SPP - distribúcia, a.s.

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

For the year ended 31 December 2014

Deloitte.

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SPP - distribúcia, a.s.

INDEPENDENT AUDITOR'S REPORT

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

We have audited the accompanying financial statements of SPP - distribúcia, a.s. (the "Company"), which comprise the balance sheet as at 31 December 2014, 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 - distribúcia, a.s. as of 31 December 2014, 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, 13 March 2015

Deloitte

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Licence SKAu No. 014

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

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SPP - distribúcia, a.s.
Statement of Financial Position
As at 31 December 2014 and 31 December 2013
(EUR '000)

	Note	31 December 2014	31 December 2013
ASSETS:			
NON-CURRENT ASSETS			
Property, plant and equipment	7	2 480 711	2 565 508
Investments in subsidiaries	8	1 005	1 005
Non-current intangible assets and other assets	9	7 850	7 911
Other non-current assets	11	-	225 026
Total non-current assets		2 489 566	2 799 450
CURRENT ASSETS			
Inventories	10	153 032	156 769
Receivables and prepayments	11	650 980	119 937
Income tax asset		3 785	3 474
Cash and cash equivalents		323 046	13 408
Other current assets	11	37 058	-
Total current assets		1 167 901	293 588
TOTAL ASSETS		**3 657 467**	**3 093 038**
EQUITY AND LIABILITIES:			
CAPITAL AND RESERVES			
Registered capital	16	1 200 000	1 957 418
Legal reserve fund and other funds	17	384 212	391 484
Retained earnings	17	97 512	113 150
Total equity		1 681 724	2 462 052
NON-CURRENT LIABILITIES			
Deferred income	12	10 414	8 309
Retirement and other long-term employee benefits	13	5 110	4 107
Deferred tax liability	22	378 587	386 973
Loans and bonds	14	629 025	105 000
Total non-current liabilities		1 023 136	504 389
CURRENT LIABILITIES			
Trade and other payables	15	895 536	126 597
Retirement and other short-term employee benefits	13	217	-
Loans	14	56 854	-
Total current liabilities		952 607	126 597
Total liabilities		1 975 743	630 986
TOTAL EQUITY AND LIABILITIES		**3 657 467**	**3 093 038**

The financial statements on pages 3 to 35 were signed on 13 March 2015 on behalf of the Board of Directors:

Ing. František Čupr, MBA
Chairman of the Board of Directors

Ing. Štefan Šebesta
Vice-Chairman of the Board of Directors

SPP – distribúcia, a.s.
Income Statement
Years ended 31 December 2014 and 31 December 2013
(EUR '000)

	Note	*Year ended 31 December 2014*	*Year ended 31 December 2013*
REVENUES FROM SALES OF SERVICES:			
Natural gas distribution		339 710	369 375
Other revenues		3 887	3 066
Total revenues		343 597	372 441
OPERATING EXPENSES:			
Own work capitalised		4 798	4 877
Purchases of natural gas and consumables and services		(9 381)	(11 314)
Depreciation and amortisation	7,8	(98 772)	(101 589)
Storage of natural gas and other services		(62 200)	(85 896)
Staff costs	18	(45 906)	(45 462)
Provision for bad and doubtful debts, obsolete and slow-moving inventory, net		(65)	(2 091)
Provisions and impairment losses, net		(2 020)	(2 783)
Other, net	20	1 803	4 051
Total operating expenses		(211 743)	(240 207)
OPERATING PROFIT		131 854	132 234
Financial revenues		6 955	934
Financial costs	21	(8 719)	(970)
PROFIT BEFORE INCOME TAXES		130 090	132 198
INCOME TAX		(32 578)	(19 048)
NET PROFIT FOR THE PERIOD		**97 512**	**113 150**

(EUR '000)

	Year ended 31 December 2014	*Year ended 31 December 2013*
NET PROFIT FOR THE PERIOD	97 512	113 150
OTHER COMPREHENSIVE INCOME/(LOSS) (may be reclassified to profit or loss in the future):		
Hedging derivatives (cash flow hedging)	(9 323)	-
Deferred tax related to items of other comprehensive income for the period	2 051	-
OTHER NET COMPREHENSIVE INCOME/(LOSS) FOR THE PERIOD	(7 272)	-
TOTAL NET COMPREHENSIVE INCOME FOR THE PERIOD	**90 240**	**113 150**

SPP - distribúcia, a.s.
Statement of Changes in Equity
Years ended 31 December 2014 and 31 December 2013
(EUR '000)

	Registered capital	*Legal reserve fund*	*Hedging reserve*	*Retained earnings*	*Total*
Balance at 31 December 2012	1 957 418	391 484		38 069	2 386 971
Net profit for the period	-	-	-	113 150	113 150
Other net comprehensive income for the period	-	-	-	-	-
Dividends paid	-	-	-	(38 069)	(38 069)
Balance at 31 December 2013	**1 957 418**	**391 484**	**-**	**113 150**	**2 462 052**
Net profit for the period	-	-	-	97 512	97 512
Other net comprehensive income for the period	-	-	(7 272)	-	(7 272)
Dividends paid	-	-	-	(113 150)	(113 150)
Changes in the registered capital	(757 418)	-	-	-	(757 418)
Balance at 31 December 2014	**1 200 000**	**391 484**	**(7 272)**	**97 512**	**1 681 724**

(EUR '000)

	Note	Year ended 31 December 2014	Year ended 31 December 2013
OPERATING ACTIVITIES			
Cash flows from operating activities	24	234 135	225 069
Interest paid		(1 014)	(724)
Interest received		5 538	784
Income tax paid		(39 222)	(50 522)
Net cash flows from operating activities		199 437	174 607
INVESTING ACTIVITIES			
Expenditures on the acquisition of shares in other entities		-	(5)
Expenditures for provision of non-current loans		-	(225 000)
Acquisition of property, plant and equipment		(15 779)	(35 397)
Proceeds from/repayments of borrowings received from the Group companies – cash pooling		(527 541)	-
Non-current borrowings provided		75 622	-
Proceeds from sale of property, plant and equipment and intangible assets		5 093	51
Net cash inflow/(outflow) from investing activities		(462 605)	(260 351)
FINANCING ACTIVITIES			
Dividends paid		-	(38 069)
Proceeds from received loans and borrowings		80 000	105 000
Expenditures on the repayment of loans and borrowings		-	(30 008)
Proceeds related to the issued bonds		495 320	-
Discontinued derivative transactions		(2 514)	-
Other proceeds and payments from financial activities, net		-	(8)
Net cash flows from financing activities		572 806	(36 915)
NET INCREASE IN CASH AND CASH EQUIVALENTS		309 638	(48 829)
EFFECTS OF FOREIGN EXCHANGE FLUCTUATIONS			-
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD		13 408	62 237
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD		**323 046**	**13 408**

(EUR '000)

1. GENERAL

1.1. General Information

In accordance with Act No. 431/2002 Coll. on Accounting as amended, SPP - distribúcia, a.s., (hereinafter also the "Company") is required to prepare separate financial statements as at 1 January 2008 in accordance with the International Financial Reporting Standards ("IFRS"), as adopted by the European Union ("EU").

The financial statements are statutory financial statements intended for general use and information; they are not intended for the purposes of any specific user or consideration of any specific transactions. Accordingly, users should not rely exclusively on these financial statements when making decisions.

The Company was founded on 26 November 2004 and incorporated in the Commercial Register on 10 December 2004.

On 1 July 2006, Slovenský plynárenský priemysel, a.s. (hereinafter also "SPP") contributed to SPP - distribúcia, a.s. a part of its business, including assets and liabilities of the original Distribution Division.

Since 1 July 2006, the Company has assumed the performance of activities related to natural gas distribution, as well as assets and liabilities related to the gas distribution business.

SPP Infrastructure, a.s. is the 100% owner of the Company. The shareholders of SPP Infrastructure, a.s. are Energetický a průmyslový holding, a.s. ("EPH") with a 49% share and management control, and Slovenský plynárenský priemysel, a.s. ("SPP") with a 51% share.

On 3 June 2014, the Annual General Meeting approved the Company's 2013 financial statements.

Company Identification No. (IČO)	35 910 739
Tax Registration No. (DIČ)	2021931109

1.2. Principal Activities

Since 1 July 2006, following the legal unbundling process, the Company has been responsible for natural gas distribution in the Slovak Republic.

The Company is required by law to provide non-discriminatory access to the distribution network. Prices are subject to the review and approval of the Regulatory Office for Network Industries (RONI).

1.3. Employees

The average number of employees of SPP – distribúcia, a.s. for the year ended 31 December 2014 1 456, of which executive management: 8 (for the year ended 31 December 2013: 1 403, of which executive management: 7).

As at 31 December 2014, the actual headcount was 1 444 (31 December 2013: 1 386).

1.4. Registered Address

Mlynské nivy 44/b
825 11 Bratislava
Slovak Republic

2. NEW INTERNATIONAL FINANCIAL REPORTING STANDARDS AND CHANGES IN ESTIMATES

2.1. Adoption of New and Revised International Financial Reporting Standards

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

The following new rules issued by the International Accounting Standards Board and adopted by the EU are effective for the current accounting period:

- **IFRS 10 "Consolidated Financial Statements",** adopted by the EU on 11 December 2012 (effective for annual periods beginning on or after 1 January 2014);

- **IFRS 11 "Joint Arrangements",** adopted by the EU on 11 December 2012 (effective for annual periods beginning on or after 1 January 2014);

- **IFRS 12 "Disclosures of Interests in Other Entities",** adopted by the EU on 11 December 2012 (effective for annual periods beginning on or after 1 January 2014);

- **IAS 27 (revised in 2011) "Separate Financial Statements",** adopted by the EU on 11 December 2012 (effective for annual periods beginning on or after 1 January 2014);

- **IAS 28 (revised in 2011) "Investments in Associates and Joint Ventures",** adopted by the EU on 11 December 2012 (effective for annual periods beginning on or after 1 January 2014);

- **Amendments to IFRS 10 "Consolidated Financial Statements", IFRS 11 "Joint Arrangements" and IFRS 12 "Disclosures of Interests in Other Entities"** – Transition Guidance, adopted by the EU on 4 April 2013 (effective for annual periods beginning on or after 1 January 2014);

- **Amendments to IFRS 10 "Consolidated Financial Statements", IFRS 12 "Disclosures of Interests in Other Entities" and IAS 27 (revised in 2011) "Separate Financial Statements"** – Investment Entities, adopted by the EU on 20 November 2013 (effective for annual periods beginning on or after 1 January 2014);

- **Amendments to IAS 32 "Financial Instruments: Presentation"** – Offsetting Financial Assets and Financial Liabilities, adopted by the EU on 13 December 2012 (effective for annual periods beginning on or after 1 January 2014);

- **Amendments to IAS 36 "Impairment of Assets"** – Recoverable Amount Disclosures for Non-Financial Assets, adopted by the EU on 19 December 2013 (effective for annual periods beginning on or after 1 January 2014); and

- **Amendments to IAS 39 "Financial Instruments: Recognition and Measurement"** – Novation of Derivatives and Continuation of Hedge Accounting, adopted by the EU on 19 December 2013 (effective for annual periods beginning on or after 1 January 2014).

The adoption of these new rules has not led to any changes in the Company's accounting policies.

At the date of authorisation of these financial statements the EU endorsed for issue the following standards, revisions and interpretations, which were not yet effective:

- **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 (effective for annual periods beginning on or after 1 January 2015); and

- **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 31 December 2014:

- **IFRS 9 "Financial Instruments" and subsequent amendments** (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 19 "Employee Benefits"** – Defined Benefit Plans: Employee Contributions (effective for annual periods beginning on or after 1 July 2014);
- **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 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 (amendments are to be applied for annual periods beginning on or after 1 July 2014); and
- **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 July 2016).

The Company anticipates that the adoption of these standards, amendments to the existing standards, and interpretations will have no material impact on the Company's 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, the application of hedge accounting for the portfolio of financial assets or liabilities pursuant to IAS 39: "Financial Instruments: Recognition and Measurement" would not significantly impact the financial statements, if applied as at the balance sheet date.

(EUR '000)

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

a) Basis of Accounting

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

The financial statements have been prepared under the historical cost convention, with the exceptions detailed below. Information on the applied principal accounting policies is provided below. The reporting currency and functional currency of the Company is the euro (EUR). These separate financial statements were prepared under the going concern assumption.

b) Information about Operating Segments

Operating segments are recognised in accordance with the internal system of management reporting provided for the highest executive decision-making body. The highest executive decision-making body that is responsible for the allocation of resources and for evaluating the performance of these operating segments has been identified to be the Board of Directors, which makes strategic decisions.

c) Research and Development

Research and development costs are recognised as expenses except for costs incurred for development projects, which are recognised as non-current intangible assets to the extent of the expected economic benefits. However, development costs initially recognised as expenses are not recognised as assets in a subsequent period.

d) Property, Plant and Equipment and Intangible Assets

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

Acquisition cost comprises any costs directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

Items of property, plant and equipment and intangible assets that are retired or otherwise disposed of are eliminated from the balance sheet at net book value. Any gain or loss resulting from such retirement or disposal is included in the income statement.

Other items of property, plant and equipment are depreciated on a straight-line basis over their estimated useful lives. Depreciation charges are recognised in the income statement computed so as to amortise the cost of the assets to their estimated net book value over their residual useful lives. The useful lives of property, plant and equipment and intangible assets are as follows:

Type of assets	*Useful life from 2014*	*Useful life until 2013*
Regulation stations	15 – 50 years	15 – 50 years
Gas pipelines	40 – 60 years	40 – 60 years
Structures	15 – 60 years	15 – 60 years
Machines, tools and equipment	4 – 40 years	4 – 40 years
Other non-current assets	3 – 8 years	3 – 8 years

As at 1 August 2011, for the purposes of their inclusion in the consolidation, the Company carried out a new revaluation of the buildings, plant, machinery and other equipment used in the distribution of natural gas under IAS 16, based on findings of significant changes in the assumptions, which were used in the revaluation model performed by independent appraisers. Based on an independent valuation report, the Company changed the economic useful lives of buildings, machinery and equipment used for natural gas distribution with effect from 1 January 2011. As at 31 December 2014 and 2013, the Company concluded that there was no significant change in the estimated useful lives of the buildings, machinery and equipment.

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

Intangible assets with limited useful lives that are acquired separately are carried at cost less accumulated amortisation and accumulated impairment losses. The estimated useful lives are reviewed at the end of each reporting period. Costs of connection to the distribution network are capitalised and amortised over the estimated remaining useful life of the related equipment used for natural gas distribution.

At each reporting date an assessment is made as to whether there is any indication that the recoverable amount of the Company's property, plant and equipment and intangible assets is less than the carrying amount. Where there is such an indication, the recoverable amount of the asset, being whichever is the higher of the fair value less costs of sale and the present value of future cash flows, is estimated. The resulting provision for an impairment loss is recognised fully in the income statement in the year in which the impairment occurs. The discount rates used to calculate the net present value of future cash flows reflect current market assessments of the time value of money and the risks specific to the asset. In the event that a decision is made to abandon a construction project in progress or significantly to postpone the planned completion date, the carrying amount of the asset is reviewed for potential impairment and a provision is recorded, if appropriate. In 2014, the Company prepared an analysis of the expected value-in-use of assets based on which no impairment of non-current assets was identified.

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

e) Government Grants

Free-of-charge transfers of gas facilities by municipalities to the Company's assets are deemed to be non-monetary grants. They are recognised at the fair value of the assets received and are included in non-current liabilities as deferred income. This deferred income is recognised in the income statement on a straight-line basis over the useful lives of the assets transferred.

Free-of-charge transfers of gas facilities from customers relating to the connection of customers to the distribution network are charged to revenues for the relevant period and are recognised at the fair value of the received assets in accordance with IFRIC 18.

f) Inventories

Inventories are stated at the lower of the cost and the net realisable value. The cost of natural gas stored in underground storage facilities and raw materials and other inventories is calculated using the weighted arithmetic average method. The cost of raw materials and other inventories includes the cost of acquisition and related costs and the cost of inventories developed internally includes materials, other direct costs and production overheads. Appropriate provisions are made for obsolete and slow-moving inventories. Natural gas in acquisition is valued at cost. Other costs related to the acquisition of natural gas are immaterial.

g) Financial Assets

Financial assets are classified into the following categories: financial assets "at fair value through profit or loss" (FVTPL), "held-to-maturity investments", "available-for-sale (AFS) financial assets" and "loans and receivables".

The Company only recognises financial assets in the "loans and receivables" category.

Loans and Receivables

Loans and receivables are non-derivative financial assets with fixed or variable 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 rate method less any impairment.

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

Impairment of Financial Assets

Financial assets are assessed for indicators of impairment at the end of each reporting period. Financial assets are considered 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 from the investment have been reduced.

For trade receivables assets are assessed for impairment on a collective basis even if they were assessed not to be impaired individually. Objective evidence of impairment for a portfolio of receivables could include the Group'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 defaults on receivables.

For financial assets carried at amortised cost, the amount of the impairment 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 the financial asset is reduced for the impairment loss directly for all financial assets with the exception of trade receivables, where the carrying amount is reduced through the use of a provisions account. When a trade receivable is considered uncollectible, it is written off against the provisions account. Subsequent recoveries of amounts previously written off are recognised as a release of provisions. Changes in the carrying amount of the provisions account are recognised in profit or loss.

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 party.

h) Financial Liabilities

Financial liabilities are classified as financial liabilities "at fair value through profit or loss" (FVTPL) or as "other financial liabilities".

The Company only recognises financial liabilities in the "other financial liabilities" category.

Other Financial Liabilities

Other financial liabilities (including borrowings) 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) through the expected economic life of the financial liability, or a shorter period, to the net carrying amount on initial recognition.

i) Subsidiaries

Investments in subsidiaries are measured at cost. The costs of an investment in a subsidiary are based on the expenses related to the acquisition of an investment representing the fair value of the consideration, including direct incidental transaction costs.

j) Cash and Cash Equivalents

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

k) Provisions for Liabilities

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

l) Borrowing Costs

Borrowing costs directly attributable to the acquisition, construction or production of a qualifying asset are recognised as part of the cost of the related asset. Other borrowing costs are recognised as an expense in the period in which they are incurred.

m) Issued Debt Securities

Issued debt securities are initially measured at fair value plus transaction costs, and then measured at amortised cost using the effective interest rate method.

n) Revenue Recognition

Sales are recorded upon the delivery of products or the performance of services, net of value added tax and discounts. The Company records revenues from distribution and other activities on an accrual basis.

Moment of revenue recognition: revenues are recognised when the delivery terms are fulfilled, since at that moment significant risks and rights of ownership are transferred to the customer. The date of delivery fulfilment is the last day of the relevant calendar month.

o) Social Security and Pension Schemes

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

p) Retirement and Other Long-Term Employee Benefits

The Company has a long-term employee benefit program comprising a lump-sum retirement benefit, social assistance benefit in material deprivation and life and work jubilee benefits, for which no individual financial funds were earmarked. In accordance with IAS 19, the employee benefits costs are assessed using the projected unit credit method. Under this method, the cost of providing pensions is charged to the income statement so as to spread the regular cost over the service period of employees. The benefit obligation is measured at the present value of the estimated future cash flows discounted by market yields on Slovak government bonds, which have terms to maturity approximating the terms of the related liability. All actuarial gains and losses are recognised in the comprehensive income statement. Past service costs are recognised when incurred and are directly expensed.

q) Leasing

Finance lease
A finance lease is a lease that transfers substantially all the risks and rewards incidental to ownership of an asset (economic substance of the arrangement). Accounting treatment of leases is not dependent on which party is the legal owner of the leased asset. An operating lease is a lease other than a finance lease.

Operating lease
The lessee under an operating lease arrangement does not present assets subject to an operating lease in its balance sheet nor does it recognise operating lease obligations for future periods. Lease payments under an operating lease shall be recognised as an expense on a straight-line basis over the lease term.

r) Taxation

Income tax is calculated from the profit/loss before tax recognised pursuant to International Accounting Standards adjusted to the profit/loss recognised pursuant to the accounting procedures valid in the Slovak Republic reflecting individual items increasing or decreasing the tax base pursuant to Act No. 595/2003 Coll. on Income Tax, as amended, using the effective income tax rate of 22%.

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. Deferred tax is calculated at the tax rates that are expected to apply for the period when the asset is realised or the liability is settled. Deferred tax is recognised in the income statement, except when it relates to items directly credited or charged directly to equity, in which case the deferred tax is also recognised in equity. The income tax rate valid from 1 January 2004 to 31 December 2012 was 19%. The income tax rate valid until 31 December 2013 was 23%. The income tax rate valid as of 1 January 2014 is 22%.

The principal temporary differences arise from the depreciation of non-current assets and various provisions. Deferred tax assets are recognised to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

Deferred income tax is recognised in the case of temporary differences arising from financial investments in subsidiaries, associates and joint ventures, except when the settlement of temporary differences can be controlled and temporary differences will not be realised in the foreseeable future.

Current and Deferred Tax for the Year
Current and deferred tax are recognised through profit and loss, except when they relate to items recognised in other comprehensive income or directly in equity, in which case the current and deferred tax are also recognised in other comprehensive income or directly in equity.

Special Levy on Businesses in Regulated Industries
Pursuant to the requirements of International Accounting Standards, the Company's income tax also includes a special levy pursuant to Act No. 235/2012 Coll. on a Special Levy on Businesses in Regulated Industries and on the Amendment to and Supplementation of Certain Acts. The special levy is recognised through profit and loss.

The Company is a regulated entity with the obligation to pay a special levy during the period of the effectiveness of the Act, ie from September 2012 to December 2016. The levy is calculated per calendar month and the levy rate is 0.00363. The levy is based on the profit/loss before tax recognised pursuant to International Accounting Standards, adjusted to the profit/loss recognised pursuant to the accounting procedures valid in the Slovak Republic, and further adjusted pursuant to the Act on a Special Levy. The special levy is recognised as part of income taxes.

s) Foreign Currencies

Transactions in foreign currencies are initially recorded at the rates of the European Central Bank (ECB) pertaining on the dates of the transactions. Monetary assets, receivables and payables denominated in foreign currencies are translated as at the reporting date at the ECB exchange rates valid on the reporting date. Gains and losses arising on exchange as at the reporting date are included in the income statement.

4. CRITICAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

Impairment of Property, Plant and Equipment

The Company re-assessed the provision for the impairment of property, plant and equipment on the basis of an evaluation of their planned disposal or sale. When assessing the recoverable amount of property, plant, and equipment, certain assumptions and estimates were considered that may be subject to changes in the future. The recoverable amount of property, plant, and equipment for non-current assets used for natural gas distribution depends, inter alia, on the future development of gas consumption in Slovakia and on future tariffs for individual distribution services, which are subject to regulation. Refer to Note 7 and 25 for details on the impairment of property, plant and equipment.

Useful Life of Property, Plant and Equipment

In 2011, the Company engaged an expert to reassess the estimated remaining useful lives of the items of property, plant and equipment used for natural gas distribution. The estimated remaining useful life depends, inter alia, on various assumptions regarding the future use of the assets, their wear and tear and moral obsolescence, and potential changes in the legislation.

5. FINANCIAL INSTRUMENTS

a) Financial risk management

The Company is not exposed to severe financial risks that would include the effects of changes in foreign currency exchange rates. The Company's overall risk management program focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Company's financial position.

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

(1) Foreign currency risk

The Company is not exposed to severe foreign currency risk arising from foreign currency transactions since it does not recognise significant financial assets and liabilities denominated in a foreign currency as at 31 December 2014. As at 31 December 2013, the Company did not recognise significant financial assets and liabilities denominated in a foreign currency.

(EUR '000)

Sensitivity to foreign exchange changes

The impact of sensitivity to foreign exchange changes was not significant in the current or previous reporting periods.

(2) Commodity price volatility risk

The Company has entered into contracts for natural gas storage and natural gas purchases to cover losses in the distribution network. The contract for natural gas storage is concluded for 30 years and is at a fixed price. Natural gas purchase prices to cover losses are subject to tender for one year in advance. Currently, a fixed unit price for natural gas purchases is agreed for 2014; the same trend is expected also in the future. The current effective legislation of the Regulatory Office for Network Industries allows one to transfer the effect of natural gas price changes to cover losses to the price for natural gas distribution; thus, the Company does not consider the commodity price volatility risk significant.

(3) Interest rate risk

The Company is not exposed to significant concentration of interest rate risk.

The Company's management concluded loan contracts with a floating interest rate that changes based on changes in market conditions.

As at 31 December 2014, the Company recognised two loans received from banks with a face value of EUR 80 million and EUR 55 million; the loans bear a variable interest rate. The interest rate of these long-term loans amounts to 3M EURIBOR + a margin in % p.a. (Note 14).

The Company concluded derivative contracts to manage interest rate risk associated with the long-term bank loans.

Furthermore, the Company also recognises a received short-term bank loan with a face value of EUR 50 million. The loan was repaid on 30 January 2015. The interest rate amounts to 1M EURIBOR + a margin in % p.a. (Note 14).

(4) Credit risk

Credit risk refers to the risk that the counterparty will default on its contractual obligations resulting in a financial loss to the Company. The Company has adopted a policy of only dealing with credit-worthy counterparties and obtaining sufficient collateral, where appropriate, as a means of mitigating the risk of financial loss from defaults.

The Company sells its services to customers; SPP, a.s., the majority shareholder of the parent company SPP Infrastructure, a.s., is the major customer, which means that the risk that receivables will remain unpaid is considerably eliminated.

(5) Liquidity risk

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

The table below summarises the maturity of the financial liabilities as at 31 December 2014 and 31 December 2013, based on contractual undiscounted payments:

As at 31 December 2013	***On demand***	***Less than 3 months***	***3 to 12 months***	***1 to 5 years***	***> 5 years***	***Total***
Bonds	-	-	6 854	-	494 025	500 879
Loans	-	50 000		-	135 000	185 000
Other liabilities	-	30 667	757 418	-	-	788 085
Trade payables	-	107 451	-	-	-	107 451

As at 31 December 2013	***On demand***	***Less than 3 months***	***3 to 12 months***	***1 to 5 years***	***> 5 years***	***Total***
Bonds	-	-	-	-	-	-
Loans	-	-	-	50 000	55 000	105 000
Other liabilities	-	11 760				11 760
Trade payables	-	114 837	-	-	-	114 837

Other liabilities include a payable to a shareholder owing to the decrease of the registered capital in the amount of EUR 757 418 thousand.

(EUR '000)

b) Capital risk management

The Company manages its capital to ensure that it will be able to continue as a going concern while maximising the return to shareholders through the optimisation of the debt and equity ratio.

The Company's capital structure consists of equity attributable to the Company's owners, comprising registered capital, the legal reserve fund and retained earnings as disclosed in Notes 16 and 17 and interest-bearing borrowings as disclosed in Note 14. The gearing ratio at the 2014 year-end was 22 % (2013: 4%).

As part of the capital structure optimisation the Company decreased its registered capital to EUR 1 200 million in 2014 (Note 16).

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

	31 December 2014	*31 December 2013*
Debt (i)	685 879	105 000
Cash and cash equivalents	323 046	13 408
Net debt	362 833	91 592
Equity (ii)	1 681 724	2 462 052
Net debt to equity ratio	**22%**	**4%**

(i) Debt is defined as long- and short-term borrowings.
(ii) Page 6

c) Categories of financial instruments

	31 December 2014	*31 December 2013*
Financial assets		
Loans and receivables (including cash and cash equivalents)	1 011 084	357 705
Financial derivatives recognised as hedges	-	-
Financial derivatives held for trading	-	-
Financial liabilities		
Financial liabilities carried at amortised costs	1 574 350	231 597
Financial derivatives recognised as hedges	7 065	-
Financial derivatives held for trading	-	-

d) Estimated fair value of financial instruments

The fair value hierarchy:

Level 1 of the fair value measurement represents those fair values that are deduced from the prices of similar assets or liabilities listed on active markets.

Level 2 of the fair value measurement represents those fair values that are deduced from input data other than listed prices included in Level 1, which are observable on the market for assets or liabilities directly (eg prices) or indirectly (eg deduced from prices).

Level 3 of the fair value measurement represents those fair values that are deduced from valuation models including subjective input data for assets or liabilities not based on market data.

As at 31 December 2014, the Company has no financial instruments measured at fair value except for financial liabilities from derivative instruments (interest swaps). The fair value of such instruments is estimated based on their present value of future cash flows discounted at the market interest rate. The measurement of interest swaps represents Level 1 of the fair value measurement.

As at 31 December 2013, the Company had no financial instruments measured at fair value.

Embedded derivative instruments

The Company assessed all significant contracts and agreements for embedded derivatives that should be recorded and concluded that there are no embedded derivatives in these contracts and agreements that are required to be measured and separately recognised as at 31 December 2014 and 31 December 2013 under the requirements of IAS 39 (as revised in 2009).

6. OPERATING SEGMENTS

The Company assesses the segment information for the current and comparative reporting periods in accordance with IFRS 8 Operating Segments. When managing the Company's activities, allocating resources, and making strategic decisions, the Board of Directors uses one segment based on the nature of products and services. The strategic business unit offers various services aimed at natural gas distribution. The Company's activities focus on the Slovak Republic where all of its non-current tangible assets are located. The main indicators used by the Board of Directors in its decision-making process are earnings before interest, taxes, depreciation, and amortisation (EBITDA), and the amount of capital expenditures. To make decisions, the Board of Directors uses financial information which is consistent with the information disclosed in these separate financial statements. The Company's Board of Directors reviews internal management reports for the strategic business unit at least on a quarterly basis.

(EUR '000)

7. PROPERTY, PLANT AND EQUIPMENT

	Regulation stations	*Gas pipelines*	*Land, buildings and structures*	*Plant, machinery and equipment*	*Other non-current tangible assets*	*Assets in the course of construction*	*Total*
Year ended 31 December 2013							
Opening net book value	120 883	2 448 157	208	8 079	294	57 542	2 635 163
Additions	-	208	-	-	-	34 621	34 829
Placed into service	4 905	42 598	-	702	6	(48 211)	-
Reclassifications	-	-	-	-	-	(206)	(206)
Disposals	(51)	(4)	(4)	(29)	(1)	(158)	(247)
Depreciation charge	(9 298)	(91 221)	(23)	(2 347)	(65)	-	(102 954)
Change in provisions	215	281	-	19	(1)	(1 591)	(1 077)
Closing net book value	**116 654**	**2 400 019**	**181**	**6 424**	**233**	**41 997**	**2 565 508**
Year ended 31 December 2013							
Cost	172 468	2 841 317	202	20 316	1 104	45 447	3 080 854
Provisions and accumulated depreciation	(55 814)	(441 298)	(21)	(13 892)	(871)	(3 450)	(515 346)
Net book value	**116 654**	**2 400 019**	**181**	**6 424**	**233**	**41 997**	**2 565 508**
Year ended 31 December 2014							
Opening net book value	116 654	2 400 019	181	6 424	233	41 997	2 565 508
Additions	114	2 367	-	-	-	16 650	19 131
Placed into service	2 398	29 693	371	1 167	15	(33 644)	-
Reclassifications	-	-	-	-	-	-	-
Disposals	(5)	(3 253)	-	(9)	-	(660)	(3 927)
Depreciation charge	(8 819)	(88 337)	(13)	(2 412)	(56)	-	(99 637)
Change in provisions	(52)	(202)	-	47	3	(160)	(364)
Closing net book value	**110 290**	**2 340 287**	**539**	**5 217**	**195**	**24 183**	**2 480 711**
Year ended 31 December 2014							
Cost	172 405	2 860 642	572	21 082	1 088	27 793	3 083 582
Provisions and accumulated depreciation	(62 115)	(520 355)	(33)	(15 685)	(893)	(3 610)	(602 871)
Net book value	**110 290**	**2 340 287**	**539**	**5 217**	**195**	**24 183**	**2 480 711**

(EUR '000)

As at 31 December 2014, the Company uses tangible assets related to gas pipelines and regulation stations with cost in the amount of EUR 7 658 thousand, which is presented as assets in the course of construction. Depreciation charge in the amount of EUR 7 thousand was recorded in 2014 in this respect.

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

Insured object	***Type of insurance***	***Cost of insured assets 2014***	***Cost of insured assets 2013***	***Name and seat of the insurance company***
Buildings, halls, structures (except for gas pipelines), machinery, equipment, fixtures & fittings, low-value non-current TA, other non-current TA, works of art, inventories	Insurance of assets	191 582	178 500	Allianz-Slovenská poisťovňa, a.s. Kooperativa, a.s., ČSOB Poisťovňa, a.s.
Motor vehicles	MTPL insurance, motor vehicle insurance against damage, destruction, theft	418	-	Allianz-Slovenská poisťovňa, a.s.

The cost of fully depreciated non-current assets (includes also non-current intangible assets), which were in use as at 31 December 2014, amounts to EUR 49 031 thousand (31 December 2013: EUR 40 786 thousand).

8. INVESTMENTS IN SUBSIDIARIES

At 31 December 2014	***Subsidiaries***
Opening balance, net	1 005
Additions	-
Reclassification	-
Disposals	-
Impairment	-
Closing balance, net	1 005
Cost	1 005
Impairment	-
Closing balance, net	**1 005**

SPP – distribúcia Servis, s.r.o. was established on 27 August 2012 by a Memorandum of Association as a 100% subsidiary of SPP – distribúcia, a.s. The company was registered in the Commercial Register of the District Court Bratislava I on 18 September 2012.

Plynárenská metrológia, s.r.o. was established on 11 September 2013 by a Memorandum of Association as a 100% subsidiary of SPP – distribúcia. The company was registered in the Commercial Register of the District Court Bratislava I on 1 October 2013.

Information on the subsidiaries of SPP – distribúcia as at 31 December 2014 can be summarised as follows:

Name	***Country of Registration***	***Ownership Interest in %***	***Principal Activity***
SPP – distribúcia Servis, s.r.o.	Slovakia	100.00	Production and servicing of gas equipment
Plynárenská metrológia, s.r.o.	Slovakia	100.00	Brokerage of services

Additional information on the subsidiaries:

Business name and seat of the entity	***Equity 2014***	***Equity 2013***	***Profit/loss 2014***	***Profit/loss 2013***
SPP – distribúcia Servis, s.r.o. Seat: Oslobodenia 1068/50, Malacky	1 065	1 067	(2)	126
Plynárenská metrológia, s.r.o. Seat: Mlynské nivy 44/b, Bratislava	43	3	40	(2)

(EUR '000)

9. NON-CURRENT INTANGIBLE ASSETS AND OTHER ASSETS

	Software	*Other non-current intangible assets*	*Assets in the course of construction*	*Total*
Year ended 31 December 2013				
Opening net book value	-	7 532	33	7 565
Additions	-	-	776	776
Placed into service	-	39	(39)	-
Amortisation	-	(430)	-	(430)
Change of provisions	-	-	-	-
Closing net book value	**-**	**7 141**	**770**	**7 911**
At 31 December 2013				
Cost	42	10 464	781	11 287
Provision and impairment loss	(42)	(3 323)	(11)	(3 376)
Net book value	**-**	**7 141**	**770**	**7 911**
Year ended 31 December 2014				
Opening net book value	-	7 141	770	7 911
Additions	-	-	426	426
Placed into service	851	333	(1 184)	-
Disposals	-	-	(10)	(10)
Amortisation	(37)	(450)	-	(487)
Change of provisions	-	-	10	10
Closing net book value	**814**	**7 024**	**12**	**7 850**
At 31 December 2014				
Cost	889	10 798	13	11 700
Provision and impairment loss	(75)	(3 774)	(1)	(3 850)
Net book value	**814**	**7 024**	**12**	**7 850**

10. INVENTORIES

	31 December 2014	*31 December 2013*
Natural gas	152 211	155 824
Raw materials and other inventories	863	1 021
Provision	(42)	(76)
Total	**153 032**	**156 769**

The balance of natural gas represents natural gas used to balance the distribution network and natural gas for own consumption, as well as losses in the distribution network.

As at 31 December 2014, provisions were reversed in the amount of EUR 34 thousand. As at 31 December 2013, no provisions were required or recognised in respect of an adjustment to reduce the cost of natural gas to its net realisable value.

The Company created provisions for slow-moving inventories of raw materials in the amount of EUR 42 thousand (31 December 2013: EUR 76 thousand).

(EUR '000)

11. RECEIVABLES AND PREPAYMENTS

	31 December 2014	*31 December 2013*
Receivables from distribution activities	51 028	44 941
Prepayments and other receivables	4 087	6 006
Cash pooling receivables	595 865	68 324
Receivables from provided borrowings	37 058	225 026
Other tax assets	-	666
Total	**688 038**	**344 963**

Receivables fall due as follows

	31 December 2014	*31 December 2013*
Within one year	688 038	119 937
From 1 year to 2 years	-	-
From 2 to 5 years	-	-
More than 5 years	-	225 026
Total receivables	**688 038**	**344 963**

As at 31 December 2014, the Company recorded receivables due and overdue in the amount of EUR 687 165 thousand and EUR 873 thousand, respectively, excluding an impairment provision. As at 31 December 2013, the Company recorded receivables due and overdue in the amount of EUR 343 708 thousand and EUR 12 273 thousand, respectively, excluding an impairment provision.

Receivables from provided borrowings in the amount of EUR 37 058 thousand are from a provided loan to the parent company, SPP Infrastructure, a.s. (31 December 2013: EUR 225 026 thousand).

As at 31 December 2014, receivables and prepayments are shown net of provisions for bad and doubtful debts in the amount of EUR 858 thousand (31 December 2013: EUR 11 018 thousand).

Movements in the provision for receivables were as follows:

	31 December 2014	*31 December 2013*
Opening value	(11 018)	(8 980)
Creation	(370)	(2 613)
Use	13	565
Reversal	10 517	10
Closing value	**(858)**	**(11 018)**

Collateralisation of receivables

Certain receivables that are under execution proceedings are pledged by an execution lien. Several bank guarantees totalling EUR 33 thousand (31 December 2013: EUR 20 075 thousand) were established to secure the Company's receivables from natural gas distribution. In addition, financial funds in the amount of EUR 4 059 thousand (31 December 2013: EUR 3 292 thousand) were deposited in the Company's bank account. The released portion comprises the release of a provision for receivables from unauthorised natural gas consumption due to a change in the method of recognition of such revenues and receivables (Note 20).

(EUR '000)

Overdue receivables that were not provided for:

	31 December 2014	*31 December 2013*
Less than 2 months	63	853
2 to 3 months	-	-
3 to 6 months	-	-
6 to 9 months	-	-
9 to 12 months	-	-
More than 12 months	-	-
Total	**63**	**853**

Overdue receivables that were provided for:

	31 December 2014	*31 December 2013*
Less than 2 months	-	-
2 to 3 months	17	310
3 to 6 months	24	783
6 to 9 months	24	680
9 to 12 months	4	633
More than 12 months	742	9 014
Total	**811**	**11 420**

12. DEFERRED INCOME

	31 December 2014	*31 December 2013*
Opening balance, net	8 309	8 317
Assets acquired during the reporting period	2 481	222
Amortisation during the reporting period	(376)	(230)
Other deferred income	-	-
Closing balance, net	**10 414**	**8 309**

Some gas facilities were obtained "free of charge" from municipal and local authorities. This deferred income is released in the income statement on a straight-line basis in the amount of depreciation charges of non-current tangible assets acquired free of charge.

13. RETIREMENT AND OTHER LONG-TERM EMPLOYEE BENEFITS

The long-term employee benefits program at the Company was launched in 2006. This is a defined benefit program, under which the employees are entitled to a lump-sum payment upon old age or disability retirement and, subject to vesting conditions, life and work jubilee payments.

In October 2013, a new collective agreement was signed, which is valid for 2014 and 2015 and under which employees are entitled to a retirement benefit based on the number of years worked with the SPP Infrastructure core group companies at the date of retirement. The retirement benefits range from three months to five months of the employee's average salary. As at 31 December 2014 and 31 December 2013, the obligation relating to retirement and other long-term employee benefits was calculated on the basis of valid collective agreements in the given years. In December 2014, a new collective agreement was signed, which is valid for the period of 2015 up to 2018.

As at 31 December 2014, there were 1 444 (31 December 2013: 1 386) employees covered by this program. As of that date, it was an un-funded program, with no separately allocated assets to cover the program's liabilities.

(EUR '000)

Movements in the net liability recognised in the balance sheet for the year ended 31 December 2014 are as follows:

	Long-term benefits	***Post-employment benefits***	***Total benefits at 31 December 2014***	***Total benefits at 31 December 2013***
Net liability at 1 January	590	3 706	4 296	3 381
Net expense recognised	408	765	1 173	1 014
Benefits paid	(55)	(87)	(142)	(99)
Net liabilities	**943**	**4 384**	**5 327**	**4 296**

	Current liabilities (included in other current liabilities)	***Non-current liabilities***	***Total***
At 31 December 2014	217	5 110	5 327
At 31 December 2013	189	4 107	4 296

Key assumptions used in actuarial valuation:

	At 31 December 2014	***At 31 December 2013***
Market yield on government bonds	2%	3.057%
Annual future real rate of salary increases	2%	2.00%
Annual employee turnover	1.4%	1.44%
Retirement ages (male and female)	62 for male and 60 for female	62 for male and 60 for female

14. LOANS AND BONDS

	31 December 2014 Secured	***31 December 2014 Unsecured***	***31 December 2014 Total***	***31 December 2013 Secured***	***31 December 2013 Unsecured***	***31 December 2013 Total***
Loans	-	185 000	185 000	-	105 000	105 000
Bonds	-	500 879	500 879	-	-	-
Total	**-**	**685 879**	**685 879**	**-**	**105 000**	**105 000**
Loans by currency						
EUR						
– with a fixed interest rate	-	500 879	500 879	-	-	-
– with a floating interest rate	-	185 000	185 000	-	105 000	105 000
Total loans	**-**	**685 879**	**685 879**	**-**	**105 000**	**105 000**
Loans are due as follows:						
Within one year	-	56 854	56 854	-	-	-
From 1 to 2 years	-	-	-	-	-	-
From 2 to 5 years	-	-	-	-	50 000	50 000
More than 5 years	-	629 025	629 025	-	55 000	55 000
Total loans	**-**	**685 879**	**685 879**	**-**	**105 000**	**105 000**

As at 31 December 2013 and 31 December 2014, the Company drew the following loans:

A long-term loan denominated in euros in the amount of EUR 55 million with an interest rate consisting of a variable portion (3M EURIBOR) and a fixed margin in % p.a. The loan falls due in 2020 and is not secured by any assets.

A short-term bank loan in the amount of EUR 50 million with an interest rate consisting of a variable portion (1M EURIBOR) and a fixed margin in % p.a. The loan was repaid in 2015 and was not secured by any assets.

Furthermore, as at 31 December 2014 the Company drew a loan denominated in euros in the amount of EUR 80 million with an interest rate consisting of a variable portion (3M EURIBOR) and a fixed margin in % p.a. The loan falls due in 2024 and is not secured by any assets.

The Company issued bonds in the amount of EUR 500 million with a fixed interest rate of 2.625% p.a. The maturity of bonds is on 23 June 2021.

(EUR '000)

The average interest rate of the loans drawn as at 31 December 2014 was 0.721%, and the average interest rate of the bond as at 31 December 2014 was 2.828%.

Interest rates of the loans and bonds:

Loans and bonds	
EUR	
– with a fixed interest rate	2.625% p.a.
– with a floating interest rate	1M/3M EURIBOR + margin

The carrying amount and face value of loans and bonds:

	Carrying Amount		*Face Value*	
	31 December 2014	***31 December 2013***	***31 December 2014***	***31 December 2013***
Loans	185 000	105 000	185 000	105 000
Bonds	500 879	-	500 000	-
Total	**685 879**	**105 000**	**685 000**	**105 000**

SPP – distribúcia, a.s. has the following unused lines of credit:

	At 31 December 2014	***At 31 December 2013***
Floating interest rate:		
- due within one year	-	-
- due after more than one year	-	-
Total	-	-

Based on a loan agreement, SPP-distribúcia is required to comply with the agreed financial covenants, ie on each relevant day of each calendar year over the term of the agreement, the net debt of the Company on such relevant day of the relevant calendar year against the Company's EBITDA achieved for the previous 12 months prior to such relevant day may not be higher than 2.

Another loan agreement does not stipulate any financial covenants but it defines the minimum rating of the parent company (Moodys: Baa1, Fitch: BBB+), which provides a guarantee for SPP-distribúcia's loan. If the rating falls below the defined level in either of the two agencies by one grade (while remaining unchanged with the other agency), the interest margin will slightly increase (by 0.15%); if the rating falls by more than one grade below the defined level or if it falls by one grade with both agencies simultaneously, SPP-distribúcia is required to provide additional collateral in the form of a guarantee, cash collateral or any other form of collateral accepted by the bank. As at 31 December 2014, the parent company's rating was at Baa1 (Moodys) and A- (Fitch), ie all the conditions were met.

Based on a loan agreement with the EIB dated 6 November 2014, SPP-distribúcia is required to comply with the following financial covenants:
- Balance on the bank account will not fall below EUR 30 million, and
- Net debt and EBITDA ratio will not be lower than 2.65:1 at the end of the reporting period.

15. TRADE AND OTHER PAYABLES

	At 31 December 2014	***At 31 December 2013***
Trade payables for gas purchases	1 499	533
Trade payables for electricity purchases	451	482
Trade payables	20 534	30 788
Payables from distribution activities	84 967	83 034
Payables from financial derivatives	7 065	-
Payables to the shareholder	757 418	-
Employee liabilities	7 169	5 639
Social security and other taxes	12 465	2 567
Other payables	3 968	3 554
Total	**895 536**	**126 597**

As at 31 December 2014, trade and other payables include a payable to SPP Infrastructure, a.s. in the amount of EUR 757 418 thousand (31 December 2013: EUR 0 thousand) owing to a decrease in the registered capital (Note 16). As at 31 December 2014, trade and other payables to SPP Storage, s.r.o. totalled EUR 2 540 thousand (31 December 2013: EUR 0 thousand).

(EUR '000)

As at 31 December 2014, the Company recorded payables within maturity in the amount of EUR 895 536 thousand; no overdue payables were recognised. As at 31 December 2013, the Company recorded payables within maturity in the amount of EUR 126 597 thousand; no overdue payables were recognised.

A payable to the shareholder in the amount of EUR 757 418 thousand arose from a decrease in the registered capital.

Social fund payables:

	Amount
Opening balance as at 1 January 2014	50
Total creation:	921
from expenses	*348*
non-mandatory allotment	*573*
Total drawing:	(971)
monetary rewards and gifts	*(52)*
life jubilee benefits	*(2)*
work jubilee benefits	*(53)*
catering allowance	*(116)*
other drawing as per CA	*(748)*
Closing balance as at 31 December 2014	**-**

Liabilities secured by pledge or other form of collateral

A bank guarantee was established in Tatra banka, a. s., totalling EUR 33 thousand for other payables to the Customs Office (2013: EUR 33 thousand).

16. REGISTERED CAPITAL

As part of the capital structure optimisation the Company decreased its registered capital by EUR 757 418 thousand to EUR 1 200 000 thousand in 2014. The decrease in the registered capital was approved by the General Meeting held on 12 November 2014. The entry in the Commercial Register was made on 22 November 2014. The decrease in the registered capital will be settled to the shareholder by means of an off-set with a cash-pooling receivable once all the legislative requirements have been met. This is expected to take place during the first six months of 2015.

The registered capital consists of 1 ordinary certificate-form share with the face value of EUR 1 200 000 thousand. SPP Infrastructure, a. s. is the holder of such share. The registered capital has been registered in the Commercial Register in the full amount.

17. LEGAL RESERVE FUND AND RETAINED EARNINGS

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

The legal reserve fund in the amount of EUR 391 484 thousand (31 December 2013: EUR 391 484 thousand) is created in accordance with Slovak law and is not distributable to shareholders. The reserve is created from retained earnings to cover possible future losses or increases of the registered capital. Transfers of at least 10% of the current year's profit are required to be made until the reserve is equal to at least 20% of the registered capital. The legal reserve fund in the Company has already attained 20% of the registered capital.

Distribution of profit:

Allotment	***Profit allotment for 2013***	***Profit allotment for 2012***
To cover losses from previous years	-	-
Dividends	113 150	38 069
Total profit to be distributed	**113 150**	**38 069**

(EUR '000)

18. STAFF COSTS

	Year ended 31 December 2014	*Year ended 31 December 2013*
Wages, salaries and bonuses	31 025	28 249
Social security costs	12 178	10 701
Other social security costs and severance pay	2 703	6 512
Total staff costs	**45 906**	**45 462**

The Company is required to make social security contributions, amounting to 35.2% of salary bases as determined by law, up to a maximum amount ranging from EUR 4.025 thousand (except for accident insurance). The employees contribute an additional 13.4% of the relevant base up to the above limits.

19. COSTS OF AUDIT SERVICES

	Year ended 31 December 2014	*Year ended 31 December 2013*
Audit of financial statements	40	25
Other assurance services	-	-
Tax advisory services	-	-
Other related services provided by the auditor	-	-
Total	**40**	**25**

20. OTHER REVENUES AND EXPENSES

	Year ended 31 December 2014	*Year ended 31 December 2013*
Other operating revenues	1 755	3 645
Correction of errors from previous periods	(1 363)	-
Profit/(loss) from the sale of assets	1 863	5
Other taxes and charges	(654)	(590)
Other	202	1 003
Total	**1 803**	**4 063**

As of 1 January 2014, the Company changed the method of recognition of certain types of revenues and receivables. A revenue or a receivable is recognised only at the moment when a private individual or legal entity actually settles an amount owed for damage caused to the Company. In the past, such revenues were recognised at the moment when the Company detected such incurred damage. The Company cancelled such receivables and provisions related thereto as at 1 January 2014, and recognised the cancelled amount as a correction of an immaterial error from the past periods in the profit/loss for the current reporting period in the total amount of EUR 1 363 thousand.

21. FINANCIAL EXPENSE

	Year ended 31 December 2014	*Year ended 31 December 2013*
Interest expense	8 517	747
Other	202	223
Total financial expense/(income)	**8 719**	**970**

Interest expense mainly includes expenses for the coupon of a bond issued by the Company in 2014.

(EUR '000)

22. TAXATION

22.1. Income Tax

Income tax comprises the following:

	Year ended 31 December 2014	*Year ended 31 December 2013*
Current tax related to the current year	33 821	38 611
Special levy	5 091	5 848
Deferred income tax (Note 22.2)		
- Current year	(5 789)	(7 821)
Adjustment of deferred tax due to the tax rate change	-	(17 590)
Total	**33 123**	**19 048**

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

	Year ended 31 December 2014	*Year ended 31 December 2013*
Profit before taxation	130 090	132 197
Income tax at 22%	28 620	-
Income tax at 23%	-	30 405
Effect of adjustments from permanent differences between carrying amount and tax value of assets and liabilities	(1 763)	275
Special levy on business in regulated industries	5 091	5 848
Other adjustments	630	110
Adjustment of deferred tax due to the tax rate change	-	(17 590)
Income tax for the current year	**32 578**	**19 048**

The reported tax rate differs from the standard tax rate stipulated by law in the amount of 22% (2013: 23%) mainly due to adjustments of the current tax base for items increasing and decreasing the tax base pursuant to the valid tax legislation.

Pursuant to the requirements of International Accounting Standards, the income tax also includes a special levy on businesses in regulated industries pursuant to a special regulation. *(Note 3, paragraph r).*

22.2. Deferred Income Tax

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

	At 1 January 2014	*(Charge)/Credit to other comprehensive income/loss*	*(Charge)/credit to profit for the period*	*At 31 December 2014*
Difference in NBV of non-current assets	(391 282)	-	6 552	(384 730)
Items adjusting tax base only when paid	19	-	3	22
Provisions for receivables	1 464	-	(1 404)	60
Impairment loss	916	-	76	992
Hedging derivative instruments	-	2 051	-	2 051
Other	1 910	-	1 108	3 018
Total	**(386 973)**	**2 051**	**6 335**	**(378 587)**

(EUR '000)

	At 1 January 2013	*(Charge)/Credit to other comprehensive income/loss*	*(Charge)/credit to profit for the period*	*At 31 December 2013*
Difference in NBV of non-current assets	(415 926)	-	24 644	(391 282)
Items adjusting tax base only when paid	7	-	12	19
Provisions for receivables	1 534	-	(70)	1 464
Impairment loss	684	-	232	916
Other	1 317	-	593	1 910
Total	**(412 384)**	-	**(25 411)**	**(386 973)**

In accordance with the Company's accounting policy, certain deferred tax assets and liabilities were mutually offset. The following table shows the balances (after offsetting) of deferred tax for the purposes of recognition in the balance sheet:

	31 December 2014	*31 December 2013*
Deferred tax liability	(378 587)	(386 973)
Total	**(378 587)**	**(386 973)**

23. TAX EFFECTS IN THE STATEMENT OF OTHER COMPREHENSIVE INCOME

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

31 December 2014	*Before tax*	*Tax*	*After tax*
Cash flow hedging	9 323	2 051	7 272
Other comprehensive loss for the period			

31 December 2013	*Before tax*	*Tax*	*After tax*
Cash flow hedging	-	-	-
Other comprehensive income/(losses) for the period	-	-	-

24. CASH FLOWS FROM OPERATING ACTIVITIES

	Year ended 31 December 2014	*Year ended 31 December 2013*
Profit before tax	130 090	132 198
Adjustments:		
Depreciation and amortisation	98 772	103 151
Interest income, net	1 448	(187)
Foreign exchange gains/losses	-	1
Derivatives	(6 809)	-
Provisions and other non-cash items	4 481	3 383
Loss/(profit) from the sale of non-current assets	(1 863)	3
(Increase)/decrease in receivables and prepayments	(4 994)	(13 278)
(Increase)/decrease in inventories	3 770	1 115
Increase/(decrease) in trade and other payables	9 240	(1 317)
Cash flows from operating activities	**234 135**	**225 069**

(EUR '000)

25. COMMITMENTS AND CONTINGENCIES

Capital Expenditure Commitments

As at 31 December 2014, capital expenditures of EUR 34 524 thousand (31 December 2013: EUR 42 008 thousand) had been committed under contractual arrangements for the acquisition of non-current assets, but were not recognised in the financial statements.

Operating Lease Arrangements

The Company leases means of transport under an operating lease agreement made in 2010. The contract is made for four years and the Company has no pre-emptive right to purchase the assets after the expiry of the lease term. The lease payments amounted to EUR 5 273 thousand in the year ended 31 December 2014 (31 December 2013: EUR 5 273 thousand).

Non-cancellable operating lease payables amount to:

Period	***2014***	***2013***
Within 1 year	2 042	3 076
From 1 to 5 years	2 600	-
More than 5 years	566	-
Total	**5 208**	**3 076**

Liberalisation of the Slovak energy sector and possible regulation risks

Regulation framework on the natural gas market in the Slovak Republic

On the basis of the current energy legislation, the natural gas market in the Slovak Republic is fully liberalised. Effective from 1 July 2007, all customers are allowed to freely select a natural gas supplier. The Company, as the gas distribution network operator, is obliged to provide all participants with non-discriminatory treatment and allow access to the distribution network on a transparent and non-discriminatory basis. Moreover, the Company is also obliged to enter into a contract for connection and gas distribution with all customers that fulfils the business and technical conditions.

Distribution of gas, as well as access and connection to the distribution network, are subject to regulation by the Regulatory Office of Network Industries (RONI).

Tariffs for regulated activities

The RONI approves tariffs for access to the distribution network and gas distribution, and for the provision of auxiliary services, as well as for connection to the distribution network. These tariffs are proposed so that the total planned revenues from the tariffs for access to the distribution network and gas distribution in the regulation year in Euros per gas volume unit do not exceed the maximum price for the year, calculated under Decree of the RONI No. 193/2013 Coll., which stipulates price regulation in the gas industry. Maximum allowed revenues are determined based on the eligible costs, including depreciation derived from the regulated assets base as determined by RONI and a margin. The regulated assets base and useful lives of these assets as determined by RONI differ from the carrying amounts and useful lives of the related property, plant and equipment as recorded by the Company. The management of the Company believes that property, plant and equipment of the Company is not impaired on the basis of current indicators. There are inherent uncertainties that could impact the determination of future tariffs by RONI, and the future realisable value of property, plant and equipment.

The maximum price for connection to the distribution network in the relevant year of the regulation period, ie for 2012, for gas consumers was determined on the basis of the planned average costs related to the issue of technical conditions for the connection and the planned average costs related to the processing of the application for connecting the gas delivery equipment to the distribution network and installation of the meter incurred by the distribution network operator as part of the standard-scope activities necessary for connecting the gas delivery equipment. The price for connection to the distribution network is determined separately for household customers and separately for gas customers other than household customers.

In accordance with Decree of the RONI No. 193/2013 Coll., the maximum price for connection to the distribution network for the years following the relevant year of the regulation period is calculated by indexing the price for the year preceding the year for which the price proposal is submitted, taking into account the effects of inflation.

The calculation of the maximum price for access to the distribution network and for gas distribution for the years following the relevant year of the regulation period is partially based on the indexation of the basis parameters.

Since 2014, the buy-out of gas facilities being the distribution network has also been subject to price regulation in the gas industry. However, in 2014 there was no buy–out of such gas facility by SPP-D.

Under Act No. 250/2012 Coll. on Regulation in Network Industries as amended, the price decision for 2014 shall also apply to 2015 and 2016, unless the RONI approves a change of the price decision.

Changes in the regulatory laws

With respect to regulation, no principal legislative changes were adopted in 2014. On 1 July 2014, RONI Decree No. 193/2013 Coll. entered into force, which stipulates price regulation in the gas industry. Under the decree, interest on issued bonds is also considered eligible costs of SPP-D, but only up to the amount of the average of 12M EURIBOR for a 12 month-period prior to the submission of a price proposal.

Taxation

The Company has significant transactions with the shareholder and other related parties. The tax environment in which the Company operates in the Slovak Republic is dependent on the prevailing tax legislation and practice. As the tax authorities are reluctant to provide official interpretations in respect of 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. The tax authorities in the Slovak Republic have broad powers of interpretation of tax laws, which could result in unexpected results from tax inspections. The amount of any potential tax liabilities related to these risks cannot be estimated.

(EUR '000)

26. RELATED PARTY TRANSACTIONS

The 100% owner of the Company's shares is SPP Infrastructure, a.s., in which Energetický a průmyslový holding, a.s. holds 49% of the shares including management control and 51% of the shares by Slovenský plynárenský priemysel, a.s.

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

	Year ended 31 December 2014					*31 December 2014*		
	Revenues	*Creation/ (reversal) of provisions for receivables*	*Expenses*	*Dividends*	*Other*	*Receivables*	*Provisions for receivables*	*Payables*
SPP, a.s.	247 183	-	19 939	-	18	37 535	-	88 134
SPP Infrastructure, a.s.	6 392	-	112	113 150	37 058	595 891	-	757 418
Other related parties	7 74	-	32 783	-	398	155	-	4 258
Total	**261 049**	**-**	**52 834**	**113 150**	**37 474**	**633 581**	**-**	**849 810**

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

Transactions with related parties mainly represented services related to the distribution, purchases, transit and storage of natural gas, as well as other services.

Other related parties mainly include the fellow subsidiaries.

	Year ended 31 December 2013					*31 December 2013*		
	Revenues	*Creation/ (reversal) of provisions for receivables*	*Expenses*	*Dividends*	*Other*	*Receivables*	*Provisions for receivables*	*Payables*
SPP, a.s.	290 352	-	38 550	38 069	8 581	100 968	-	85 620
SPP Infrastructure, a.s.	26	-	-	-	-	225 026	-	-
Other related parties	296	-	36 601	-	13 530	155	-	6 371
Total	**290 674**	**-**	**75 151**	**38 069**	**22 111**	**326 149**	**-**	**91 991**

Since 2013, the Company has applied an exemption from IAS 24 on the non-disclosure of information about related parties through the National Property Fund.

(EUR '000)

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

	Year ended 31 December 2014	***Year ended 31 December 2013***
Remuneration to members of the Board of Directors, Supervisory Board, executive management and former members of the bodies - total	1 287	1 081
Of which:		
Board of Directors and executive management	*1 170*	*950*
Supervisory Board	*117*	*131*
Benefits after termination of employment to members of the Board of Directors, Supervisory Board, executive management and former members of the bodies – total	111	268
Of which:		
Board of Directors and executive management	*111*	*268*
Other long-term benefits to members of the Board of Directors, Supervisory Board, executive management and former members of the bodies – total	-	1
Of which:		
Board of Directors and executive management	-	1
Benefits after termination of employment to members of the Board of Directors, Supervisory Board, executive management and former members of the bodies – total	70	-
In-kind benefits to members of the Board of Directors and executive management – total	47	65
Of which:		
Board of Directors and executive management	*47*	*64*
Supervisory Board	-	*1*
Other payments to members of the Board of Directors, Supervisory Board, executive management and former members - total	-	1
Of which:		
Board of Directors and executive management	-	*1*
Supervisory Board	-	-

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

a) Members of the Company's bodies

Body	***Function***	***Name***
Board of Directors	Chairman	Ing. František Čupr, MBA
	Vice-Chairman	Ing. Štefan Šebesta
	Member	Mgr. Petr Hájek
	Member	Ing. Miroslav Haško – since 14 May 2014
	Member	Ing. Gustáv Laca – since 22 Aug 2014
Supervisory Board	Chairman	Ing. Rastislav Chovanec, PhD.
	Vice-Chairman	Ing. Robert Ševela, PhD. – until 24 Oct 2014 Pavel Horský – since 25 Oct 2014
	Member	Ing. Miroslav Recký
	Member	Ing. Róbert Procházka
	Member	Ing. Richard Vadkerty
	Member	Pavol Korienek
Executive management	General Director	Ing. Martin Hollý
	Director of the Economy and Regulation	Ing. Roman Filipoiu
	Director of the Network Operation and Asset Management	Ing. Rastislav Prelec
	Director of Investments	Ing. Irenej Denkocy, ACCA – since 1 Jul 2014 Ing. Dušan Dobiaš – until 30 Jun 2014
	Director of Maintenance and Measurement	Ing. Miroslav Horváth
	Director of Distribution Services	Ing. Marek Paál
	Director of Human Resources, Quality, Occupational Health and Safety, and Environment	Mgr. Ing. František Kajánek

b) Consolidated financial statements

The Company and its subsidiaries (the "sub-group") are included in the SPP Group (the "Group").

The Company applied an exemption set out in IFRS 10 paragraph 10.28 and did not prepare consolidated financial statements as at 31 December 2014. Consolidated financial statements presented in accordance with the International Financial Reporting Standards will be prepared by SPP Infrastructure, a.s. with its seat at Mlynské nivy 44/a, 825 11 Bratislava (address of the court of record: District Court Bratislava 1, Záhradnícka 10, 812 44 Bratislava).

SPP – distribúcia, a.s. provides information disclosed in the separate financial statements for the higher consolidation by SPP Infrastructure, a.s. SPP Infrastructure, a.s. prepares consolidated financial statements in accordance with the International Financial Reporting Standards (IFRS).

In the consolidated financial statements, subsidiaries are the reporting entities including structured reporting entities which are controlled by the Group, as (i) it has power to control the relevant activities of the respective reporting entity that have a significant impact on its profitability and revenues, (ii) is exposed, or has a right, to variable returns from such reporting entity, and (iii) has the ability to use its power to affect returns for the investors in the respective reporting entity. The existence and impact of substantial rights including potential voting rights has to be considered when assessing whether the Group has power over the other reporting entity. The right will be considered substantial if its owner has the practical ability to exercise the right at the time when decisions on the reporting entity's relevant activities are made. The Group can have power over a reporting entity if it owns less than one half of the voting rights. In such case, the Group assesses the size of voting rights of other investors compared to the rights and ownership structure of such other voting rights in order to identify whether it has de-facto control over the reporting entity. Protective rights of other investors, such as those relating to substantial changes in the reporting entity's activities, or those which are applicable only in exceptional circumstances, shall not prevent the Group from controlling another entity. Subsidiaries are consolidated from the day of transfer of control to the Group and deconsolidated in the case of a loss of control.

To obtain full information about the financial position, financial performance and cash flow of the Group as a whole by the users of these separate financial statements, the separate financial statements should be read and understood in the context of the information disclosed in the consolidated financial statements prepared as at 31 December 2014 by SPP Infrastructure, a.s., immediately once these consolidated financial statements are published. As at 31 December 2014, the ultimate consolidating entity of SPP – distribúcia, a.s. is Energetický a průmyslový holding, a.s., with its seat at Příkop 843/4, 602 00 Brno, Czech Republic.

Separate financial statements of SPP – distribúcia, a.s. and consolidated financial statements of SPP Infrastructure, a.s. are deposited with the Commercial Register of Bratislava 1 District Court (Záhradnícka 10, 812 44 Bratislava) published in the Commercial Journal, available at the registered office of SPP, and published at www.spp-distribucia.sk.

28. POST-BALANCE SHEET EVENTS

After 31 December 2014, the following events occurred that have a material impact on the fair presentation of facts that are subject to the bookkeeping:

- On 30 January 2015, the Company repaid a bank loan provided by Komerčná banka in the amount of EUR 50 million.

Prepared on:	Signature of a member of the statutory body of the reporting entity or a natural person acting as a reporting entity:	Signature of the person responsible for the preparation of the financial statements:	Signature of the person responsible for bookkeeping:
9 March 2015			
Approved on:	Ing. František Čupr, MBA Chairman of the Board of Directors	Ing. Roman Filipoiu	Ing. Peter Duračka
	Ing. Štefan Šebesta Vice-Chairman of the Board of Directors		