SPP Infrastructure, a.s.

INDEPENDENT AUDITOR'S REPORT AND SEPARATE FINANCIAL STATEMENTS

AS AT AND FOR THE TWELVE-MONTH PERIOD ENDED 30 JUNE 2015

SPP Infrastructure, a.s.

INDEPENDENT AUDITOR'S REPORT

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

We have audited the accompanying financial statements of SPP Infrastructure, a.s. (the "Company"), which comprise the statement of financial position as at 30 June 2015, 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 SPP Infrastructure, a.s. as at 30 June 2015, 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.

Bratislava 29 July 2015

Deloitte Audit s.r.o.
Licencia SKAu č. 014

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

CONTENTS

(in million EUR)

ASSETS:	***Note***	***30 June 2015***	***30 June 2014***	***1 January 2014***
NON-CURRENT ASSETS				
Investments in subsidiaries	6	5 128	5 885	-
Investment in joint ventures	6	18	18	-
Loans receivable	7	108	2	1 198
Other non-current assets		1	1	-
Total non-current assets		**5 255**	**5 906**	**1 198**
CURRENT ASSETS				
Receivables and prepayments	8	-	152	-
Current loans receivable	7	13	2 009	-
Other current assets	9	853	-	-
Cash and cash equivalents	10	388	-	-
Non-current assets held for sale	11	-	7	-
Total current assets		**1 254**	**2 168**	**-**
TOTAL ASSETS		**6 509**	**8 074**	**1 198**
EQUITY AND LIABILITIES:				
CAPITAL AND RESERVES				
Registered capital	13	3 663	4 923	-
Legal and other reserves	13	985	985	-
Retained earnings	13	1 578	813	-
Total equity		**6 226**	**6 721**	**-**
NON-CURRENT LIABILITIES				
Non-current interest bearing borrowings	14	180	202	1 198
Total non-current liabilities		**180**	**202**	**1 198**
CURRENT LIABILITIES				
Trade and other payables	12	62	921	-
Current income tax	16	3	-	-
Current interest bearing borrowings	14	38	230	-
Total current liabilities		**103**	**1 151**	**-**
Total liabilities		**283**	**1 353**	**1 198**
TOTAL EQUITY AND LIABILITIES		**6 509**	**8 074**	**1 198**

The financial statements on pages 3 to 22 were signed on 29 July 2015 on behalf of the Board of Directors:

JUDr. Daniel Křetínský
Chairman of the Board of Directors

Miroslav Haško
Member of the Board of Directors

(in million EUR)

	Note	*12-month period ended 30 June 2015*	*6-month period ended 30 June 2014*
Dividend Income	15	1 606	839
Interest income from loans			
Gain/(loss) on disposal of investment		1	-
Other financial costs		-2	-
Interest expense from loans	14	-17	-25
Impairment of subsidiaries		-5	-
Staff costs		-1	-
Other operating costs		-1	-1
Profit before income taxes		**1 581**	**813**
Income tax	16	-4	-
NET PROFIT FOR THE PERIOD		**1 578**	**813**

	Note	*12-month period ended 30 June 2015*	*6-month period ended 30 June 2014*
Net Profit for the period		1 578	813
Other comprehensive income:			
Other net comprehensive income /(loss) for the period		-	-
Total net comprehensive income for the period		**1 578**	**813**

SPP Infrastructure, a.s.
Statements of Changes in Equity
for the Twelve month period ended 30 June 2015 and Six month period ended 30 June 2014
(in million EUR)

	Registered capital	*Legal reserve fund and other funds*	*Retained earnings*	*Total*
At 1 January 2014	-	-	-	-
Net profit for the period	-	-	813	813
Changes of registered capital and legal reserve fund (see Note 1)	4 923	985	-	5 908
Transfer to retained earnings	-	-	-	-
At 30 June 2014	**4 923**	**985**	**813**	**6 721**
Net profit for the period	-	-	1 578	1 578
Other net comprehensive income for the period	-	-	-	-
Dividends paid	-	-	-813	-813
Decrease of registered capital paid out to shareholders	-1 259	-	-	-1 259
Transfer to retained earnings	-	-	-	-
At 30 June 2015	**3 663**	**985**	**1 578**	**6 226**

SPP Infrastructure, a.s.
Statements of Cash Flow
for the Twelve month period ended 30 June 2015 and Six month period ended 30 June 2014
(in million EUR)

	Note	*12-month period ended 30 June 2015*	*6-month period ended 30 June 2014*
Cash flows from operations	17	-4	-
Income tax paid		-	-
Dividends paid	13	-	-
Dividends received	15	1 235	74
Change in cashpooling payable	12	-	768
Net cash flows from operating activities		**1 231**	**843**
Cash flows from investing activities			
Decrease in registred capital in subsidiaries	6	-	-
Purchase of non-current assets		-	-3
Income from the sale of asset held for sale		10	-
Income from loans	8	-	-
Loans provided	9	-852	-786
Net cash flows from investing activities		**-842**	**-790**
Cash flows from financing activities			
Change in registred capital	13	-	-
Income from loans		-	6
Repayment of non-current liabilities	8	-	-58
Net cash flows from financing activities		**-**	**-52**
(Disposal of) addition to cash and cash equivalents		388	-
Cash and cash equivalents at the beginning of the period		-	-
Cash and cash equivalents at the end of the period		**388**	**-**

(in million EUR)

1. GENERAL

1.1. Establishment of the Company

SPP Infrastructure, a.s. (hereinafter the "Company" or "SPPI") was established by a Memorandum of Association on the establishment of a private joint-stock company without a call for the subscription of shares on 22 May 2013 by the founder, Slovenský plynárenský priemysel, a.s. The Company was recorded in the Commercial Register on 3 July 2013 (the Commercial Register of the Bratislava I District Court in Bratislava, Section: s.r.o., Insert No.: 5791/B). The Company is seated at Mlynské nivy 44/a, Bratislava 825 11.

Pursuant to the Framework Agreement on the Sale and Purchase of Shares dated 19 December 2013 signed by the National Property Fund of the Slovak Republic, the Ministry of Economy of the Slovak Republic and Energetický a Průmyslový Holding, a.s., and pursuant to the Agreement on the Sale and Purchase of Shares dated 3 June 2014 signed by Slovenský plynárenský priemysel, a.s. (hereinafter the "SPP"), Slovak Gas Holding B.V. and the Ministry of Economy of the Slovak Republic, SPP Infrastructure, a.s. the reorganisation of the SPP Group that was completed on 3 June 2014. Under the agreement, SPP made an in-kind contribution of ownership interests in SPP – distribúcia, a.s., eustream, a.s., NAFTA a.s., SPP Infrastructure Financing B.V., SPP Bohemia, a.s., SPP Storage, a.s., Pozagas, a.s., GEOTERM Košice, a.s., Probugas, a.s., SLOVGEOTERM, a.s. and GALANTATERM, spol. s r.o. upon meeting conditions precedent. Upon the reorganisation completion, SGH, which also exercises control over the Company as of 4 June 2014, became a 49% owner of SPP Infrastructure, a.s. A 51% non-controlling interest in SPP Infrastructure, a.s. was retained by SPP, whose sole 100% shareholder became the National Property Fund of the Slovak Republic on 4 June 2014.

During the shortened 2014 period, the Company received and provided intercompany loans from and to both SPP and SGH.

As at the date of the preparation of these financial statements, SPP Infrastructure, a.s. is owned by the SPP (51%) and by Slovak Gas Holding B.V. (49%), which also exercises management control over the Company. The ultimate parent company of SPP Infrastructure, a.s. is Energetický a průmyslový holding, a.s.

Identification number	47 228 709
Tax identification number	2023820183

Financial statements of SPP Infrastructure, a.s. for period ended 30 June 2014 were approved by annual general meeting held on 29 September 2014.

1.2. Core Business Activities of the Company According to the Commercial Register of the Bratislava I District Court

- Purchase of goods for resale to end customers (retail) or to other traders (wholesale);
- Mediation activities in trade;
- Mediation activities in services;
- Mediation activities in production; and
- Activities of business, organisational and economic advisors
- The Company is a holding company owning financial interests in subsidiaries and a joint venture operating in gas transmission, gas distribution and gas storage segment and providing financing activities to its shareholders.

1.3. Employees

The average number of the Company's employees for the twelve-month period ended 30 June 2015 was 3, of which 1 was an executive manager (for the six-month period ended 30 June 2014 there were 2 employees, of which 1 was an executive manager).

(in million EUR)

1.4. Company's Bodies

Body	*Function*	*Name*
Board of Directors	Chairman	JUDr. Daniel Křetínský - since 3. 7. 2013
	Vice-Chairman	Mgr. Alexander Sako – since 3. 7. 2013
	Member	JUDr. Marián Valko – since 8. 10. 2013
	Member	Ing. Miroslav Haško - since 8. 10. 2013
	Member	Ing. Jan Špringl – since 3. 7. 2013
Supervisory Board	Chairman	JUDr. Ivo Hlaváček, Ph.D., MBA - since: 3.10.2014 until: 16.12.2014
	Member	Ing. Milan Hargaš – since 3. 7. 2013
	Member	Ing. Libor Briška – since 8. 10. 2013
	Member	JUDr. Marián Valko - from: 3. 7. 2013 until: 17. 10. 2013
	Member	Mgr. Pavel Horský – since 3. 7. 2013
	Member	Mgr. Jan Stříteský – since 15. 5. 2014
	Member	RNDr. Peter Kršjak – since 20.1.2015

1.5. Company's Shareholder Structure

Shareholder	30 June 2015 Share in Registered Capital	%	30 June 2014 Share in Registered Capital	%
Slovenský plynárenský priemysel, a.s.	1 868	51%	2 511	51%
Slovak Gas Holding, B.V.	1 795	49%	2 412	49%
Total	3 663	100%	4 923	100%

1.6. Consolidation Company

As at 30 June 2015, the Company is included in the consolidated financial statements of Energetický a průmyslový holding, a.s., seated at Příkop 843/3, 602 00 Brno, Czech Republic. The consolidated financial statements of Energetický a průmyslový holding, a.s., are available at its registered seat and are deposited with the Commercial Register of the Regional Court in Brno, Czech Republic.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

a) Basis of Preparation and Statement of Compliance

These financial statements have been prepared as the first IFRS separate financial statements in accordance with Paragraph 17a), point 1 of Act No. 431/2002 Coll. on Accounting, as amended ("the Accounting Act") and in accordance with International Financial Reporting Standards as adopted by the EU ("IFRS") for the twelve-month period ended 30 June 2015 following a decision of the Company's management to change the reporting period from a calendar year to a financial year starting on 1 July and ending on 30 June. As a result, the comparative financial information presented in these separate IFRS financial statements is for a shortened period from 1 January to 30 June 2014.

The Company has already published the first IFRS consolidated financial statements for 2014. However, as the separate financial statements are materially different to these consolidated financial statements, the standard IFRS 1 First-time Adoption of IFRSs has been applied to the preparation of these separate IFRS financial statements. The accounting policies in these IFRS financial statements have been used consistently with the previously published IFRS consolidated financial statements for 2014.

b) Subsidiaries

Subsidiaries are business undertakings in which the Company, directly or indirectly, has an interest of usually more than one half of the voting rights, or otherwise has the power to exercise control over operations. Investments in subsidiaries are measured initially at cost which is (1) a consideration paid when a subsidiary is acquired for cash or (2) fair value when a subsidiary is acquired by an in-kind contribution. Subsequently, investments in subsidiaries are measured at cost less impairment. According to IAS 36, at each balance-sheet date the Company assesses whether there is any evidence that such investments may be impaired (Note 2 d).

c) Investments in Joint Ventures

Joint ventures are entities in which the Company exercises joint control with other owners. Investments in Joint Ventures are measured initially at cost which is (1) a consideration paid when a joint venture is acquired for cash or (2) fair value when a joint venture is acquired by an in-kind contribution. Subsequently investments in joint ventures are measured at cost less impairment. At each balance-sheet date, the Company assesses whether there is any evidence that such investments may be impaired (Note 2 d).

d) Impairment of Non-monetary Assets

Assets that have an indefinite useful life are not amortized; they are, however, tested for impairment every year. Assets that are subject to amortization are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. In respect of the impairment of financial investments in subsidiaries or joint ventures, the Company evaluates whether the carrying amount of the investment in its separate financial statements exceeds the carrying amounts in the consolidated financial statements of the investee's net assets, including associated goodwill; or Whether the dividend received exceeds the total comprehensive income of the subsidiary, joint venture or associate in the period the dividend is declared. An impairment loss is recognized at the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which separately identifiable cash flows (cash-generating units) exist. Impaired non-monetary assets, other than goodwill, are reviewed at each balance sheet date to assess whether or not the impairment can be reversed.

e) Financial Assets

The Company only recognises financial assets in the "loans and receivables" category. The classification depends on the nature and purpose of the financial assets and is determined at the time of initial recognition. All regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require the delivery of the assets within the timeframe established by a regulation or convention in the marketplace.

<u>Loans and receivables</u>

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Loans and receivables including trade and other receivables, bank balances and cash are measured at amortised cost using the effective interest method, less any impairment.

Interest income is recognised by applying the effective interest rate, except for short-term receivables when the recognition of interest would be immaterial.

<u>Impairment of financial assets</u>

Financial assets are assessed for indicators of impairment at the end of each reporting period. Financial assets are considered to be impaired when there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the investment have been affected.

For financial assets, objective evidence of impairment may include:

- Significant financial difficulty of the issuer or counterparty; or
- Breach of contract, such as a default or delinquency in interest or principal payments; or
- Likelihood that the borrower will enter bankruptcy or financial re-organisation; or
- The disappearance of an active market for a financial asset due to financial difficulties.

For certain categories of financial assets, such as trade receivables, assets that are assessed not to be impaired individually are, in addition, assessed for impairment on a collective basis. Objective evidence of impairment for a portfolio of receivables could include the Company's past experience of collecting payments, an increase in the number of delayed payments in the portfolio past the average credit period of 60 days, as well as observable changes in national or local economic conditions that correlate with a default on receivables.

For financial assets carried at amortised cost, the amount of the impairment loss recognised is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the financial asset's original effective interest rate.

The carrying amount of a financial asset is reduced by the impairment loss directly for all financial assets with the exception of trade receivables, where the carrying amount is reduced through a provision account. If a trade receivable is considered uncollectible, it is written off against the provision account. Subsequent recoveries of amounts previously written off are credited against the provision account. Changes in the carrying amount of the provision account are recognised in profit or loss.

For financial assets measured at amortised cost, if the amount of the impairment loss decreases in a subsequent period and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously-recognised impairment loss is reversed through profit or loss to the extent that the carrying amount of the investment at the date the impairment is reversed does not exceed what the amortised cost would have been had the impairment not been recognised.

Derecognition of financial assets

The Company derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity.

On the derecognition of a financial asset in its entirety, the difference between the asset's carrying amount and the sum of the consideration received and receivable.

f) Financial Liabilities

Financial liabilities (including loans) are initially measured at their fair value and are subsequently measured at amortised cost using the effective interest method.

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) during the expected life of the financial liability, or (where appropriate) a shorter period, to the net carrying amount on initial recognition.

Derecognition of financial liabilities

The Company derecognises financial liabilities only when the Company's obligations are met, cancelled or expired. The difference between the carrying amount of the financial liability and the consideration paid and the amount payable is recognised in the income statement.

g) Cash and Cash Equivalents

Cash and cash equivalents consist of cash in hand and cash in bank accounts, and highly-liquid securities with insignificant risk of changes in value and original maturities of three months or less from the date of issue.

h) Taxation

Income tax is calculated from the profit/loss before tax recognised under IFRS adjusted to profit/loss recognised under accounting procedures valid in the Slovak Republic after adjustments for individual items increasing and decreasing the tax base pursuant to Act No. 595/2003 Coll. on Income Tax, as amended, using the valid income tax rate.

The income tax rate valid as at 30 June 2014 and 2015 is 22%.

Current tax is recognised through profit or loss, except when it relates to items that are recognised in other comprehensive income or directly in equity, in which case the current tax is also recognised in other comprehensive income or directly in equity, respectively.

Deferred tax is provided, using the liability method, for all temporary differences arising between the tax bases of assets and liabilities and their carrying amounts. The Company has not identified any temporary differences relevant to deferred tax recognition.

i) Foreign Currencies

Transactions in foreign currencies are initially recorded at the exchange rates of the European Central Bank (ECB) valid on the transaction dates. Monetary assets and payables denominated in foreign currencies are retranslated at the ECB exchange rates valid on the reporting date. Foreign exchange gains and losses are included in the income statement.

j) Non-Current Assets Held for Sale

Non-current assets are classified as held for sale if their carrying amount can be recovered through a sale transaction rather than through continuing use. This condition is considered fulfilled only when a sale is highly probable and the non-current asset is available for immediate sale in its present condition. Management must be committed to the sale, which should be expected to qualify for recognition as a completed sale within one year from the date of classification.

Non-current assets classified as held for sale are measured at the lower of their previous carrying amount and the fair value less costs to sell.

k) Dividend and Interest Income

Dividend income from investments is recognised when the shareholder's right to receive a payment has been established (provided that it is probable that economic benefits will flow to the Group and the amount of income can be measured reliably).

Interest income from a financial asset is recognised when it is probable that economic benefits will flow to the Company and the amount of income can be measured reliably. Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts during the expected life of the financial asset to the asset's net carrying amount on initial recognition.

l) Presentation of Cash Flow Statement

As the Company is a holding company and its principal activities include financing activities, the dividends received, interest received on loans receivable and interest expense on borrowings obtained are presented as part of operating cash flows.

3. CRITICAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In the process of applying the Company's accounting policies, as described in Note 2, the Company has made the following decisions concerning uncertainties and estimates that have a significant impact on the amounts recognised in the financial statements. There is a significant risk of material adjustments in future periods relating to such matters, including the following:

Impairment of investments in subsidiaries and joint ventures
The cost of financial investments in subsidiaries and joint ventures has been initially recognised at their estimated fair value (in-kind contributions) determined by an independent appraiser upon the reorganisation of the SPP Group (see also Note 1). The recoverable value of eustream, a.s., NAFTA a.s., SPP Storage, s.r.o. and Pozagas a.s. depends on the overall demand for gas transmission and gas storage services, and on the fulfilment of long-term contracts which make up a significant part of revenues in these companies. The recoverable value of SPP – distribúcia depends on the development of the regulatory environment and gas consumption in Slovakia as virtually all revenues are regulated by a distribution tariff, which contains a fixed part and a variable part depending on the actual volume of gas distributed. The Company monitors the financial performance of its subsidiaries and the joint venture and has not identified any impairment of investments in subsidiaries or joint ventures as at 30 June 2015.

The Company has not identified any impairment indicators and therefore there was no need for impairment testing except for financial investment in eustream, where a significant dividend distribution during the current financial year was considered to be an impairment indicator as required by IAS 36. The Company has performed an impairment assessment with the help of external consultants that was based on discounted cash flow analysis. Major assumptions in the discounted cash flow estimates were a discount rate of 6.1% and a terminal growth rate of 2%, and eustream revenues after the termination of long-term contracts beyond 2028.

4. NEW INTERNATIONAL FINANCIAL REPORTING STANDARDS

4.1. Application of New and Revised International Financial Reporting Standards

The Company has adopted all the new and revised standards and interpretations issued by the International Accounting Standards Board (IASB) and the International Financial Reporting Interpretations Committee (IFRIC) of the IASB that have been endorsed for use in the EU and that are relevant to its operations and are effective for reporting periods beginning on 1 July 2014.

At the date of authorisation of these financial statements the following standards, revisions, and interpretations adopted by the EU were in issue but not yet effective:

- **Amendments to various standards "Improvements to IFRSs (cycle 2010-2012)"** resulting from the annual improvement project of IFRS (IFRS 2, IFRS 3, IFRS 8, IFRS 13, IAS 16, IAS 24 and IAS 38) primarily with a view to removing inconsistencies and clarifying wording - adopted by the EU on 17 December 2014 (amendments are to be applied for annual periods beginning on or after 1 February 2015),

- **Amendments to various standards "Improvements to IFRSs (cycle 2011-2013)"** resulting from the annual improvement project of IFRS (IFRS 1, IFRS 3, IFRS 13 and IAS 40) primarily with a view to removing inconsistencies and clarifying wording - adopted by the EU on 18 December 2014 (amendments are to be applied for annual periods beginning on or after 1 January 2015),

- **Amendments to IAS 19 "Employee Benefits"** - Defined Benefit Plans: Employee Contributions - adopted by the EU on 17 December 2014 (effective for annual periods beginning on or after 1 February 2015),

- **IFRIC 21 "Levies"** adopted by the EU on 13 June 2014 (effective for annual periods beginning on or after 17 June 2014).

The Company has elected not to adopt these standards, revisions, and interpretations in advance of their effective dates.

The Company anticipates that the adoption of these standards, revisions, and interpretations will have no material impact on the Company's financial statements in the period of initial application.

At present, IFRS as adopted by the EU do not significantly differ from regulations adopted by the International Accounting Standards Board (IASB), except for the following standards, amendments to the existing standards and interpretations, which were not endorsed for use as at 30 June 2015:

IFRS 9 "Financial Instruments" (effective for annual periods beginning on or after 1 January

- **IFRS 9 "Financial Instruments"** (effective for annual periods beginning on or after 1 January 2018),

- **IFRS 14 "Regulatory Deferral Accounts"** (effective for annual periods beginning on or after 1 January 2016),

- **IFRS 15 "Revenue from Contracts with Customers"** (effective for annual periods beginning on or after 1 January 2017),

- **Amendments to IFRS 10 "Consolidated Financial Statements" and IAS 28 "Investments in Associates and Joint Ventures"** - Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (effective for annual periods beginning on or after 1 January 2016),

- **Amendments to IFRS 10 "Consolidated Financial Statements", IFRS 12 "Disclosure of Interests in Other Entities" and IAS 28 "Investments in Associates and Joint Ventures"** - Investment Entities: Applying the Consolidation Exception (effective for annual periods beginning on or after 1 January 2016),

- **Amendments to IFRS 11 "Joint Arrangements"** – Accounting for Acquisitions of Interests in Joint Operations (effective for annual periods beginning on or after 1 January 2016),

- **Amendments to IAS 1 "Presentation of Financial Statements"** - Disclosure Initiative (effective for annual periods beginning on or after 1 January 2016),

- **Amendments to IAS 16 "Property, Plant and Equipment" and IAS 38 "Intangible Assets"** - Clarification of Acceptable Methods of Depreciation and Amortisation (effective for annual periods beginning on or after 1 January 2016),

- **Amendments to IAS 16 "Property, Plant and Equipment" and IAS 41 "Agriculture"** - Agriculture: Bearer Plants (effective for annual periods beginning on or after 1 January 2016),

- **Amendments to IAS 27 "Separate Financial Statements"** - Equity Method in Separate Financial Statements (effective for annual periods beginning on or after 1 January 2016),

- **Amendments to various standards "Improvements to IFRSs (cycle 2012-2014)"** resulting from the annual improvement project of IFRS (IFRS 5, IFRS 7, IAS 19 and IAS 34) primarily with a view to removing inconsistencies and clarifying wording (amendments are to be applied for annual periods beginning on or after 1 January 2016).

The Company anticipates that adopting these standards and amendments to the existing standards and interpretations will have no material impact on the Company's combined financial statements in the period of initial application.

At the same time, hedge accounting regarding the portfolio of financial assets and liabilities, whose principles have not been adopted by the EU, is still unregulated. Based on the Company's estimates, applying hedge accounting for the portfolio of financial assets or liabilities pursuant to IAS 39: "Financial Instruments: Recognition and Measurement" would not significantly impact the combined financial statements, if applied as at the reporting date.

5. FINANCIAL INSTRUMENTS

a) Financial Risk Factors

The Company is exposed to a variety of financial risks, including the effects of changes in the interest rates of loans. The Company is not exposed to significant foreign currency risk as all material assets, liabilities and transactions are denominated in EUR. The Company's overall risk management program focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the financial performance of the Company.

The main risks arising from the Company's financial instruments are interest rate risk, credit risk, and liquidity risk.

(1) Interest Rate Risk

The interest rate risk is managed by the Company by maintaining appropriate fixed and floating rate loans provided and received. The Company's exposures to interest rates on financial assets and financial liabilities are detailed in Note 8 and 14.

Sensitivity to changes in floating interest rates is not significant as the Company is only exposed in this respect as regards a loan to GEOTERM KOŠICE, a.s. in the amount of EUR 2.1 million (both as at 30 June 2015 and 2014) with a floating interest rate of 3M EURIBOR + 1.5 %.

(2) Credit risk related to receivables

The Company has loan receivables arising from upstream loans to its shareholders, SPP and SGH and a loan provided to SPP Storage, s.r.o. and to GEOTERM KOŠICE, a.s. Loans to shareholders will be settled by a future entitlement of owners to the Company´s profits.

The maximum exposure to credit risk is represented by the carrying amount of each financial asset in the balance sheet, net of provisions.

(3) Liquidity Risk

Prudent liquidity risk management implies maintaining sufficient cash with reasonable maturity and marketable securities, the availability of funding through an adequate amount of committed credit lines, and the ability to close open market positions.

The Company's interest-bearing loans are drawn in EUR with a fixed interest rate. Interest-bearing loans are provided without collateral, using a common market rate.

(in million EUR)

The table below summarises the maturity of financial liabilities at 30 June 2015, 30 June 2014 and 1 January 2014 based on contractual undiscounted payments:

As at 30 June 2015	***On demand***	***Less than 3 months***	***3 to 12 months***	***1 to 5 years***	***> 5 years***	***Total***
Non-current loans	-	-	-	-	221	221
Trade and other payables	62	-	-	-	-	62
Current loans	-	38	-	-	-	38

As at 30 June 2014	***On demand***	***Less than 3 months***	***3 to 12 months***	***1 to 5 years***	***> 5 years***	***Total***
Non-current loans	-	-	-	38	211	249
Trade and other payables	921	-	-	-	-	921
Current loans	-	-	230	-	-	230

As at 1 January 2014	***On demand***	***Less than 3 months***	***3 to 12 months***	***1 to 5 years***	***> 5 years***	***Total***
Non-current loans	-	-	968	230	-	1 198
Trade and other payables	-	-	-	-	-	-
Current loans	-	-	-	-	-	-

b) Capital Risk Management

The Company manages its capital to ensure that the Company's companies are able to continue as going concerns while maximising the return to shareholders through optimising the debt and equity ratio, and by ensuring a high credit rating and sound capital ratios.

The capital structure of the Company consists of debt, ie loans disclosed in Note 14, cash and cash equivalents and equity attributable to the owners of the parent company, which comprise the registered capital, legal and other reserves and retained earnings as disclosed in Note 13.

The gearing ratio at the period-end was as follows:

	At 30 June 2015	***At 30 June 2014***	***1 January 2014***
Debt (i)	218	432	1 198
Cash and cash equivalents	388	-	-
Net debt	-170	432	1 198
Equity	6 226	6 721	-
Net debt to equity ratio	**-3%**	**6%**	**100%**

(i) Debt is defined as long- and short-term loans.

c) Categories of Financial Instruments

	At 30 June 2015	***At 30 June 2014***	***1 January 2014***
Financial assets	**1 362**	**2 170**	**1 198**
Loans and receivables			
Loans receivable	108	2	1 198
Receivables and prepayments	-	152	-
Other current assets	13	2 009	-
Current loans receivable	853		
Cash and cash equivalents	388	-	-
Assets classified as held for sale	-	7	-
Financial liabilities	**280**	**1 352**	**1 198**
Financial liabilities at amortised cost			
Non-current interest bearing borrowings	180	202	1 198
Trade and other payables	62	921	-
Current interest bearing borrowings	38	230	-

d) Estimated Fair Value

The estimated fair values of financial assets and liabilities approximate their carrying amounts.

(in million EUR)

6. INVESTMENTS IN SUBSIDIARIES AND JOINT VENTURES

Business Name and Seat of the Company in which Non-Current Financial Assets are Placed	*30 June 2015*					
	Share in Registered Capital and in Voting Rights (%)	*Assets of*	*Liabilities*	*Revenue*	*Profit/ (Loss) of*	*Carrying Amount of*
	of the Company in which Non-Current Financial Assets are Placed					
Subsidiaries						
eustream, a.s. Votrubova 11/A, 821 09 Bratislava	100%	2 778	1 898	728	402	2 793
SPP - distribúcia, a.s. Mlynské nivy 44/b,825 11 Bratislava *(1)*	100%	2 800	1 153	370	96	1 978
Nafta a.s. Votrubova 1, 821 09 Bratislava	56.15%	331	154	191	91	217
GEOTERM KOŠICE, a.s. Moldavská č. 12, 040 11 Košice	95.82%	16	4	-	-	-
SPP Storage, s.r.o. Sokolovská 651/136 a, 186 00 Praha 8, Czech Republic *(3), Note 7*	100%	235	151	31	16	147
SPP Infrastructure Financing B.V., Weteringschans 26, Amsterdam, Netherlands	100%	1 273	1 276	35	1	0,4
Joint ventures						
Pozagas a.s. Malé námestie 1, 901 01 Malacky *(2)*	35%	81	17	28	9	18
Other non current assets						
SLOVGEOTERM a.s., Palisády 39, 811 06 Bratislava (associate)	50%	x	x	x	x	0,1
GALANTATERM, spol. s r.o., Vodárenská ul. č. 1608/1, 924 01 Galanta (shares)	17.50%	x	x	x	x	0,6
Total Non-Current Financial Assets	**x**	**x**	**x**	**x**	**x**	**5 154**

Business Name and Seat of the Company in which Non-Current Financial Assets are Placed	*30 June 2014*					
	Share in Registered Capital and in Voting Rights (%)	*Assets of*	*Liabilities*	*Revenue*	*Profit/ (Loss) of*	*Carrying Amount of*
	of the Company in which Non-Current Financial Assets are Placed					
Subsidiaries						
eustream, a.s., Votrubova 11/A821 09 Bratislava	100%	3 296	1 423	299	164	2 793
SPP - distribúcia, a.s., Mlynské nivy 44/b825 11 Bratislava *(1)*	100%	3 512	1 102	182	64	2 735
Nafta a.s., Votrubova 1 821 09 Bratislava	56.15%	333	157	92	46	217
GEOTERM KOŠICE, a.s., Moldavská č. 12 040 11 Košice	95.82%	16	4	-	-	-
SPP Storage, s.r.o., Sokolovská 651/136 a 186 00, Praha 8, Czech Republic *(3)*	100%	261	166	15	9	132
SPP Bohemia a.s., Sokolovská 651/136 a 186 00, Praha 8, Czech Republic	100%	7	-	-	-	7
SPP Infrastructure Financing B.V., Weteringschans 26, Amsterdam, Netherlands	100%	774	775	15	-	-
Joint ventures						
Pozagas a.s., Malé námestie 1, 901 01 Malacky *(2)*	35%	72	16	13	3	18
Other non current assets						
SLOVGEOTERM a.s., Palisády 39, 811 06 Bratislava (associate)	50%	x	x	x	x	0,1
GALANTATERM, spol. s r.o., Vodárenská ul. č. 1608/1, 924 01 Galanta (shares)	17.50%	x	x	x	x	0,6
Total Non-Current Financial Assets	**x**	**x**	**x**	**x**	**x**	**5 903**

(1) SPP – distribúcia, a.s decrease its share capital by EUR 757 million in December 2014.

(in million EUR)

(2) Shareholding held by SPP Infrastructure, a. s. (35%) and NAFTA a.s. (35%). Under shareholders agreement among SPP, NAFTA and GDF SUEZ, there is a joint control over Pozagas.
(3) SPP Storage, s.r.o.financial statements prepared according Czech GAAP, converted into EUR used exchange rate of ECB as at reporting date.
NOTE: Reporting periods of investments (12 months ended 31 December) are different as used fiscal year in the Company. Therefore balance sheet information of investments are presented as at reporting date of the Company (30 June 2015 and 30 June 2014). Income statement information of investments are presented for 12 months ended 30 June 2015 and 6 months ended 30 June 2014.

Share in SPP Bohemia a.s. has been sold during 12 months ended 30 June 2015. Impairment amounting EUR 5 million has been recognized before sale.

7. LOANS PROVIDED

Current loans receivable:

In September and December 2013, SPP Infrastructure, a.s. provided non-current loans totalling EUR 606.5 million to SPP. The loans fall due on 15 July 2020 and bear interest at a fixed rate of 4.37%. The balance of the loans as at 30 June 2014 also includes interest accruals.

In September and December 2013, SPP Infrastructure, a.s. provided non-current loans totalling EUR 583 million to Slovak Gas Holding B.V. seated in the Netherlands. The loans fall due on 15 July 2020 and bear interest at a fixed rate of 4.37%. The balance of the loans as at 30 June 2014 also includes interest accruals.

In June 2014, SPP Infrastructure, a.s. provided a loan amounting to EUR 400 million to SPP. The loan falls due on 15 July 2021 and bears interest at a fixed rate of 4.37%. %. The balance of the loans as at 30 June 2014 also includes interest accruals.

In June 2014, SPP Infrastructure, a.s. provided a loan amounting to EUR 384 million to the parent company, Slovak Gas Holding B.V. seated in the Netherlands. The loan falls due on 15 July 2021 and bears interest at a fixed rate of 4.37%. The balance of the loans as at 30 June 2014 also includes interest accruals.

The balance of EUR 2 009 million as at 30 June 2014 also includes interest accruals.

All loans were offset with a dividend paid in August 2014 and with a decrease of the share capital on 30 December 2014 based on the decision of the shareholders and hence were presented as current in the statement of financial position as at 30 June 2014.

Non - current loans receivable:

In December 2014, SPPI provided a loan amounting to EUR 125 million to SPP Storage, s.r.o, which is payable in instalments EUR 6.25 million every six months until 15 December 2024. Relevant instalments are presented within a current loans receivable (as at 30 June 2015: EUR 13 million including interest). The loan bears interest at a fixed rate of 2,665%. During June 2015, instalment amounting EUR 8 million was offset with increase of equity in SPP Storage, s.r.o.

The balance of EUR 108 million as at 30 June 2015 also includes interest accruals as at 30 June 2015.

Provided Loans:

Loans	***30 June 2014***	***Increase in Value***	***Impair-ment***	***Transfer of the Loan in the Reporting Period***	***30 June 2015***
Due in more than 5 years	-	127	-8	-13	106
Due in 1 to 3 years inclusive	2	-	-	-	2
Due in up to 1 year inclusive	2 009	-	-2 009	13	13
Total Non-Current Loans	**2 011**	**127**	**-2 017**	**-**	**121**

Loans	***1 January 2014***	***Increase in Value***	***Impair-ment***	***Transfer of the Loan in the Reporting Period***	***30 June 2014***
Due in more than 5 years	1 198	-	-	- 1 198 (1)	-
Due in 1 to 3 years inclusive	-	2	-	-	2
Due in up to 1 year inclusive	-	810	-	1 198 (1)	2 009
Total Loans	**1 198**	**812**	**-**	**-**	**2 011**

(1) The loans provided to SPP and Slovak Gas Holding B.V. were reclassified to loans with a maturity of up to one year as the Company expects their early repayment in Q1 2015.

(in million EUR)

There are no non-current financial assets under lien or with a restricted handling by the Company (except restricted cash stated in Note 11).

8. RECEIVABLES AND PREPAYMENTS

The bulk of receivables comprise receivables from cash pooling from the following subsidiaries: SPP Storage, s.r.o. in the amount of EUR 136 million at 30 June 2014 and NAFTA, a.s. in the amount of EUR 16 million at 30 June 2014 with a maturity of up to 1 year. Balances as at 30 June 2015 and 1 January 2014 represents EUR 0.

The Company's receivables are not secured by a lien or another form of security. There are no receivables under lien or with a restricted handling by the Company.

9. OTHER CURRENT ASSETS

The balance as at 30 June 2015 consists of upstream deposits provided to the shareholders, SPP and SGH, in the amount of EUR 250 million and EUR 602 million, respectively. These short-term deposits will be settled by an entitlement of the owners to future company profits. Balances as at 30 June 2014 and 1 January 2014 represent EUR 0.

10. CASH AND CASH EQUIVALENTS

Cash and cash equivalents represent cash in bank accounts, of which EUR 377.3 million is restricted cash as at 30 June 2015, available to SPP a.s. for providing short-term financing if requested by SPP.

11. ASSETS HELD FOR SALE

	At 30 June 2015	*At 30 June 2014*
Cost	-	7
Impairment	-	-
Closing balance, net	**-**	**7**

The balance of EUR 7 million as at 30 June 2014 represents a share in Probugas, a.s. As at 30 June 2014, the Company reclassified a share in Probugas to non-current assets held for sale, as it concluded that the criteria of standard IFRS 5 Non-current assets held for sale and discontinued activities have been met. The sale of a share in Probugas was completed on July 4, 2014.

12. TRADE AND OTHER PAYABLES

The bulk of liabilities with a residual maturity of up to 1 year comprise liabilities from cash pooling against the following subsidiaries: SPP - distribúcia, a.s. in the amount of EUR 60 million as at 30 June 2015 (30 June 2014: EUR 588 million) and eustream, a.s. in the amount of EUR 0 as at 30 June 2015 (30 June 2014: EUR 332 million). Balances as at 1 January 2014 represents EUR 0.

The Company has no significant liability secured by a pledge or any other form of collateral. The Company's liabilities are not secured by a lien or another form of security.

13. EQUITY

The increase in registered capital was made by SPP, the former parent company by an in-kind contribution of financial investments (see Note 1) in May 2014, with a face value of EUR 4 922 783 042. (one share with a face value of EUR 25 000 and 4 922 758 042 ordinary registered shares with a face value of EUR 1). The shares have a certificate form and are not admitted to the stock exchange market. The transferability of the shares is not limited. The shares have been duly paid. The registered capital has been fully paid.

(in million EUR)

Share capital was decreased on 30 December 2014 by EUR 1 259 416 105 based on a shareholder's decision. As at 30 June 2015, the share capital consisted of three fully paid shares: two shares owned by SPP, one with a face value of EUR 1 868 292 263 and one with a face value of EUR 25 000, and one share owned by SGH with a face value of EUR 1 795 049 674.

Every year, the reserve fund will be supplemented by 10% of the net profit stated in the ordinary financial statements until it reaches 20% of the registered capital. The reserve fund was supplemented from the 2013 profit and an in-kind contribution in May 2014. The reserve fund reached the maximum amount.

Shareholders are entitled to a share in the Company's profit (dividend) based on the General Meeting's decision and have a voting right, with each euro (EUR 1) of face value of shares representing one vote.

Profit distribution:

Type of distribution	***Distribution of profit for period ended 30 June 2014***	***Distribution of profit for period ended 31 December 2013***
Settlement of loss of prior periods	-	-
Dividends paid	813	-
Total	**813**	-

14. INTEREST BEARING BORROWINGS

	Curr.	***Interest p. a. in %***	***Maturity***	***30 June 2015***	***30 June 2014***	***1 January 2014***
Non-current borrowings						
eustream, a.s.	EUR	4.245	15 Jul 2020	180	368	964
SPP – distribúcia, a.s.	EUR	4.245	31 Dec 2020	38	64	225

In September and December 2013, SPP Infrastructure, a.s. drew non-current loans totalling EUR 964 million from eustream, a.s. and non-current loans totalling EUR 225 million from SPP – distribúcia, a.s.

In April 2014, SPP Infrastructure, a.s. drew a loan amounting to EUR 5.7 million from SPP - distribúcia, a.s.

In June 2014, SPP Infrastructure, a.s. made an early payment of a portion of the loans and associated interest from eustream, a.s. totalling EUR 625 million and from SPP - distribúcia, a.s. totalling EUR 171 million with payables from the loans being partly offset against receivables from dividends. During the twelve-month period ended 30 June 2015, the Company settled EUR 26.4 million to SPP – distribúcia, a.s. and offset EUR 204 million to eustream against receivable from dividends.

Interest on these loans is capitalised annually on the anniversary of the loan drawdown; interest falls due on the loan maturity date.

(in million EUR)

15. REVENUES

	12-month period ended 30 June 2015	6-month period ended 30 June 2014
Dividends	1 569	813
Interest on loans (Note 7)	37	26
Total	**1 606**	**839**

16. TAXATION

The reconciliation from theoretical income tax to reported income tax is presented in the following table:

	12-month period ended 30 June 2015			6-month period ended 30 June 2014		
	Tax Base	*Tax*	*Tax in %*	*Tax Base*	*Tax*	*Tax in %*
Profit/loss prior to taxation, of which:	1 581			813		
Theoretical tax		348	22%		179	22%
Tax non-deductible expenses	5	1		-	-	-
Revenues exempt from taxation	(1 570)	(345)		(813)	(179)	-
Tax loss carried forward				-	-	-
Total	**16**	**4**		-	-	-
Current income tax		4			-	-
Deferred income tax		-			-	-
Total Income Tax		**4**			-	-

17. CASH FLOWS FROM OPERATING ACTIVITIES

	Note	12-month period ended 30 June 2015	6-month period ended 30 June 2014
Profit before taxation		**1 581**	**814**
Adjustments for non-cash transactions:			
Income from financial investments	15	-1 569	-813
Loss (profit) from the sale of assets held for sale		-1	
Interest charged to expenses	14	17	25
Interest charged to income	15	-38	-26
Impairment charge		5	-
Profit from operating activities prior to a change in working capital		**-4**	-
Change in working capital		-	-
Cash flows from operations		**-4**	**-**

18. COMMITMENTS AND CONTINGENCIES

Contingent liabilities

Along with an in-kind contribution of the shares of SPP Bohemia, a.s., the Company also assumed a guarantee provided on behalf of SPP Bohemia, a.s. in the sale of the shares of Czech distribution companies in January 2013. The total guarantee is capped at EUR 141 million and provided for a period of 39 months after the transaction completion.

Taxation

The Company has significant transactions with several subsidiaries and joint ventures, the shareholders and other related parties. The tax environment in which the Company operates in Slovakia is dependent on the prevailing tax legislation and practice and has relatively little existing precedent. As the tax authorities are reluctant to provide official interpretations in respect of the tax legislation, there is an inherent risk that the tax authorities may require, for example, transfer pricing or other adjustments to the corporate income tax base. Corporate income tax in Slovakia is levied on each individual legal entity and, as a consequence, there is no concept of Company taxation or relief. The tax authorities in Slovakia 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.

19. RELATED PARTY TRANSACTIONS

	12 months period ended 30 June 2015				**As at 30 June 2015**		
	Revenues from dividends	Interest revenue (Note 7)	Interest Expense (Note 14)	Dividend paid	Loan receivable (Note 7)	Loan payable (Note 14)	Cashpooling payable
Subsidiaries	1 569	2	19	-	121	218	60
Joint ventures	-	-	-	-	-	-	-
Slovak Gas Holding B.V.	-	17	-	399	602	-	-
Slovenský plynárenský priemysel, a.s.	-	18	-	414	250	-	-

	12 months period ended 30 June 2014				**As at 30 June 2014**		
	Revenues from dividends	Interest revenue (Note 7)	Interest Expense (Note 14)	Dividend paid	Loan receivable (Note 7)	Loan payable (Note 14)	Cashpooling payable
Subsidiaries	813	2	25	-	2	432	768
Joint ventures	-	-	-	-		-	-
Slovak Gas Holding B.V.	-	13	-	-	984	-	-
Slovenský plynárenský priemysel, a.s.	-	13	-	-	1 024	-	-

Management considers that the transactions with related parties have been made on an arm's length basis.

Loans receivable from the shareholders, Slovak Gas Holding and Slovenský plynárenský priemysel, represent loans granted in two tranches in September 2013 and December 2013, with a due date of 15 July 2020. These receivables were offset against a decrease of the share capital of SPP Infrastructure, a.s. in December 2014.

Income and Benefits of Members of the Statutory, Supervisory and Other Bodies in million EUR:

	12-month period ended 30 June 2015	***6-month period ended 30 June 2014***
Salaries and other short-term employee benefits:		
Statutory Bodies	0.5	-
Supervisory Bodies	0.2	-

20. RECONCILIATION OF EQUITY, NET PROFIT TO PREVIOUSLY REPORTED GAAP FINANCIAL STATEMENTS.

The Company has presented its statutory financial statements for the previous period ended 30 June 2014 prepared under Slovak accounting standards. The net assets, net profit, total assets and total liabilities did not differ from the amounts presented on 30 June 2014 or 1 January 2014 in these separate IFRS financial statements.

21. POST-BALANCE SHEET EVENTS

After balance sheet date, no significant events occurred that would require recognition or disclosure in these financial statements, and that would have significant effect on the fair presentation of information included in these financial statements.

Prepared on:

29 July 2015

Signature of a member of the statutory body of the reporting entity or a natural person acting as a reporting entity:

Approved on:

JUDr. Daniel Křetínský
Chairman of the Board of Directors

Miroslav Haško
Member of the Board of Directors