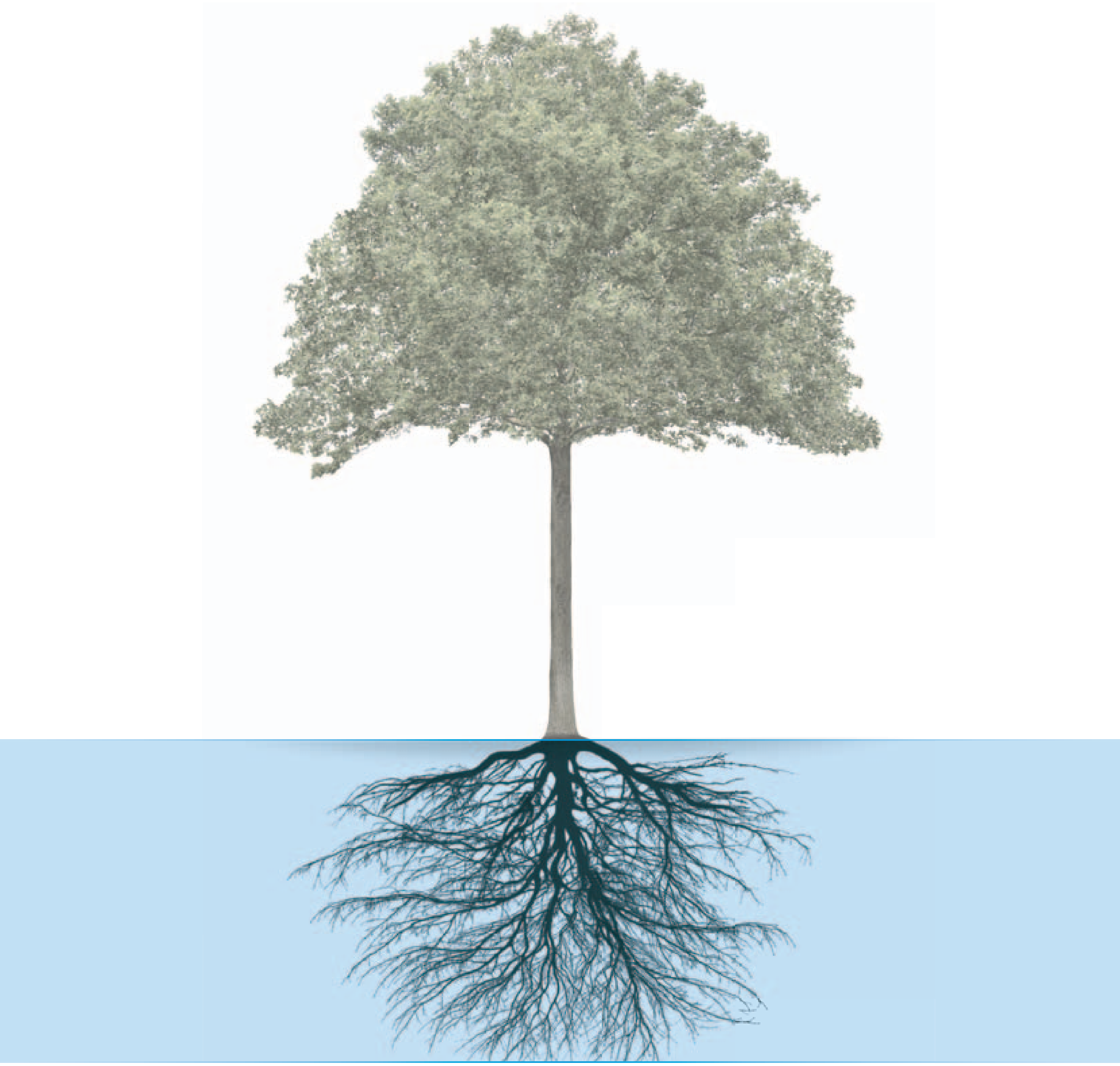
Distribúcia SPP



Independent Auditor's Report and Separate Financial Statements

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

for the year ended 31 December 2009

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 2009

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

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

We have audited the accompanying separate financial statements of SPP - distribúcia, a.s. ('the Company'), which comprise the balance sheet as at 31 December 2009 and statements of comprehensive income, changes in equity and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory notes.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' 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 controls relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinion

In our opinion, the separate financial statements present fairly, in all material respects, the financial position of the Company as at 31 December 2009, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the EU.

17 February 2010
Bratislava, Slovak Republic

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

Ing. Peter Uram-Hrišo
UDVA Licence No. 996

SPP - distribúcia, a.s.

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

for the year ended 31 December 2009

CONTENTS

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

	Note	31 December 2009	31 December 2008
ASSETS:			
NON-CURRENT ASSETS			
Property, plant and equipment	6	2,765,282	2,758,702
Non-current intangible assets and other assets	7	1,787	1,614
Total non-current assets		**2,767,069**	**2,760,316**
CURRENT ASSETS			
Inventories	8	138,373	128,201
Receivables and prepayments	9	95,986	62,987
Income tax asset		0	1,593
Cash and cash equivalents		138	98
Total current assets		**234,497**	**192,879**
Assets classified as held for sale		**53**	**75**
TOTAL ASSETS		**3,001,619**	**2,953,270**
EQUITY AND LIABILITIES:			
CAPITAL AND RESERVES			
Registered capital	15	1,957,418	1,957,418
Legal reserve fund	16	391,484	391,484
Retained earnings	16	107,318	103,798
Total equity		**2,456,220**	**2,452,700**
NON-CURRENT LIABILITIES			
Deferred income	10	27,883	163
Retirement and other long-term employee benefits	11	3,409	2 815
Deferred tax liability	21.2	366,013	367,534
Other non-current liabilities	13	30,000	-
Total non-current liabilities		**427,305**	**370,512**
CURRENT LIABILITIES			
Trade and other payables	14	114,209	130,058
Income tax payable		3,885	-
Provisions and other current liabilities	12	-	-
Total current liabilities		**118,094**	**130,058**
Total liabilities		**545,399**	**500,570**
TOTAL EQUITY AND LIABILITIES		**3,001,619**	**2,953,270**

The financial statements on pages 3 to 26 were signed on 17 February 2010 on behalf of the Board of Directors:

Ing. Stéphane Grit
Chairman of the Board of Directors

Jost Ahrens
Member of the Board of Directors

(EUR '000)

	Note	Year ended 31 December 2009	Year ended 31 December 2008
Revenues from sale of services			
Natural gas distribution		388,846	354,547
Other revenues		4,299	4,122
Total revenues		**393,145**	**358,669**
Operating expenses			
Own work capitalized		4,421	1,370
Purchases of natural gas and raw material and energy consumption		(10,075)	(2,721)
Depreciation and amortization	6, 7	(86,840)	(76,498)
Storage of natural gas and other services		(102,039)	(108,157)
Staff costs	17	(45,401)	(39,206)
Provision for bad and doubtful debts, obsolete and slow-moving inventory, net	8,9	(417)	(521)
Provisions and impairment losses, net	6,7,12	(12,874)	(155)
Other, net		1,618	(1,380)
Total operating expenses		**(251,607)**	**(227,268)**
Operating profit		**141,538**	**131,401**
Financial revenues		75	621
Financial costs	19	(521)	(1,582)
Profit before income taxes		**141,092**	**130,440**
Income tax	21.1	(32,581)	(25,449)
NET PROFIT FOR THE PERIOD		**108,511**	**104,991**
OTHER NET COMPREHENSIVE INCOME FOR THE PERIOD		**-**	**-**
TOTAL NET COMPREHENSIVE INCOME FOR THE PERIOD		**108,511**	**104,991**

(EUR ‘000)

	Registered capital	*Legal reserve fund*	*Retained earnings*	*Total*
At 31 December 2007	**1,957,418**	**391,484**	**107,993**	**2,456,895**
Net profit for the period	-	-	104,991	104,991
Other comprehensive income for the period	-	-	-	-
Dividends paid	-	-	(109,186)	(109,186)
Transfer to retained earnings	-	-	-	-
At 31 December 2008	**1,957,418**	**391,484**	**103,798**	**2,452,700**
Net profit for the period	-	-	108,511	108,511
Other comprehensive income for the period	-	-	-	-
Dividends paid	-	-	(104,991)	(104,991)
Transfer to retained earnings	-	-	-	-
At 31 December 2009	**1,957,418**	**391,484**	**107,318**	**2,456,220**

(EUR ‘000)

	Note	Year ended 31 December 2009	Year ended 31 December 2008
Operating activities			
Cash generated from operations	22	183,037	271,289
Interest paid		(588)	(1,480)
Interest received		72	621
Income tax paid		(28,623)	(56,196)
Net cash inflow from operating activities		153,898	214,234
Investing activities			
Purchase of property, plant and equipment		(78,813)	(105,421)
Proceeds from sale of property, plant and equipment and intangibles		69	353
Net cash inflow/(outflow) from investing activities		(78,744)	(105,068)
Financing activities			
Dividends paid		(104,991)	(109,186)
Proceeds and repayments related to interest-bearing borrowings		30,000	-
Cash outflow from financing activities, net		(123)	13
Net cash outflow from financing activities		(75,114)	(109,173)
Net increase/(decrease) in cash and cash equivalents		**40**	**(7)**
Net foreign exchange difference		**-**	**(1)**
Cash and cash equivalents at the beginning of the period		**98**	**106**
Cash and cash equivalents at the end of the period		**138**	**98**

(EUR '000)

1. GENERAL

1.1. General Information

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

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

The Company was founded on 26 November 2004 and incorporated in the Commercial Register on 10 December 2004. Slovenský plynárenský priemysel, a.s., is 100% owner of the Company.

On 1 July 2006, Slovenský plynárenský priemysel, a.s., ("SPP") contributed to the Company part of 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.

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

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

Company Identification No. (IČO)	35 910 739
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. Proposed prices are subject to control and approval of the Slovak 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 2009 was 1,778, of which executive management: 1 (for the year ended 31 December 2008: 1,701, of which executive management: 1).
As at 31 December 2009, the actual headcount was 1,764 (31 December 2008: 1,699).

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

In the current year, the Group has adopted all of the new and revised standards and interpretations issued by the International Accounting Standards Board (IASB) and the International Financial Reporting Interpretations Committee (IFRIC) of the IASB that are relevant to its operations and have been endorsed by the EU and are effective for the accounting periods commencing 1 January 2009.

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

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

IAS 23 Borrowing Costs (revised) – effective from 1 January 2009
The revised standard requires capitalization of borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset (an asset that necessarily takes a substantial period of time to prepare for its intended use or sale) as part of the cost of the related asset. The option to record them directly in costs has been eliminated. The Company has applied this accounting policy.

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

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

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

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

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

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

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

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

a) Basis of Accounting

The separate financial statements have been prepared in accordance with IFRS, as adopted by the EU. IFRS, as adopted by the EU, do not currently differ from IFRS as issued by the International Accounting Standards Board (IASB).
The financial statements are prepared under the historical cost convention, with the exceptions detailed below. The principal accounting policies adopted are detailed below. The reporting currency and functional currency of the Company is euro (EUR). These separate financial statements were prepared on the assumption that the Company is a going concern.

b) Research and Development

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

c) Property, Plant and Equipment and Intangible Assets

Property, plant and equipment and intangible assets are stated in the balance sheet at historical cost less accumulated depreciation and impairment losses. In the event of assets deposited in form of contribution in kind as at 1 July 2006 historical cost was determined by an independent expert as at this date. This amount was used as at 1 January 2007 (transition date to IFRS).

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

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

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

Type of assets	***Useful life***
Regulation stations	15 - 50 years
Gas pipelines	40 - 60 years
Structures	15 - 60 years
Machinery and equipment	4 - 40 years
Other tangible assets	3 - 8 years

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

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

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

d) Government Grants

Transfers of gas equipment by municipalities to the Company's assets are deemed to be non-monetary grants and are recorded at fair value of assets received, which is also included in non-current liabilities as deferred income. This deferred income is credited to the statement of profit and loss on a straight-line basis over the useful lives of the assets transferred.

e) Inventories

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

f) Trade Receivables

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

g) Financial Instruments

Financial assets and liabilities are recognized on the Company's balance sheet when the Company has become a party to the IFRS provisions of the instrument.

h) Cash and Cash Equivalents

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

i) Provisions

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

j) Loans

Loans are initially recognized at fair value after deducting transaction costs incurred. They are subsequently recorded at amortized cost using the effective interest rate method.

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

k) Revenue Recognition

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

l) Social Security and Pension Schemes

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

m) Retirement and Other Long-Term Employee Benefits

The Company operates un-funded defined long-term benefit programs comprising lump-sum post-employment, disability and jubilee benefits. In accordance with IAS 19, the employee benefits costs are assessed using the projected unit credit method. Under this method, the cost of providing pensions is charged to the statement of profit and loss in order to spread the regular cost over the service period of employees. The benefit obligation is measured as the present value of the estimated future cash outflows discounted by market yields on Slovak government bonds, which have terms to maturity approximating to the terms of the related liability. All actuarial gains and losses are recognized immediately in the statement of profit and loss. Past service cost is recognized immediately to the extent that the benefits are already vested, and the remaining portion is expensed.

n) Taxation

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

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

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

o) Foreign Currencies

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

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

4. CRITICAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

Impairment of Property, Plant and Equipment

The Company re-assessed the provision for impairment of property, plant and equipment on the basis of an evaluation of their planned liquidation or sale. Refer to Note 6 for details on impairment of property, plant and equipment.

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 volatility of financial markets and seeks to minimize potential adverse effects on the financial performance of the Company.

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

(EUR '000)

(1) Foreign currency risk

As at 31 December 2009, the Company did not record any significant financial assets and financial liabilities denominated in foreign currency. Therefore, the Company is not exposed to any significant foreign currency risk arising from foreign currency transactions. As at 31 December 2008, financial assets and financial liabilities denominated in foreign currency amounted to EUR 3 thousand and EUR 509 thousand, respectively.

Sensitivity to foreign currency changes

The impact of sensitivity to foreign currency changes was not significant over the current or comparable reporting periods.

(2) Commodity price risk

The Company does not use any financial instruments sensitive to risks resulting from changes in commodity prices. However, the Company is exposed to volatility of Brent and Brent derivatives.

(3) Interest rate risk

The Company has no significant concentrations of interest rate risk. As at 31 December 2009, the Company recorded a remaining long-term loan with a fixed interest rate provided by the parent company.

(4) Credit risk

Credit risk describes the risk that a counterparty will fail to meet its contractual obligations, resulting in a financial loss for the company. The Company adopted a policy of only doing business with trustworthy contractual partners and obtains, where necessary, adequate collateral to mitigate the risk of financial loss resulting from a failure to meet obligations.

The Company sells its products and provides its services to customers, SPP being the major customer, which means that the credit risk is considerably eliminated.

(5) Liquidity risk

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

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

At 31 December 2009	**On demand**	**Less than 3 months**	**3 to 12 months**	**1 to 5 years**	**> 5 years**	**Total**
Loans	-	-	-	30,000	-	30,000
Other liabilities	-	7,671	-	-	-	7,671
Trade and other payables	-	106,538	-	-	-	106,538

At 31 December 2008	**On demand**	**Less than 3 months**	**3 to 12 months**	**1 to 5 years**	**> 5 years**	**Total**
Loans	-	-	-	-	-	-
Other liabilities	-	90,664	-	-	-	90,664
Trade and other payables	-	39,394	-	-	-	39,394

b) Capital risk management

The Company manages its capital to ensure that it will be able to continue as a going concern while maximizing the return to stakeholders through the optimization of the debt and equity balance.
The capital structure of the Company consists of equity attributable to equity holders of the Company, comprising issued capital, legal reserve fund and retained earnings, and loans, as disclosed in Notes 15, 16 and 13, respectively. The gearing ratio at the year end 2009 was 1% (2008: 0%).

(EUR '000)

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

	At 31 December 2009	***At 31 December 2008***
Debt (i)	30,000	-
Cash and cash equivalents	138	98
Net debt	29,862	-
Equity (ii)	2,456,220	2,452,700
Net debt to equity ratio	**1%**	**0%**

(i) Debt is defined as long- and short-term borrowings.
(ii) Page 5

c) Categories of financial instruments

	31 December 2009	***31 December 2008***
Financial assets		
Loans and receivables (including cash and cash equivalents)	92,044	58,110
Financial liabilities		
Financial liabilities carried at amortized costs	114,209	130,058

(EUR '000)

6. PROPERTY, PLANT AND EQUIPMENT

	Regulation stations	*Gas pipelines*	*Land, buildings and structures*	*Plant, machinery and equipment*	*Other non-current tangible assets*	*Capital work in progress*	*Total*
Year ended 31 December 2008							
Opening net book value	140,615	2,510,250	272	13,125	1,119	77,187	2,742,568
Additions	211	62	6	-	-	96,129	96,408
Put in use	5,548	71,584	-	2,228	17	(79,377)	-
Reclassifications	(1,257)	341	-	175	(236)	(134)	(1,111)
Disposals	(607)	(23)	(93)	(51)	2	-	(772)
Depreciation charge	(8,364)	(68,781)	(5)	(2,307)	(237)	-	(79,694)
Change in provisions	65	1,324	1	48	16	(151)	1,303
Closing net book value	**136,211**	**2,514,757**	**181**	**13,218**	**681**	**93,654**	**2,758,702**
At 31 December 2008	-						
Cost	155,328	2,672,145	246	18,114	1 307	94,113	2,941,253
Provision and accumulated depreciation	(19,117)	(157,388)	(65)	(4,896)	(626)	(459)	(182,551)
Net book value	**136,211**	**2,514,757**	**181**	**13,218**	**681**	**93,654**	**2,758,702**
Year ended 31 December 2009							
Opening net book value	136,211	2,514,757	181	13,218	681	93,654	2,758,702
Additions	51	28,636	-	-	-	78,143	106,830
Put in use	5,312	79,377	-	1,644	47	(86,380)	-
Reclassifications	(72)	(186)	62	80	(4)	24	(96)
Disposals	-	(23)	(12)	(79)	(1)	(1)	(116)
Depreciation charge	(7,400)	(78,277)	(9)	(2,434)	(153)	-	(88,273)
Change in provisions	(505)	(11,326)	-	(9)	3	72	(11,765)
Closing net book value	**133,597**	**2,532,958**	**222**	**12,420**	**573**	**85,512**	**2,765,282**
At 31 December 2009							
Cost	160,358	2,766,601	292	19,219	1,400	85,900	3,033,770
Provision and accumulated depreciation	(26,761)	(233,643)	(70)	(6,799)	(827)	(388)	(268,488)
Net book value	**133,597**	**2,532,958**	**222**	**12,420**	**573**	**85,512**	**2,765,282**

(EUR '000)

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

Insured object	*Type of insurance*	*Costs of insured assets*		*Name and seat of the insurance company*
		2009	*2008*	
Buildings, halls, structures (with the exception of gas pipelines), machinery, equipment, fixtures & fittings, low-value TFA, other TFA, works of art, inventories (except gas pipelines)	Insurance of assets	131,064	200,659	Allianz-Slovenská poisťovňa, a.s. Kooperativa, a.s., ČSOB Poisťovňa, a.s.
Motor vehicles	Motor vehicle insurance against damage, destruction, theft	377	502	Allianz-Slovenská poisťovňa, a.s.

The cost of fully depreciated non-current assets (includes also non-current intangible assets), which as at 31 December 2009 were still in use, amounts to EUR 6,838 thousand (31 December 2008: EUR 2,742 thousand).

7. NON-CURRENT INTANGIBLE ASSETS AND OTHER ASSETS

	Software	*Other non-current intangible assets*	*Assets in the course of construction*	*Total*
Year ended 31 December 2008				
Opening net book value	29	1,039	2,268	3,336
Additions	-	-	621	621
Put in use	1	440	(441)	-
Reclassifications	1	(1)	-	-
Disposals	-	-	(1,387)	(1,387)
Amortization	(10)	(352)	-	(362)
Change of provisions	-	-	(594)	(594)
Closing net book value	21	1,126	467	1,614
At 31 December 2008				
Cost	41	1,918	1,061	3,020
Provision and impairment loss	(20)	(792)	(594)	(1,406)
Net book value	**21**	**1,126**	**467**	**1,614**
Year ended 31 December 2009				
Opening net book value	21	1,126	467	1,614
Additions	-	-	670	670
Put in use	1	1	(2)	-
Reclassifications	-	-	-	-
Disposals	-	-	(686)	(686)
Amortization	(11)	(394)	-	(405)
Change of provisions	-	-	594	594
Closing net book value	11	733	1,043	1,787
At 31 December 2009				
Cost	42	1,885	1,043	2,970
Provision and impairment loss	(31)	(1,152)	-	(1,183)
Net book value	**11**	**733**	**1,043**	**1,787**

8. INVENTORIES

	31 December 2009	*31 December 2008*
Natural gas	136,849	126,440
Raw materials and other inventories	1,627	1,797
Provision	(103)	(36)
Total	**138,373**	**128,201**

Natural gas inventories represent natural gas used to balance the distribution network and natural gas for own consumption and losses in the distribution network.

(EUR '000)

As at 31 December 2009 and 31 December 2008, no provision was necessary, or recorded in respect of an adjustment to reduce the cost of natural gas to its net realizable value.

The Company created provisions for slow-moving inventories to raw materials in the total amount of EUR 103 thousand (31 December 2008: EUR 36 thousand).

9. RECEIVABLES AND PREPAYMENTS

	31 December 2009	*31 December 2008*
Trade receivables from distribution activity	52,503	50,065
Prepayments and other receivables	39,403	7,948
Other tax assets	4,080	4,974
Total	**95,986**	**62,987**

As at 31 December 2009, the Company recorded receivables due and overdue of EUR 95,723 thousand and EUR 1,609 thousand excluding provision for impairment of receivables, respectively. As at 31 December 2008, the Company recorded receivables due and overdue of EUR 61,604 thousand and EUR 1,383 thousand excluding provision for impairment of receivables, respectively.

Of all the Company's prepayments and other receivables as at 31 December 2009, the major portion is represented by the receivable of EUR 28,944 thousand against the parent company, resulting from cash-pooling transactions.

Trade receivables and prepayments are shown net of provisions for bad and doubtful debts of EUR 1,346 thousand (31 December 2008: EUR 1,013 thousand).

Prepayments and other receivables include receivables against eustream, a. s., of EUR 4,308 thousand (31 December 2008: EUR 849 thousand) and SPP a. s. of EUR 82,266 thousand (31 December 2008: EUR 54,080 thousand).

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

	31 December 2009	*31 December 2008*
Opening value	(1,013)	(521)
Charge for the year	(390)	(525)
Utilized	-	4
Unused amounts reversed	57	29
Closing value	**(1,346)**	**(1,013)**

Collateralisation of receivables

Certain receivables under execution proceedings are pledged by execution lien. Several bank guarantees totalling EUR 1,263 thousand were established to secure the Company's receivables for natural gas distribution. In addition, funds of EUR 119 thousand were deposited in the Company's bank account.

Overdue receivables which were not provided for:

	2009	*2008*
Less than 2 months	116	167
2 to 3 months	-	3
3 to 6 months	5	-
6 to 9 months	5	1
9 to 12 months	4	-
More than 12 months	39	10
Total	**169**	**181**

(EUR '000)

Overdue receivables which were provided for:

	2009	*2008*
Less than 2 months	-	-
2 to 3 months	36	37
3 to 6 months	92	124
6 to 9 months	70	85
9 to 12 months	87	86
More than 12 months	1,155	870
Total	**1,440**	**1,202**

10. DEFERRED INCOME

	31 December 2009	*31 December 2008*
Opening balance, net	163	123
Assets acquired during period	28,535	30
Amortization during period	(815)	(2)
Other deferred income	-	12
Closing value, net	**27,883**	**163**

Some gas equipment was obtained "free of charge" from municipal and local authorities. This deferred income is released to the statement of profit and loss in line with the depreciation of the related non-current assets acquired free of charge.

11. RETIREMENT AND OTHER LONG-TERM EMPLOYEE BENEFITS

The long-term employee benefits program is a defined benefit program under which the employees are entitled to a lump-sum payment upon specified age or disability retirement and, subject to vesting conditions, jubilee payments.

In 2008, a new collective agreement was signed, under which employees are entitled to a retirement benefit based upon the number of years with the Company at the date of retirement. The benefits range from one month's to six months average salary. As at 31 December 2009, the obligation for retirement and other long-term employee benefits was calculated on the basis of this collective agreement which is valid in companies of the main group of SPP. In 2008, the obligation was calculated based on the collective agreement valid for 2008.

As at 31 December 2009, there were 1,754 employees covered by this program (31 December 2008: 1,708 employees including 9 employees specific in the records (maternity leave etc.)). Up to the present, it has been an un-funded program, with no separately allocated assets to cover the program's liabilities.

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

	Long-term benefits	*Post-employment benefits*	*Total benefits at 31 December 2009*	*Total benefits at 31 December 2008*
Net liability at 1 January	729	2,228	2,957	2,812
Net expense for the period	131	629	760	250
Benefits paid	(72)	(51)	(123)	(105)
Net liability	**788**	**2,806**	**3,594**	**2,957**

	Current liabilities (included in other current liabilities)	*Non-current liabilities*	*Total*
At 31 December 2008	142	2 815	2 957
At 31 December 2009	185	3 409	3 594

(EUR '000)

Key assumptions used in actuarial valuation:

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

12. PROVISIONS

Movements in the provisions are summarized as follows:

	Other provisions	*Total provisions at 31 December 2009*	*Total provisions at 31 December 2008*
Balance at 1 January	-	-	6,639
Creation of provision			-
Utilization of provision			(3,651)
Reversal of provision			(2,988)
Closing balance	**-**	**-**	**-**

The provision of EUR 6,639 thousand created in connection with the obligation to provide the non-investment fund "EkoFond" with a contribution, as a result of financing projects relating to increases in energy effectiveness, was partially used as a contribution to this fund and partially released in 2008.

13. LOANS

As at 31 December 2009, the Company drew down a loan denominated in EUR for EUR 30 million, bearing a fixed interest rate of 4.25% per annum, as provided by the parent company. The loan is due in 2013 and is not secured by any pledges over assets.

14. TRADE AND OTHER PAYABLES

	At 31 December 2009	*At 31 December 2008*
Trade payables	43,407	33,834
Payables resulting from distribution activity	63,131	5,560
Other payables	585	84,090
Employee liabilities	4,778	4,499
Social security and other taxes	2,308	2,075
Total	**114,209**	**130,058**

As at 31 December 2009, total trade and other payables included trade payables to SPP of EUR 71,132 thousand (31 December 2008: EUR 84,963 thousand), and eustream, a. s., of EUR 933 thousand (31 December 2008: EUR 5,785 thousand).

Of the Company's payables resulting from distribution activity as at 31 December 2009, the major portion is represented by a prepayment received from the parent company for natural gas distribution.

Of all the Company's other payables as at 31 December 2008, the major portion represented the liability resulting from cash-pooling transactions against the parent company of EUR 83,520 thousand.

As at 31 December 2009, the Company recorded payables due of EUR 114,209 thousand; no overdue payables were registered. As at 31 December 2008, the Company recorded payables due of EUR 130,058 thousand; no overdue payables were registered.

(EUR '000)

Social fund payable

	Amount
Opening balance as at 1 January 2009	**339**
Total creation:	344
from expenses	*344*
Total drawing:	(382)
monetary rewards and gifts	*(72)*
personnel jubilee benefits	*(31)*
employment jubilee benefits	*(41)*
catering allowance	*(183)*
other drawing as per CA	*(55)*
Closing balance as at 31 December 2009	**301**

Liabilities secured by lien or other form of guarantee

The Company established a bank guarantee in Tatra banka, a. s., totalling EUR 33 thousand for other payables to the Customs Office.

15. REGISTERED CAPITAL

The registered capital consists of 10 ordinary certificate-form shares at face value of EUR 3,319.39 per share, and 1 ordinary certificate-form share at face value of EUR 1,957,384,402.17. SPP, a.s. owns 100% of the shares referred to above. The registered capital was incorporated in the Commercial Register in the full amount.

16. LEGAL RESERVE FUND AND RETAINED EARNINGS

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

The legal reserve fund of EUR 391,484 thousand (as at 31 December 2008: 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 share capital. Transfers of at least 10% of current year's profit are required to be made from retained earnings until the reserve is equal to at least 20% of share capital. The legal reserve fund in the Company has already attained 20% of share capital.

Profit allotment:

Allotment	***Profit allotment for 2008***	***Profit allotment for 2007***
Allotment to legal reserve fund	-	-
To cover loss from previous years	-	-
Dividends	104,991	109,186
Total profit to be allotted	**104,991**	**109,186**

17. STAFF COSTS

	Year ended 31 December 2009	***Year ended 31 December 2008***
Wages, salaries and bonuses	29,120	26,683
Social security costs	9,769	12,523
Other social security costs and termination pay	6,512	-
Total staff costs	**45,401**	**39,206**

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

(EUR '000)

18. COSTS OF AUDIT SERVICES

	Year ended 31 December 2009	Year ended 31 December 2008
Review of financial statements by the auditor	39	51
Other assurance services	-	-
Tax advisory	13	13
Other related services provided by the auditor	-	-
Total	**52**	**64**

19. FINANCE COSTS

	Year ended 31 December 2009	Year ended 31 December 2008
Interest expense	518	1,571
Foreign exchange rate differences – profit/(loss) (Note 20)	-	6
Other	3	5
Total finance costs/(income)	**521**	**1,582**

20. FOREIGN EXCHANGE RATE DIFFERENCES

	Year ended 31 December 2009	Year ended 31 December 2008
Foreign exchange rate losses (gains) arising from:		
– Operating activities	3	(656)
– Financing activities (Note 19)	-	6
Total foreign exchange rate losses (gains)	**3**	**(650)**

21. TAXATION

21.1. Income Tax Expense

The income tax charge comprises the following:

	Year ended 31 December 2009	Year ended 31 December 2008
Current tax charge	34,102	30,301
Deferred tax charge (Note 21.2)	-	-
– current year	(1,521)	(4,852)
Total	**32,581**	**25,449**

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

	Year ended 31 December 2009	Year ended 31 December 2008
Profit before taxation	141,092	130,440
Income tax at 19%	26,808	24,784
Effect of permanent differences between accounting and tax value of assets and liabilities	5,776	677
Other adjustments	(3)	(12)
Income tax charge for the year	**32,581**	**25,449**

Adjustments primarily include non-taxable expenses.

(EUR '000)

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

21.2. Deferred Income Tax

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

	At 1 January 2008	***Debit to equity for the period***	***(Charge/ credit to profit for the period***	***At 31 December 2008***
Difference in NBV of non-current assets	(373,429)	-	4,330	(369,099)
Items adjusting tax base only when paid	-	-	(3)	(3)
Provisions for receivables	3	-	193	196
Impairment loss	503	-	(143)	360
Other	537	-	475	1,012
Total	**(372,386)**	-	**4,852**	**(367,534)**

	At 1 January 2009	***Debit to equity for the period***	***Charge/ credit to profit for the period***	***At 31 December 2009***
Difference in NBV of non-current assets	(369,099)	-	(889)	(369,988)
Items adjusting tax base only when paid	(3)	-	4	1
Provisions for receivables	196	-	8	204
Impairment loss	360	-	2,110	2,470
Other	1,012	-	288	1,300
Total	**(367,534)**	-	**1,521**	**(366,013)**

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

	31 December 2009	***31 December 2008***
Deferred tax liability	(366,013)	(367,534)
Total	**(366,013)**	**(367,534)**

22. CASH GENERATED FROM OPERATIONS

	Year ended 31 December 2009	***Year ended 31 December 2008***
Profit before tax	141,092	130,440
Adjustments for:		
Depreciation and amortization	87,846	80,053
Interest income, net	443	950
Income from financial investments	-	-
FX differences	-	(1)
Provisions and other non-cash items	12,296	(5,829)
Loss from sale of property	22	(38)
(Increase)/decrease in receivables and prepayments	(33,329)	24,727
(Increase)/decrease in inventories	(10,255)	(56,131)
Increase/(decrease) in trade and other payables	(15,078)	97,118
Cash generated from operations	**183,037**	**271,289**

23. COMMITMENTS AND CONTINGENCIES

Capital expenditure commitments

As at 31 December 2009, capital expenditure of EUR 79,121 thousand (as at 31 December 2008: EUR 64,154 thousand) had been committed under contractual arrangements for acquisition of non-current assets, but not recognized in the financial statements.

Liberalization of the Slovak Energy Sector and possible regulation risks

Regulation framework on the natural gas market in the Slovak Republic

On the basis of the current legislation, the natural gas market in the Slovak Republic is liberalized. Effective from 1 July 2007, legislation allows free choice of natural gas supplier for all customers. The Company, as the operator and owner of the gas distribution network, is obliged to provide non-discriminatory access to the distribution network. Moreover, the Company is also obliged to enter into a contract for connection and gas distribution with all customers who fulfill the business and technical conditions of the Company.
Distribution of gas as well as access to distribution network are subject to regulation by the Regulatory Office of Network Industries (RONI).

Tariffs for regulated activities

Every year RONI approves tariffs for access to the distribution network and gas distribution, as well as for the connection to the distribution network and supporting services. 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 EUR per gas volume do not exceed the average price for the year, calculated pursuant to RONI Ordinance No. 4/2009 of 10 June 2009, amending and supplementing RONI Ordinance of 23 July 2008 which determines price regulation in the gas sector, as well as amending and supplementing RONI Ordinance No. 4/2007 of 31 July 2007 determining the scope and structure of eligible costs, the method for determining reasonable profit and supporting materials for a price proposal in the gas sector within the wording of the Ordinance of 1 October 2008.

The price for connection to the distribution network for consumers is to be determined on the basis of the planned average costs for processing an application for connection of the gas delivery equipment of a respective gas market participant to the distribution network, which are incurred by the distribution network operator as part of activities required within the standard scope to connect the gas delivery equipment.

Changes in the regulatory laws and policy

In 2009, Act No. 656/2004 Coll. on Energy and Act No. 276/2001 Coll. on Regulation in Network Industries were amended several times. In terms of regulation the adoption of the 3rd Energy Package also represents a profound change for the energy sector.
The 3rd Energy Package consists of the following legal regulations:

- Regulation establishing the Agency of the European Union for the Cooperation of Energy Regulators (ACER)
- Directive on internal gas market superseding Directive 2003/55/EC concerning common rules for the internal market in natural gas
- Regulation superseding Regulation 1775/2005/EC on conditions for access to natural gas transmission networks
- Directive on internal electricity market superseding Directive 2003/54/EC concerning common rules for the internal market in electricity
- Regulation superseding Regulation 1228/03 on conditions for access to transmission networks for cross-border electricity exchanges

It is expected that the translation of the 3rd Energy Package into the legislation of the Slovak Republic will not have a material effect on the operation of SPP – distribúcia, a. s..

Taxation

The Company has significant transactions with shareholders and other related parties. The tax environment in which the Company operates in the Slovak Republic is dependent on the prevailing tax legislation and practice, which are relatively new and with few existing precedents. As the tax authorities are reluctant to provide official interpretations in respect of the tax legislation, there is an inherent risk that the taxation authorities may require, for example, transfer pricing or other adjustments of the corporate income tax base. The tax authorities in the Slovak Republic have broad powers of interpretation of tax laws which could result in unexpected results from tax inspections. The amount of any potential tax liabilities related to these risks cannot be estimated.

(EUR '000)

24. RELATED PARTY TRANSACTIONS

The owner of 100% of shares of SPP – distribúcia, a.s., is Slovenský plynárenský priemysel, a.s.

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

	Year ended 31 December 2009					*31 December 2009*		
	Sales	***Creation/ (reversal) of provisions for receivables***	***Costs***	***Dividends***	***Other***	***Amounts owed by related parties***	***Provisions for receivables***	***Amounts owed to related parties***
SPP, a.s.	466,037	-	64,335	104,991	26,737	82,266	-	101,132
Other related parties	7,297	-	97,963	-	7,386	4,316	-	6,608

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

Transactions with related parties mainly represented services related to distribution, purchases, sales, natural gas transmission and storage as well as other services.

	Year ended 31 December 2008					*31 December 2008*		
	Sales	***Creation/ (reversal) of provisions for receivables***	***Costs***	***Dividends***	***Other***	***Amounts owed by related parties***	***Provisions for receivables***	***Amounts owed to related parties***
SPP, a.s.	448,795	-	62,336	109,186	99,481	53,998	-	84,963
Other related parties	9,899	-	101,878	-	6,605	1,284	-	8,915

(EUR '000)

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

	Year ended 31 December 2009	***Year ended 31 December 2008***
Remuneration to members of the Board of Directors, Supervisory Board, executive management and former members of the bodies - total	581	1,063
of which – Board of Directors and executive management	450	800
– Supervisory Board	131	262
Benefits after termination of employment of members of the Board of Directors, Supervisory Board, executive management and former members of the bodies – total	-	-
Other long-term benefits to members of the Board of Directors, Supervisory Board, executive management and former members of the bodies – total	-	-
Benefits after termination of employment of members of the Board of Directors, Supervisory Board, executive management and former members of the bodies – total	-	-
Benefits in kind to members of the Board of Directors and executive management – total	9	12
Of which – Board of Directors and executive management	9	12
Other payments to members of the Board of Directors, Supervisory Board, executive management and former members - total	-	-
of which – Board of Directors and executive management	-	-
– Supervisory Board	-	-

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

a) Members of the Company's bodies

Body	***Function***	***Meno***
Board of Directors	Chairman	Ing. Stéphane Grit from 1 July 2009
	Chairman	Assessor jur. Sebastian Jochem up to 30 June 2009
	Vice-Chairman	Ing. Peter Hlaváč up to 24 June 2009
	Vice-Chairman	Ing. Miroslav Greš from 25 June 2009
	Member	Ing. Stéphane Grit up to 30 June 2009
	Member	Assessor jur. Sebastian Jochem from 1 July 2009 up to 30 September 2009
	Member	Jost Ahrens, LL.M.Advocate from 1 October 2009
Supervisory Board	Chairman	Doc. Ing. Nikolaj Ponevský, PhD
	Vice-Chairman	Ing. Michael Fipper up to 30 June 2009
	Vice-Chairman	Dan Pantilie from 1 July 2009
	Member	Ing. Vladislav Petráš
	Member	Ing. Gustáv Laca
	Member	Daniel Nechala
	Member	Pavol Korienek
Executive Management	General Director	Ing. Bohumil Kratochvíl

b) Consolidated financial statements

SPP – distribúcia, a.s., provides the data of the separate financial statements to the higher consolidation of SPP, a.s. SPP, a.s., prepares the consolidated financial statements in accordance with the International Financial Reporting Standards (IFRS).

The ultimate reporting entities that consolidate SPP – distribúcia, a.s., are GDF SUEZ SA and E.ON AG.

The separate financial statements of SPP – distribúcia, a.s., and consolidated financial statements of SPP, a.s., are deposited with the Commercial Register of Bratislava 1 District Court, Záhradnícka 10, 811 07 Bratislava, published in the Commercial Journal and released at www.spp.sk.

26. POST-BALANCE SHEET EVENTS

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

Prepared on: **17 February 2010**	***Signature of a member of the statutory body of the reporting enterprise or a natural person acting as a reporting enterprise:***	***Signature of the person responsible for the preparation of the financial statements:***	***Signature of the person responsible for bookkeeping:***
Approved on: **30 April 2010**	Ing. Stéphane Grit Chairman of the Board of Directors Jost Ahrens Member of the Board of Directors	Ing. Bohumil Kratochvíl	Ing. Libor Briška Ing. Miroslav Jankovič

Proposal
of the profit distribution for the year 2009

The proposal of profit distribution for the year 2009 is prepared in line with the Articles of Association of SPP- distribúcia, a.s., Article XIX. PROFIT DISTRIBUTION, Article XVIII. GENERATION AND USE OF RESERVE FUND and in line with the provisions of the Commercial Code No. 513/1991 Coll., as amended.

The proposal of the profit distribution for the year 2009 is based on the individual financial statements for the year 2009.

I.	**Profit after tax**	**108,510,885.50 €**
II.	**Allocation to the statutory reserve fund** in accordance with the Article XVIII. of the Articles of Association the reserve fund reached the level of 20 % of registered capital	**0.00 €**
III.	**The amount of net profit** **and a part of retained earnings** **determined as dividends**	**107,318,378.96 €**

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