)
Interest received	427	675
Income tax paid	(17 841)	(16 669)
Net cash inflow from operating activities	100 736	84 285
INVESTING ACTIVITIES		
Purchase of property, plant and equipment	(19 453)	(1 986)
Proceeds from sale of property, plant and equipment and intangibles	559	1
Net cash inflow/(outflow) from investing	(18 894)	(1 985)
FINANCING ACTIVITIES		
Dividends paid	(78 669)	(85 248)
Other proceeds and payments from financial activities, net	(3 133)	1 016
Net cash outflow from financing activities	(81 802)	(84 232)
Net increase/(decrease) in cash and cash equivalents	40	(1 932)
Net foreign exchange difference	(1)	(1)
Cash and cash equivalents at the beginning of the period	20	1 953
Cash and cash equivalents at the end of the period-	59	20



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**SUPPLEMENT TO THE AUDITOR'S REPORT
on the Consistency of the Annual Report with the Financial Statements
Pursuant to Act No. 540/2007 Coll., Article 23 (5)**

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

- I. We have audited the financial statements of eustream, a.s. (the "Company") as at 31 December 2010 presented on pages 22 to 23. We issued an Auditor's Report on these financial statements dated 18 February 2011 in the wording as follows:

INDEPENDENT AUDITOR'S REPORT

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

We have audited the accompanying financial statements of eustream, a.s. (the "Company"), which comprise the balance sheet as at 31 December 2010, and the income statement, statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Statutory Body's Responsibility for the Financial Statements

The Company's statutory body is responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards as adopted by the EU, and for such internal control as the statutory body determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

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

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

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

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of eustream, a.s. as of 31 December 2010, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the EU.

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Member of Deloitte Touche Tohmatsu

Other Matter

The financial statements of the Company for the year ended 31 December 2009 were audited by another auditor who expressed an unqualified opinion thereon dated 22 February 2010.

- II. We have also audited the consistency of the Annual Report with the aforementioned financial statements. The accuracy of the Annual Report's presentation is the responsibility of the Company's statutory body. Our responsibility is to issue 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 the Auditor plan and perform the audit to obtain reasonable assurance that the information disclosed in the Annual Report and presented in the financial statements is consistent, in all material respects, with the relevant financial statements. We assessed the consistency of the information presented in the Annual Report on pages 22 to 23 with the information presented in the financial statements as at 31 December 2010. We have not audited any data or information other than the financial information obtained from the financial statements and accounting ledgers. We believe that the performed audit provides a reasonable basis for our audit opinion.

In our opinion, the financial information presented in the Annual Report is consistent, in all material respects, with the aforementioned financial statements as of 31 December 2010.

18 March 2011
Bratislava, Slovak Republic



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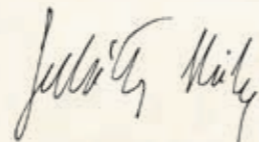


Ing. Wolda K. Grant, FCCA
Responsible Auditor
Licence SKAu No. 921

Report on Compliance Programme

1. eustream, a.s., the Transmission System Operator, has implemented a Compliance Programme as referenced to in Energy Law No. 656/2004 Coll., as amended by further regulations.
2. The Compliance Programme sets forth the following measures:
 - (a) specific obligations of eustream, a.s. employees for the purpose of ensuring equal treatment
 - (b) specific obligations ensuring non-discriminatory conditions for access to the transmission system operated by eustream, a.s.
 - (c) measures ensuring fulfilment of the Compliance Programme
 - (d) effective monitoring and regular reporting.
3. The Compliance Officer of the Transmission System Operator in 2010 found no breach of obligations imposed by the Compliance Programme.
4. eustream, a.s., the Transmission System Operator, implemented to practice the Compliance Programme in 2010 ensuring that:
 - (a) respective internal processes aimed at ensuring non-discriminatory network access were in place;
 - (b) the Compliance Programme for the Transmission System Operator was regularly updated in order to ensure fulfilment of the requirements set by legal regulations;
 - (c) the fulfilment of Compliance Programme was monitored.
5. This Statement applies to the period from 1 January 2010 to 31 December 2010.

In Bratislava, on 24 January 2011



Milan Sedláček
Compliance Officer of the Transmission System Operator

Contacts

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