

ANNUAL REPORT 2012



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STATEMENT BY THE
CHAIRMAN OF THE
BOARD OF DIRECTORS



„The establishment of new inter-connections with adjacent transmission systems in neighbouring countries are of strategic importance for Eustream.“

Ladies and gentlemen, dear business partners and colleagues,

We are pleased to report another successful year, proven by our excellent financial results mainly due to stable revenues and targeted cost management. In 2012 Eustream generated a profit of EUR 266 million, while transporting 56.5 bcm of natural gas through Slovakia.

For over 40 years Eustream has been one of the strategic pillars of the Slovak economy, contributing to the stability and energy security of the Slovak Republic. Since 1972, when on 28 December the first cubic meters of natural gas were transported thanks to the transmission system operated by Eustream, our company has been ensuring the safe and reliable transmission of gas through the territory of Slovakia.

The growth of the company was boosted by the acquisition of 15% of shares in the company Central European Gas Hub (CEGH) in September

2012. Joining CEGH was an important milestone for Eustream, complementing our membership in GATRAC in 2012 and the company’s traditional position as the major gas highway for the EU.

Eustream can be proud of achieved results in implementing measures arising from the Third Energy Package. Following the decision of the Government of the Slovak Republic in December 2012, the Independent Transmission Operator (ITO) model of unbundling will be implemented. We can report that our company dealt with the corresponding major changes, especially as regards the effective unbundling of support functions (IT, Finances, Human Resources) from the parent company SPP, well in advance, even before the new legislation was transposed into the Slovak legal system. From May 2012 Eustream also has a new registered head office.

We at Eustream carefully handle the environmental footprint of transmission system operation and safety at our workplaces, which was on a very high level. In 2012 we did not register a single accident or damage to the pipeline system with some serious environmental impact.

The most important investments going toward increasing the security of gas supply. Other big investment projects were dedicated to the replacement of old technology, the reduction of greenhouse gas emissions, ensuring the safety and reliability of the transmission system. The total investment plan for the next four years exceeds EUR 300 million.

The establishment of new interconnections with adjacent transmission systems in neighbouring countries are of strategic importance for Eustream. In 2012 we made important steps forward in the construction of the Slovak part of the gas interconnection between Slovakia and Hungary; with contracting partners for the delivery of pipeline material and construction work. Commercial shipping via this new interconnection will start on 1 January 2015.

The project of integrating the natural gas transmission systems of Poland and Slovakia, as another element of the North-South Gas Corridor, continued in 2012 with the preparation of a feasibility study on the conditions for implementing the interconnector. In future this interconnector may offer the Slovak market the possibility of receiving supplies from the production of unconventional gas fields in Poland. Based on the results of the feasibility study, to be delivered in the first quarter of 2013, the project participants Eustream and GAZ-SYSTEM will be able to take further decisions.

The achievements of Eustream in the past, investments in transmission infrastructure, strategic cross-border projects, and active contribution to development of the gas market in Europe, make Eustream one of the key players participating in building up the map of strategic gas interconnections in Europe.

Jean-Luc Rupp
Chairman of the Board
of Directors

STATEMENT
BY THE GENERAL
DIRECTOR



„In 40 years the network of transmission pipelines of Eustream has gained great respect at home and abroad thanks to its safety, reliability and flexibility.“

Dear colleagues, business partners and friends,

The year 2012 was not only a year of further improvement of our economic results, as it also marked the 40th anniversary of the first transmission of natural gas through our transit system.

At a time of great changes and dynamic development in the energy sector, this anniversary is the perfect opportunity for us to stop for a moment and take stock of the achieved results. The history of the pipeline records years of constant technological development, engineering works and construction, with continual modernisation and streamlining of operation and maintenance. The driving impulse was, and still is, to ensure a secure supply of gas to our customers.

If we were to take a look at the gas map of Europe back in 1972 and then in 2012, we would see a massive change. In the past 40 years thousands of kilometres of gas transmission infrastructure have been developed. Strong competition has developed among pipelines for the transmission

COMPANY PROFILE

Eustream – the Central European Gas Turntable

The basic mission of Eustream is to transport natural gas to Slovakia and through Slovakia to the European markets. Since 1972, 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 almost 160-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 our business partners to access the gas transmission network 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.

History of Eustream



The sole shareholder owning 100 % shares of eustream, a.s. is Slovenský plynárenský priemysel, a.s., with registered office at Mlynské nivy 44/a, 825 11 Bratislava.

Eustream owns 15% of the shares in the company Central European Gas Hub AG with registered office at Floridsdorfer Hauptstrasse 1, 1210 Vienna, Austria. As of 31 December 2012 Eustream had no other shareholdings in other companies or branches abroad.

Transmission System operated by Eustream

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 continuous gas flow is secured by four compressor stations with an aggregated power of over 800 MW. The most important compressor station is located at Veľké Kapušany at the Ukrainian-Slovak border. With a total output of more than 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 transit. The annual capacity of the transmission system is 90 billion cubic meters, which equals roughly 15 times the overall domestic gas consumption of the Slovak Republic.

Access to the transmission system is entry-exit based. For entering and exiting the system, customers can choose one of the following 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),
- Virtual trading point.

Transmission system operated by Eustream



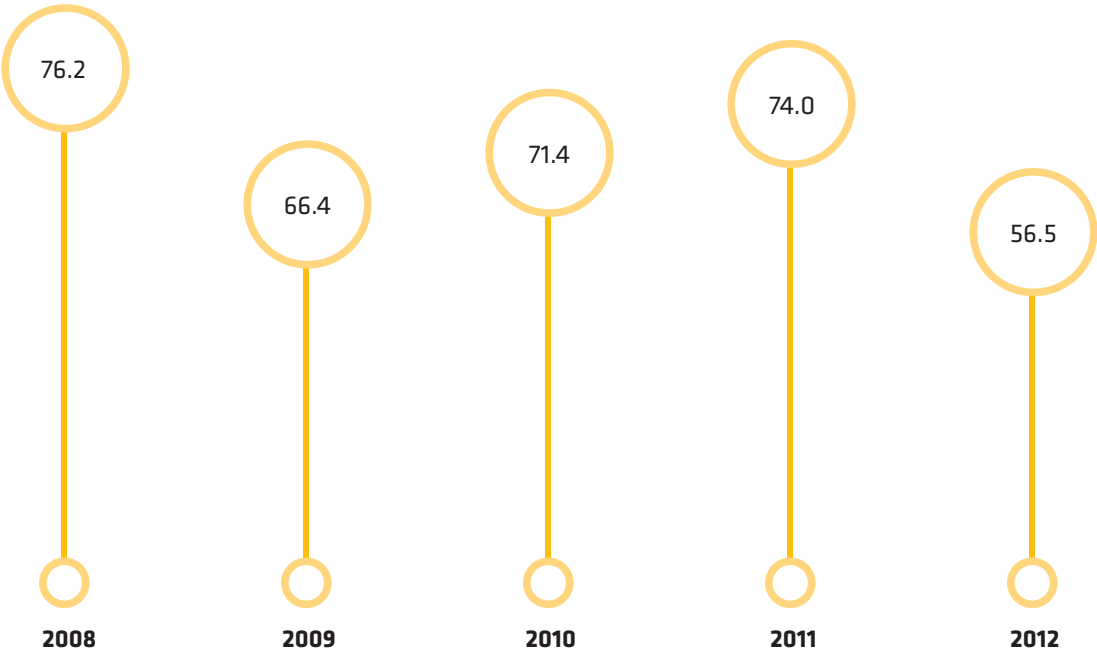
NATURAL GAS TRANSMISSION

The period of 2012 produced a substantial demand for greater flexibility of transmission services provided by Eustream. We registered more than one hundred and twenty new, confirmed transmission capacity bookings and almost one hundred and eighty active contracts related to year 2012.

In total, we transmitted 56.5 billion cubic meters of natural gas through our transmission system. In comparison with previous years, this decrease was attributed to an overall drop in exports of Russian natural gas to the European Union and the completion of the Nord Stream pipeline system.

The highest share of transmission (more than 90%) was for international customers, including gas traders active in several European countries. An increasingly significant part of the contract portfolio is associated with short-term, cross-border transactions between hubs located in the region of Central Europe.

Transmission of Natural Gas (in billion m³)



New Products and Services

In 2012, we continued constantly improving the quality of services and endeavoured to satisfy to the maximum the needs of our customers – shippers or traders, with several supplementary services.

We offered various new products such as Title Transfer, Virtual Trading Point, Day-ahead booking, Short-haul routes, and On-line booking.

In October 2012, Eustream joined the platform GATRAC (Gas Transport Cooperation, cross-border partnership of transmission system operators ONTRAS - VNG Gastransport GmbH/Germany, NET4GAS, s.r.o./Czech Republic, GRTgaz Deutschland GmbH/Germany, eustream, a.s./Slovakia), offering the only product in Europe where transmission between hubs is possible based on a single contract. GATRAC simplifies

the cross-border transmission of gas and makes the purchase and nomination process easier for customers.

In the coming years we will continue to expand our business portfolio with new products and services. Naturally, market demand for supply diversification as well as market liberalisation has led to the ambition to integrate different markets and enhance cross-border interconnections with the transmission systems or markets of neighbouring countries. Eustream will therefore continue to enhance mutual cooperation with adjacent operators, providing additional flexible cross-border transmission services as bundled products, and also develop cooperation with the Central European Gas Hub as the operator of Austrian VTP.



DEVELOPMENT OF THE TRANSMISSION NETWORK

Thanks to the continual modernization and upgrading of infrastructure, Eustream contributes to ensuring safe and reliable gas supplies to Central and Western Europe. The company is investing in 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. Based on long-term forecasts of the development of gas transmission through Slovakia and legislative requirements for environmental protection, we prepared a long-term concept of change for transmission system infrastructure.

The investments are directed at replacing obsolete equipment, modernising existing units, making technical modifications of the layout and setting the whole transmission system so that we are able to react flexibly to changes in requirements for transmitted gas volumes.

In 2012 Eustream carried out ten planned projects focusing on development of the transmission system, with total investment costs exceeding EUR 16 million. The most important development investment was the project for installing tandem turbo-sets at the compressor station in Veľké Zlievce.

Overall nine projects with a total budget of EUR 164.38 million are currently elaborated in the development category. One of the most significant

projects already at the implementation phase is the construction of the Slovak-Hungarian gas interconnector. The most important project at the planning stage is the Slovak-Poland gas interconnection, for which a feasibility study is currently in preparation.

Research and Development

In the field of research and development we are pursuing tasks focusing on identification and application of new procedures and technologies. The research and development tasks are managed as projects and in their implementation we cooperate with research institutes and universities both in Slovakia and abroad. In 2012, we finished four research & development projects with a budget of EUR 151.2 thousand.

Completed research and development tasks satisfied the set objectives. The most important of these included the "Development of methods for evaluation and damping the vibration sources at the pipeline yards for units R5 and R6 at CS01" and "Monitoring of actual effects of pipelines in risk territories using a new type of strain gauges". Total costs for all research and development projects that were pursued in 2012 came to EUR 377.4 thousand.



BOARD OF DIRECTORS as of 31 December 2012



Jean-Luc Rupp
Chairman of the Board of Directors

He was born on 14 January 1957 in Thionville (France). After graduating as engineer in Electricity and Mechanics at the Higher Education School (University) in Nancy, he started work for Gaz de France (currently GDF Suez). Up to 1995 he held several positions in engineering and the operation of gas transmission, storage, LNG and distribution. Later he became the Project Director of the International Division of Gaz de France. He came to Eustream from NAFTA, a. s., where he served from 2009 alternately as chairman and vice chairman. Since 8 June 2012 he has been a member of the Board of Directors of Eustream and since 1 July 2012 he has been chairing the Board of Directors.



Robert Hančák
Vice-Chairman of the Board of Directors

Born on 14 December 1969 in Bratislava, he completed university studies at the University of Economics in Bratislava and postgraduate study at the Faculty of Law of Comenius University. He started his professional career by joining the Tax Authority Bratislava IV in 1993. His professional experience includes several managerial positions in commercial companies Merimex Int. s.r.o. (1995), RENTA g.i.a.s. (1995 - 1997), and J&T Real Estate a.s. (1997 - 2006). From 2006 to 2010 he held the post of General Director of the Economic Section at the Ministry of Interior of the Slovak Republic. In 2011 - 2012 he was responsible for contracting management of major road projects in Strabag. From 20 September 2012 he has been Vice-Chairman of the Board of Directors of Eustream.



Gunnar Löwensen
Member of the Board of Directors

Born on 9 October 1962 in Germany, he studied law at the University of Göttingen in Germany. After first and second state exams, he worked from 1993 to 2011 in E.ON Ruhrgas AG as a lawyer in different positions and in 2006 became an authorised signatory of the company. He joined Eustream from the position of General Counsel and Head of Legal Department of E.ON Ruhrgas AG. Since 1 January 2012 Gunnar Löwensen has been a member of the Board of Directors and from 1 January 2012 to 30 June 2012 he was Chairman of the Board of Directors.

In the course of 2012 changes were made to the composition of the Board of Directors in Eustream. Antoine Jourdain was Board of Directors member until 7 June 2012, and was replaced by Jean-Luc Rupp. Branislav Bajza was Vice-chairman of the Board of Directors until 19 September 2012, with Robert Hančák taking up the post in his place.



SUPERVISORY BOARD as of 31 December 2012



Peter Trgiňa
Chairman of the Supervisory Board

Born on 27 April 1971 in Levice. In 1994 he finished studies at the Faculty of Mechanical Engineering of the Slovak University of Technology in Bratislava and in 2010 completed his MBA studies at Nottingham Trent University, Great Britain. In 1996 he joined the company Toyota Motor Slovakia s.r.o. where he worked as a manager until 2007, after which he became the General Director of VOP Nováky a.s., Nováky. In 2010 he took up the post of General Director at Automobilové opravovne MV SR, a.s., Bratislava. He went on to provide consulting services to various companies in the field of crisis and change management. He has been the Chairman of the Supervisory Board of the company Eustream since 20 September 2012.

- Thierry Kalfon** – Vice-Chairman of the Supervisory Board
- Otto Halás** – Member of the Supervisory Board
- Andrej Lendvay** – Member of the Supervisory Board
- Viktor Mihalik** – Member of the Supervisory Board
- Viera Petková** – Member of the Supervisory Board

In 2012, changes took place in the membership of the Supervisory Board. On 1 July 2012 Thierry Kalfon replaced Christian Janzen in the post of Vice-Chairman of the Supervisory Board. By 19 September the Supervisory Board members were Anton Kupšo and Andrej Senaj, who also held the post of chairman. Otto Halás, Peter Trgiňa and Viera Petková became members of the Supervisory Board on 20 September 2012, with Peter Trgiňa being voted in as Chairman of the Supervisory Board.

MANAGEMENT as of 31 December 2012



Pavol Janočko
General Director



Andrej Amberský
Commercial Management



Oľga Majorošová
Finance and Human
Resources



Jana Molnarová
Information and Communication
Technologies



Miloš Pavlík
Corporate Affairs



Rastislav Ňukovič
Asset Management



Anton Zelenaj
Technical Competence Centre



Peter Tóth
Asset Development



Vladimír Potočný
Centralized Maintenance



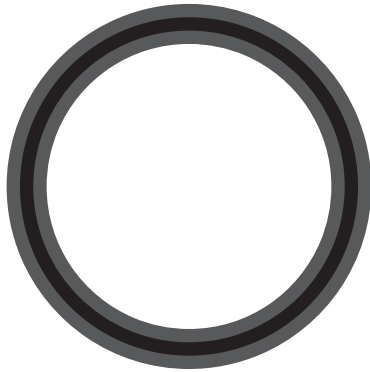
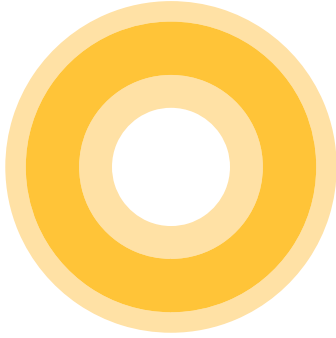
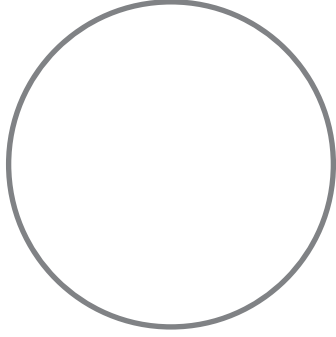
Ján Janus
Dispatching



Ján Štuhl
Area West



Peter Olšanský
Area East



HUMAN RESOURCES

Managing human resources in Eustream in 2012 was affected foremost by implementation of the Third Energy Package and the application of changes in connection with modernisation of the compressor flotilla. The necessary organisational changes were prepared thoroughly and communicated in advance to employees.

Employee Education and Development

In addition to standard types of education earmarked for all employees, such as periodic training, professional education on the introduction of new technologies, conferences, seminars or language courses, we targeted our attention to activities relating to organisational changes for two employee groups.

In 2012 we continued with the “Welcome to Eustream” programme for new employees, acquainting them with the history of gas transmission and the operation of Eustream. This welcoming programme assists new employees to understand the new work environment better and gain an overview of the gas industry, this also thanks to an excursion to a compressor station.

For employees ending their employment in Eustream due to organisational changes, we repeatedly prepared a seminar aimed at providing them with assistance and support in adapting to a new situation in their lives and facilitating their search for new jobs. As part of the revision and simplification of processes, we made the category of planning and registering individual educational activities simpler, and will continue in this process.

Evaluation, Remuneration and Motivation

In Eustream we endeavour to keep our remuneration system fair and motivational so that remuneration is closely linked to job performance

evaluation. We are interested in individual performance and so want to compensate properly those employees with the best work results. In 2012 we introduced a new system of setting and evaluating goals, which ensures that employees receive feedback from their superiors in connection with the set goals and their evaluation.

Social Care

In 2012, we maintained the employee benefits programme with Eustream providing the same compensations and bonuses to employees as in previous years. Employees were given the opportunity to use their benefits in healthcare and spa care, sports and cultural activities, as well as in support for housing and pension insurance. In 2012 we organised an independent trip for retired former employees of Eustream for the first time.

Communication

We put great emphasis on the accurate, timely and transparent communication of all changes and key information to employees and also to representatives of the Gas Trade Unions (POZ). In 2012 we organised the first independent meeting of representatives of the company Eustream as an employer and the trade union POZ, with discussions on all key events and prepared changes concerning employees and their working conditions.

Employees were regularly informed about all on-going selection proceedings and we also communicated all topical issues to POZ representatives without delay.

In addition to standard internal communication tools, such as intranet, the company magazine, e-mails, videoconferences and meetings, we also put strong emphasis on the option of personal meetings and discussions with the company



management. At the regular meetings between members of the Board of Directors and employees in individual regions, employees were informed about the latest developments in the company and the goals for the upcoming period. At the same time, they had a chance to raise questions and discuss topics of interest with the management.

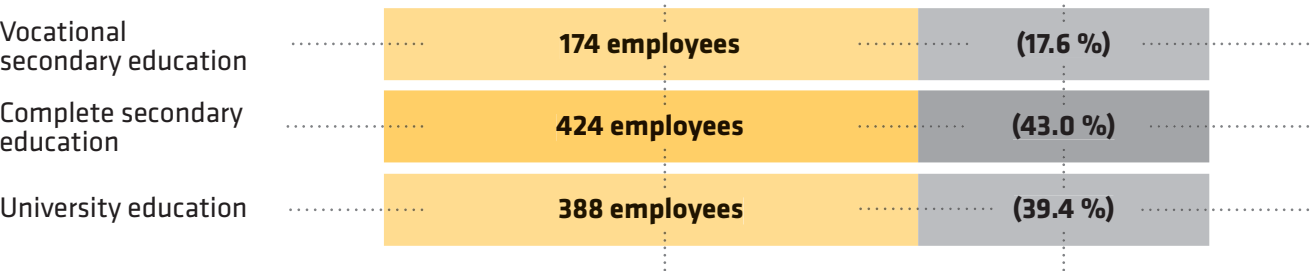
Employee Structure

As of 31 December 2012, Eustream had 986 employees, of whom 178 were women (18% of the total workforce). The share of women, younger employees and university graduates slightly increased as we filled certain specific job posts from external sources. Eustream supports the inclusion of women in the company management. Presently, nearly 20% of top managerial posts and more than 10% of middle management posts are filled by women.

Age structure as of 31 December 2012



Qualification structure as of 31 December 2012





ENVIRONMENTAL PROTECTION, OCCUPATIONAL HEALTH AND SAFETY

Our company puts great emphasis on protecting the natural environment and ensuring health and safety at work in respect of gas transmission activities. We are constantly increasing the quality of our services, encouraging the optimum use of energy and setting the processes and workflows to make sure the operation of the transmission system has a minimum impact on the environment. We use an integrated management system to apply these principles, comprising:

- Quality management system (ISO 9001),
- Welding quality assurance system (ISO 3834 - 2),
- Occupational health and safety management system (OHSAS 18001),
- Environmental management system (ISO 14001),
- Energy management system (ISO 50001).

Compliance of the stated systems with standards was verified in 2012 by a recertification audit, which confirmed that Eustream responsibly meets the requirements of the said standards.

It is in our interest to receive the kind of products from suppliers that do not reduce the quality of our own services. We therefore introduced a system of audits at our suppliers for selected areas with the aim of managing and increasing the quality of supplied goods and services.

In order to raise quality and provide professional services in the field of welding, our company became a collective member of the Slovak Welding Society. Eustream also has its own representation in the International Institute of Welding (IIW), where we actively contribute to the formation of welding legislation.

Regarding environmental protection, Eustream focuses primarily on the following areas:

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

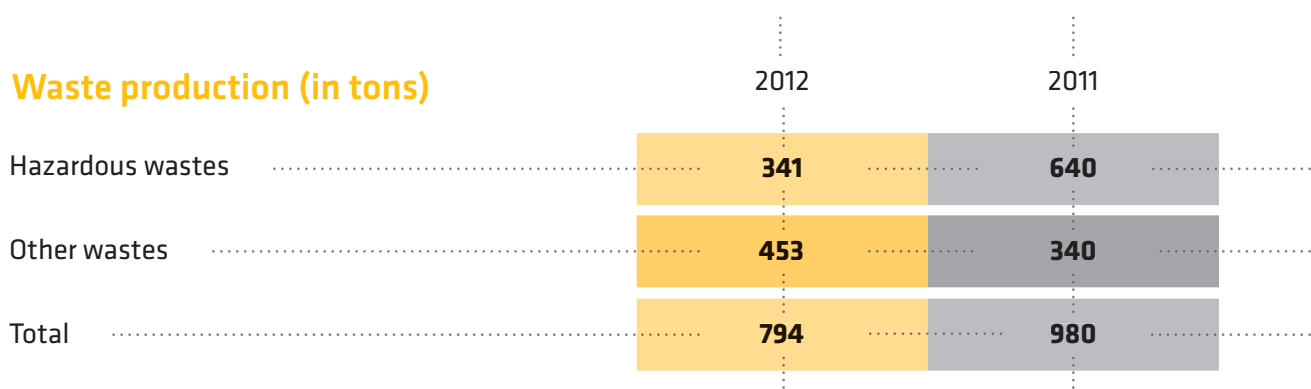
Waste management

Perpetual operation, combined with maintenance and reconstruction work, means various kinds of waste are produced. Eustream deals with this waste in line with current legislation on waste management. We endeavour to prevent the creation of wastes and so limit their production, while giving priority to the recycling of wastes rather than their disposal. In this way, we maintain the waste management hierarchy by:

- avoiding the creation of waste,
- preparing for reuse,
- recycling,
- other appreciation,
- disposal.

In 2012 the overall volume of waste produced was roughly 19% less than in 2011.

Waste production (in tons)



Air protection

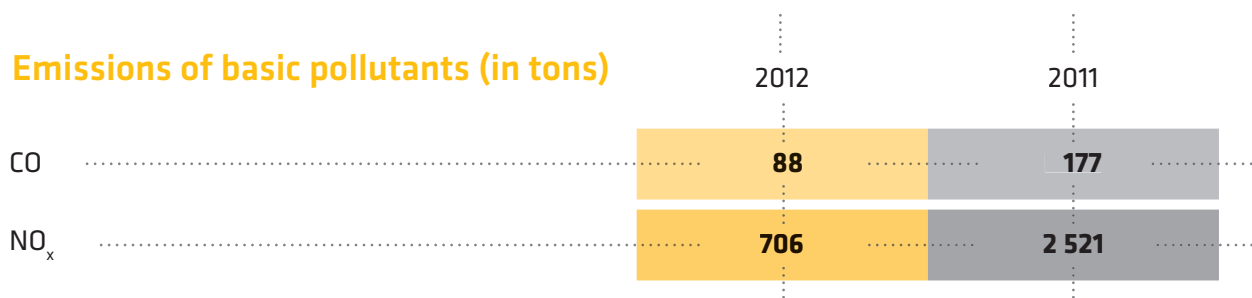
Eustream operates stationary incineration facilities that by their activity produce emissions of greenhouses gases and pollutants. We endeavour to comply with increasingly strict legislation on air protection by taking continual care of the quality of these facilities.

At present the company Eustream is intensively preparing for planned changes in the area of air protection, which arise from Directive No. 2010/75/EU of the European Parliament and of the Council on industrial emissions. A key project

in this area is the modification of our Nuovo Pignone gas turbines to Dry Low Emissions (DLE) technology, which we will implement progressively. We will gradually adapt the Nuovo Pignone gas turbines in the 2011-2015 period and so greatly reduce emissions of nitrogen oxide.

In 2012 the total volume of emissions released to the atmosphere was down significantly over 2011. A drop in the volume of transported natural gas had an impact on this produced volume. Automated monitoring systems keep non-stop track of volumes of emissions at incineration facilities with a nominal heat input of over 50 MW.

Emissions of basic pollutants (in tons)



Noise protection in the external environment

Noise and vibration are produced in the transmission of natural gas when incineration equipment at compressor stations and related technology of the pipe yard are in operation. Eustream regularly monitors the level of noise that is produced in the vicinity of compressor stations with the aim of cutting noise and vibration to below legally prescribed levels. The level of produced noise is being reduced significantly by the gradual shut down of 6 MW incineration equipment, the modification of existing equipment and by the installation of new technologies.

Health and safety at work

We ensure health and safety at work in compliance with respective legislative and internal regulations so that we eliminate, or at least minimise, the risks affecting employee safety to the maximum possible extent, and also so that we ensure protection of their health. Eustream applies an active occupational health and safety policy in relation to employees, suppliers and all business partners participating in the activities of the company.

We have a functional occupational health and safety management system in place in the company. Compliance with legislation and adherence to occupational health and safety rules was confirmed by inspections of the Labour Inspectorate and supervision carried out by regional offices of public health, fire protection inspections, together with an external recertification audit conducted at the end of 2012.

In co-operation with the company medical service, we monitor the conditions and influences of the working environment on the safety and health of employees at individual workplaces. Employees undergo regular preventive medical examinations in respect of their work. The scope of examinations depends on the risk factors that employees are exposed to during the course of their work shift. In 2012 two occupational injuries were registered, but not one of them was serious.

We apply preventive measures and specific programmes for improving working conditions, and for eliminating risks and factors causing work injury, occupational disease and other work-related bodily harm.



ECONOMIC AND FINANCIAL PERFORMANCE

In 2012 Eustream generated revenue from the sale of services worth EUR 785.07 million, which means a drop over the previous period by EUR 17.32 million. The main source of revenues was contracted gas transmission capacities. Operating costs amounted to EUR 453.62 million, which is EUR 119.49 million down compared to 2011. The major cost items here comprised costs of services, consumption of natural gas, material and energy, and personnel costs. Profit from financial operations reached EUR 1.61 million in 2012 and was EUR 0.14 million lower than in the previous period.

According to International Financial Reporting Standards (IFRS) as adopted by the European Union, in 2012 Eustream recorded a profit before tax of EUR 333.06 million which was EUR 102.03 million higher than the previous year. The total income tax charge came to EUR 67.12 million and profit after tax to EUR 265.94 million.

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

	2012	2011
Revenues from sale of services	785.07	802.39
Operating costs	(453.62)	(573.11)
Financial income/(expense)	1.61	1.75
Profit before income tax	333.06	231.03
Income tax	(67.12)	(43.97)
Net profit for the period	265.94	187.06

CAPITAL STRUCTURE

As of the balance sheet date, total assets of the company reached EUR 435.58 million, having increased by EUR 74.72 million over the previous period. The value of non-current assets was posted at EUR 70.19 million and formed 16.11 % of total assets. As of the balance sheet date, current assets comprised inventories, short-term receivables, cash and cash equivalents and represented 83.89 % of the value of total assets. Compared to the previous year, current assets increased by EUR 62.83 million.

Comparison of Assets Structure (in EUR million)

2012

Non-current assets

70.19

16.11 %

Current assets

365.39

83.89 %



2011

Non-current assets

58.30

16.20 %

Current assets

302.56

83.80 %



The shareholders' equity amounted to EUR 370.99 million, representing 85.17 % of the value of sources for covering the company's assets. In addition to the registered share capital, this also consists of the mandatory reserve fund, other funds and retained earnings. Shareholders' equity increased by EUR 73.39 million year-on-year.

The registered capital of the company as recorded in the Companies Register is EUR 82.93 million. This consists of 10 ordinary certificate-form shares with a face value of EUR 3 319.39 per share, and 1 ordinary certificate-form share with a face value of EUR 82 895 533.19.

Shareholder structure as of 31 December 2012:

Slovenský plynárenský priemysel, a.s.	11 shares	100 %
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The balance of the legal reserve fund of the company came to EUR 16.59 million as of the balance sheet date.

Total liabilities amounted to 14.83 % of equity and liabilities. As of the balance sheet date, liabilities came to EUR 64.59 million, consisting of long-term liabilities worth EUR 9.65 million and short-term liabilities amounting to EUR 54.94 million. Compared with the previous year, liabilities increased by EUR 1.33 million.

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

	2012	2011	2012	2011
Equity	370.99	297.60	85.17 %	82.50 %
Liabilities	64.59	63.26	14.83 %	17.50 %



FINANCIAL STATEMENTS

BALANCE SHEETS (Selected Data in EUR thousand)

31 December 2012

31 December 2011

ASSETS:

NON-CURRENT ASSETS

Property, plant and equipment	50 881	47 796
Non-current intangible assets	9 430	10 506
Financial investments	6 600	0
Other non-current assets	3 275	0
Total non-current assets	70 186	58 302
CURRENT ASSETS	365 395	302 556
TOTAL ASSETS	435 581	360 858

EQUITY AND LIABILITIES:

CAPITAL AND RESERVES

Registered capital	82 929	82 929
Legal reserve fund and other funds	18 667	24 159
Retained earnings	269 393	190 513
Total equity	370 989	297 601
NON-CURRENT LIABILITIES	9 653	5 263
CURRENT LIABILITIES	54 939	57 994
Total liabilities	64 592	63 257
TOTAL EQUITY AND LIABILITIES	435 581	360 858

INCOME STATEMENTS (Selected Data in EUR thousand)

	Year ended 31 December 2012	Year ended 31 December 2011
Revenues from sale of services	785 066	802 386
Operating costs	(453 623)	(573 110)
Operating profit	331 443	229 276
Financial income/(expense)	1 615	1 752
Profit before income tax	333 058	231 028
Income tax	(67 119)	(43 969)
NET PROFIT FOR THE PERIOD	265 939	187 059

STATEMENTS OF CASH FLOWS (Selected Data in EUR thousand)

	Year ended 31 December 2012	Year ended 31 December 2011
OPERATING ACTIVITIES		
Net cash flows from operating activities	266 262	203 952
INVESTING ACTIVITIES		
Net cash inflow/(outflow) from investing Activities	(29 038)	(16 606)
FINANCING ACTIVITIES		
Net cash flows from financing activities	(182 704)	(187 340)
Net increase/(decrease) in cash and cash equivalents	54 520	6
Net foreign exchange difference	(54)	3
Cash and cash equivalents at the beginning of the period	68	59
Cash and cash equivalents at the end of the period	54 534	68

AUDITOR'S REPORT



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Section Sro, File 4444/B
Id. Nr.: 31 343 414
VAT Id. Nr.: SK2020325516

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 2012 presented as appendix to the annual report. We issued an Auditor's Report on these financial statements dated 26 February 2013 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 2012, 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 2012, 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.

Emphasis of Matters

We draw attention to Note 25 of the financial statements, which describes a certain legislative process related to the gas transmission certification and the parent company's decision to transfer assets used for gas transmission to the Company. The transfer of gas transmission assets will result in a significant change in the Company's balance sheet.

We draw attention to Note 28 of the financial statements, which describes change of the parent company ownership and change of the board of directors and the supervisory board of the Company after the balance sheet date.

Our opinion is not modified in respect of these matters.

- 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 1 to 36 with the information presented in the financial statements as at 31 December 2012. 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 2012.

Bratislava, 26 February 2013

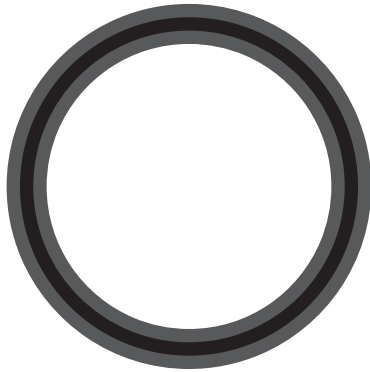
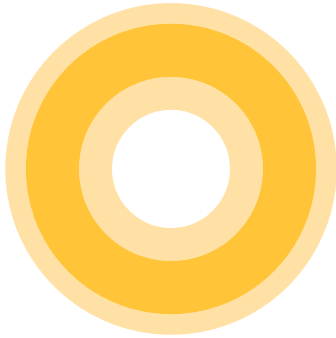
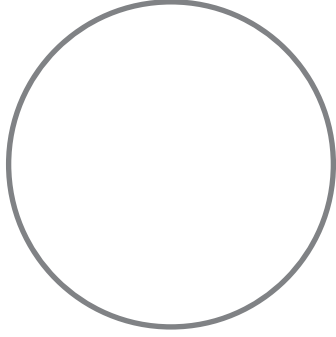


Deloitte Audit s.r.o.
Licence SKAu No. 014



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





REPORT ON COMPLIANCE PROGRAMME

1. In 2012, eustream, a.s. - the Transmission System Operator, applied a Compliance Programme as referred to in Energy Act No. 656/2004 Coll., as later amended. This Compliance Programme remained valid also after Energy Act No. 251/2012 Coll. entered into force.
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 2012 found no breach of obligations laid down by the valid Compliance Programme.
4. eustream, a.s. - the Transmission System Operator, has a functional Compliance Programme in place, which in 2012 ensured that:
 - (a) respective internal processes aimed at ensuring non-discriminatory network access were established;
 - (b) Compliance Programme fulfilment was monitored.
5. This Statement applies to the period from 1 January 2012 to 31 December 2012.

In Bratislava, on 31 January 2013



Milan Sedláček

Compliance Officer of the Transmission
System Operator

EVENTS OF SPECIAL IMPORTANCE

On 15 January 2013, GDF International SAS, E.ON Ruhrgas International GmbH and E.ON SE signed an agreement with Energetický a průmyslový holding (EPH), a key player on the heat, coal and electricity market in Central Europe, on the sale of their shares in Slovak Gas Holding, B.V. (SGH), which owns a 49% share in SPP (the parent company of Eustream) and also carries out operating and management control. The transaction was completed on 23 January 2013.

As a result, in Eustream the members of the Board of Directors were changed on 24 January 2013 and the members of the Supervisory Board on 25 January 2013. Jean-Luc Rupp was replaced by Tomáš Mareček and Gunnar Löwensen was replaced by Vladimír Mlynář on the Board of Directors. Thierry Kalfon was replaced by Daniel Křetínský on the Supervisory Board.

On 14 February 2013 the Company's shareholder decided to transfer the transmission network to Eustream. In the publicly-available financial statements of the parent company for the year ended 31 December 2011 the fair value of the transmission network assets which the Company believes would be subject to transfer is stated at EUR 2 519 101 thousand. The fair value of assets subject to transfer will be different as at the transfer date and the difference could be material.

No other events occurred subsequent to 31 December 2012 that might have a material effect on the financial statements of the Company.



CONTACT INFORMATION

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E-mail: info@eustream.sk

Legal form: joint-stock company
Incorporated in Companies Register: District Court of Bratislava I,
Section Sa, Entry No. 3480/B

Company registration number: 35910712
Tax registration number: 2021931175
VAT registration number: SK 7020000372



eustream, a.s.

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