Energetický a průmyslový holding, a.s.

Condensed Consolidated Interim Financial Statements as at and for the six-month period ended 30 June 2016 (unaudited)

prepared in accordance with International Financial Reporting Standards
as adopted by the European Union

Content

Condensed consolidated interim statement of comprehensive income

For the six-month period ended 30 June 2016

In millions of EUR ("MEUR")	**Note**	**2016 (six months)**	**2015 (six months)**
Sales: Energy	6	2,303	2,043
of which: Electricity		*1,223*	*931*
Gas		*753*	*808*
Heat		*211*	*168*
Coal		*115*	*135*
Other energy products		*1*	*1*
Sales: Other	6	64	51
Gain (loss) from commodity derivatives for trading with electricity and gas, net		2	8
Total sales		**2,369**	**2,102**
Cost of sales: Energy	7	(1,056)	(905)
Cost of sales: Other	7	(59)	(20)
Total cost of sales		**(1,115)**	**(925)**
Subtotal		**1,254**	**1,177**
Personnel expenses	8	(236)	(201)
Depreciation and amortisation	14, 15	(277)	(268)
Repairs and maintenance		(29)	(6)
Emission rights, net	9	(29)	(11)
Taxes and charges	10	(43)	(65)
Other operating income	11	38	32
Other operating expenses	12	(156)	(92)
Profit (loss) from operations		**522**	**566**
Finance income	13	11	19
Finance expense	13	(156)	(138)
Profit (loss) from financial instruments	13	(47)	(47)
Net finance income (expense)		**(192)**	**(166)**
Share of profit (loss) of equity accounted investees, net of tax	17	(12)	1
Gain (loss) on disposal of subsidiaries, special purpose entities, joint-ventures and associates	5	46	(1)
Profit (loss) before income tax		**364**	**400**
Income tax expenses	14	(112)	(122)
Profit (loss) from continuing operations		**252**	**278**
Items that are or may be reclassified subsequently to profit or loss:			
Foreign currency translation differences for foreign operations		20	(54)
Foreign currency translation differences from presentation currency		5	49
Effective portion of changes in fair value of cash-flow hedges, net of tax		43	20
Fair value reserve included in other comprehensive income, net of tax		-	(1)
Other comprehensive income for the period, net of tax		**68**	**14**
Total comprehensive income for the period		**320**	**292**
Profit (loss) attributable to:			
Owners of the Company		75	98
Non-controlling interest		177	180
Profit (loss) for the period		**252**	**278**
Total comprehensive income attributable to:			
Owners of the Company		136	106
Non-controlling interest		184	186
Total comprehensive income for the period		**320**	**292**
Total basic and diluted earnings per share in EUR	26	**0.01**	**0.02**

The notes presented on pages 9 to 78 form an integral part of these condensed consolidated interim financial statements.

Condensed consolidated interim statement of financial position

As at 30 June 2016
In millions of EUR ("MEUR")

	Note	30 June 2016	31 December 2015
Assets			
Property, plant and equipment	15	7,849	7,947
Intangible assets	16	260	275
Goodwill	16	106	137
Investment property		3	3
Equity accounted investees	17	241	247
Restricted cash	21	32	32
Financial instruments and other financial assets	31	247	151
Trade receivables and other assets	19	38	48
Deferred tax assets	24	59	63
Total non-current assets		**8,835**	**8,903**
Inventories	18	172	164
Extracted minerals and mineral products		162	184
Financial instruments and other financial assets	31	318	309
of which receivables from the shareholders		*49*	*41*
Trade receivables and other assets	19	539	588
Prepayments and other deferrals		36	94
Tax receivables	22	97	83
Restricted cash	21	8	256
Cash and cash equivalents	20	1,348	706
Assets/disposal groups held for sale	23	-	23
Total current assets		**2,680**	**2,407**
Total assets		**11,515**	**11,310**
Equity			
Share capital	25	208	208
Share premium	25	64	64
Reserve for own shares	25	-	(932)
Other reserves	25	(76)	(137)
Retained earnings		785	1,642
Total equity attributable to equity holders		**981**	**845**
Non-controlling interest	27	1,793	1,944
Total equity		**2,774**	**2,789**
Liabilities			
Loans and borrowings	28	5,138	4,851
Financial instruments and financial liabilities	31	26	32
Provisions	29	815	825
Deferred income	30	79	97
Deferred tax liabilities	24	1,121	1,119
Trade payables and other liabilities	32	53	121
Total non-current liabilities		**7,232**	**7,045**
Trade payables and other liabilities	32	751	753
Loans and borrowings	28	460	376
Financial instruments and financial liabilities	31	93	88
Provisions	29	112	171
Deferred income	30	36	12
Current income tax liability		57	61
Liabilities from disposal groups held for sale	23	-	15
Total current liabilities		**1,509**	**1,476**
Total liabilities		**8,741**	**8,521**
Total equity and liabilities		**11,515**	**11,310**

The notes presented on pages 9 to 78 form an integral part of these condensed consolidated interim financial statements.

Condensed consolidated interim statement of changes in equity

For the six-month period ended 30 June 2016

	Attributable to owners of the Company												
In millions of EUR ("MEUR")	**Share capital**	**Share premium**	**Reserve for own shares**	**Other capital funds from capital contributions**	**Non-distributable reserves**	**Translation reserve**	**Fair value reserve**	**Other capital reserves**	**Hedging reserve**	**Retained earnings**	**Total**	**Non-controlling interest**	**Total Equity**
Balance at 1 January 2016 (A)	**208**	**64**	**(932)**	**23**	**6**	**(78)**	**(4)**	**(54)**	**(30)**	**1,642**	**845**	**1,944**	**2,789**
Total comprehensive income for the period:													
Profit or loss (B)	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**75**	**75**	**177**	**252**
Other comprehensive income:													
Foreign currency translation differences for foreign operations	-	-	-	-	-	11	-	-	-	-	11	9	**20**
Foreign currency translation differences from presentation currency	-	-	-	-	-	(4)	-	-	-	-	(4)	9	**5**
Effective portion of changes in fair value of cash-flow hedges, net of tax	-	-	-	-	-	-	-	-	54	-	54	(11)	**43**
Total other comprehensive income (C)	**-**	**-**	**-**	**-**	**-**	**7**	**-**	**-**	**54**	**-**	**61**	**7**	**68**
Total comprehensive income for the period (D) = (B + C)	**-**	**-**	**-**	**-**	**-**	**7**	**-**	**-**	**54**	**75**	**136**	**184**	**320**
Contributions by and distributions to owners:													
Transfer of Reserve for own shares	-	-	932	-	-	-	-	-	-	(932)	-	-	-
Dividends to equity holders	-	-	-	-	-	-	-	-	-	-	-	(326)	**(326)**
Total contributions by and distributions to owners (E)	**-**	**-**	**932**	**-**	**-**	**-**	**-**	**-**	**-**	**(932)**	**-**	**(326)**	**(326)**
Changes in ownership interests in subsidiaries:													
Effect of disposals	-	-	-	-	-	-	-	-	-	-	-	(9)	**(9)**
Total changes in ownership interests in subsidiaries (F)	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**(9)**	**(9)**
Total transactions with owners (G) = (E + F)	**-**	**-**	**932**	**-**	**-**	**-**	**-**	**-**	**-**	**(932)**	**-**	**(335)**	**(335)**
Balance at 30 June 2016 (H) = (A + D + G)	**208**	**64**	**-**	**23**	**6**	**(71)**	**(4)**	**(54)**	**24**	**785**	**981**	**1,793**	**2,774**

The notes presented on pages 9 to 78 form an integral part of these condensed consolidated interim financial statements.

For the six-month period ended 30 June 2015

In millions of EUR ("MEUR")	**Share capital**	**Share premium**	**Reserve for own shares**	**Other capital funds from capital contributions**	**Non-distributable reserves**	**Translation reserve**	**Fair value reserve**	**Other capital reserves**	**Hedging reserve**	**Retained earnings**	**Total**	**Non-controlling interest**	**Total Equity**
	Attributable to owners of the Company												
Balance at 1 January 2015 (A)	**208**	**64**	**(932)**	**23**	**6**	**(71)**	**(10)**	**(54)**	**(84)**	**1,150**	**300**	**2,241**	**2,541**
Total comprehensive income for the period:													
Profit or loss (B)	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**98**	**98**	**180**	**278**
Other comprehensive income:													
Foreign currency translation differences for foreign operations	-	-	-	-	-	(16)	-	-	-	-	(16)	(38)	**(54)**
Foreign currency translation differences from presentation currency	-	-	-	-	-	8	-	-	-	-	8	41	**49**
Revaluation reserve included in other comprehensive income, net of tax	-	-	-	-	-	-	(1)	-	-	-	(1)	-	**(1)**
Effective portion of changes in fair value of cash-flow hedges, net of tax	-	-	-	-	-	-	-	-	17	-	17	3	**20**
Total other comprehensive income (C)	**-**	**-**	**-**	**-**	**-**	**(8)**	**(1)**	**-**	**17**	**-**	**8**	**6**	**14**
Total comprehensive income for the period (D) = (B + C)	**-**	**-**	**-**	**-**	**-**	**(8)**	**(1)**	**-**	**17**	**98**	**106**	**186**	**292**
Contributions by and distributions to owners:													
Dividends to equity holders	-	-	-	-	-	-	-	-	-	-	-	(38)	**(38)**
Total contributions by and distributions to owners (E)	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**(38)**	**(38)**
Changes in ownership interests in subsidiaries:													
Effect of changes in shareholding on non-controlling interest	-	-	-	-	-	-	-	-	-	-	-	(1)	**(1)**
Total changes in ownership interests in subsidiaries (F)	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**(1)**	**(1)**
Total transactions with owners (G) = (E + F)	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**(39)**	**(39)**
Balance at 30 June 2015 (H) = (A + D + G)	**208**	**64**	**(932)**	**23**	**6**	**(79)**	**(11)**	**(54)**	**(67)**	**1,248**	**406**	**2,388**	**2,794**

The notes presented on pages 9 to 78 form an integral part of these condensed consolidated interim financial statements.

Condensed consolidated interim statement of cash flows

For the six-month period ended 30 June 2016

In millions of EUR ("MEUR")	**Note**	**30 June 2016 (six months)**	**30 June 2015 (six months)**
Profit (loss) for the period		252	278
Adjustments for:			
Income taxes	14	112	122
Depreciation and amortisation	15, 16	277	268
Dividend income		(1)	(1)
Impairment losses on property, plant and equipment, intangible assets and financial assets		30	5
Non-cash (gain) loss from commodity derivatives for trading with electricity and gas, net		1	(5)
Emission rights	9	29	11
(Gain) loss on disposal of subsidiaries, special purpose entities, joint-ventures, associates and non-controlling interests	5	(46)	1
Share of (profit) loss of equity accounted investees	17	12	(1)
(Gain) loss on financial instruments	13	47	47
Net interest expense	13	135	124
Change in allowance for impairment to trade receivables and other assets, write-offs		2	17
Change in provisions		(28)	6
Negative goodwill	5	-	-
Other finance fees, net	13	7	8
Realized foreign exchange (gains) losses, net		(7)	(32)
Unrealised foreign exchange (gains) losses, net		11	20
Operating profit before changes in working capital		**833**	**868**
Change in trade receivables and other assets		113	147
Change in inventories (including proceeds from sale)		(2)	(30)
Change in extracted minerals and mineral products		22	22
Change in assets held for sale and related liabilities		(15)	3
Change in trade payables and other liabilities		(164)	(170)
Change in restricted cash		248	(377)
Cash generated from (used in) operations		**1,035**	**463**
Interest paid		(133)	(103)
Income taxes paid		(132)	(117)
Cash flows generated from (used in) operating activities		**770**	**243**

Condensed consolidated interim statement of cash flows (continued)

For the six-month period ended 30 June 2016

In millions of EUR ("MEUR")	**Note**	**30 June 2016 (six months)**	**30 June 2015 (six months)**
INVESTING ACTIVITIES			
Dividends received from associates and joint-ventures		1	1
Loans provided to the owners		-	(277)
Loans provided to the other entities		(64)	(37)
Repayment of loans provided to other entities		1	-
Proceeds from sale of financial instruments - derivatives		(15)	(3)
Acquisition of property, plant and equipment, investment property and intangible assets	15, 16	(154)	(102)
Purchase of emission rights	16	(14)	(1)
Proceeds from sale of emission rights		3	-
Proceeds from sale of property, plant and equipment, investment property and other intangible assets		1	3
Acquisition of subsidiaries, special purpose entities, joint-ventures and associates, net of cash acquired	5	(39)	-
Net cash inflow from disposal of subsidiaries, special purpose entities, joint-ventures and associates	5	58	(1)
Increase (decrease) in participation in existing subsidiaries, special purpose entities, joint-ventures and associates		-	(1)
Interest received		1	1
Cash flows from (used in) investing activities		**(221)**	**(417)**
FINANCING ACTIVITIES			
Proceeds from loans received		1,969	656
Repayment of borrowings		(1,327)	(1,166)
Proceeds from bonds issue, net of transaction fees		96	510
Repayments of bonds issued		(375)	(111)
Fees paid from repayment of borrowings		(32)	-
Realized foreign exchange (gains) losses, net		7	32
Dividends paid		(255)	(35)
Cash flows from (used in) financing activities		**83**	**(114)**
Net increase (decrease) in cash and cash equivalents		*632*	*(288)*
Cash and cash equivalents at beginning of the period		**706**	**910**
Effect of exchange rate fluctuations on cash held		10	14
Cash and cash equivalents at end of the period		**1,348**	**636**

The notes presented on pages 9 to 78 form an integral part of these condensed consolidated interim financial statements.

Notes to the condensed consolidated interim financial statements

1. Background

Energetický a průmyslový holding, a.s. (the “Parent Company” or “the Company” or “EPH”) is a joint-stock company, with its registered office at Pařížská 130/26, 110 00 Praha, Czech Republic. The Company was founded on 7 August 2009 and entered in the Commercial Register on 10 August 2009.

The main activities of the Company are corporate investments in the energy and mining sectors.

The condensed consolidated interim financial statements of the Company for the six-month period ended 30 June 2016 comprise the statements of the Parent Company and its subsidiaries (together referred to as the “Group” or “EPH Group”) and the Group’s interests in associates. The Group entities are listed in Note 35 – Group entities.

The shareholders of the Company as at 30 June 2016 were as follows:

In millions of EUR	**Interest in share capital**		**Voting rights**
	MEUR	%	%
BIQUES LIMITED (part of J&T PARTNERS I L.P.)	62	25.66	25.66
MILEES LIMITED (part of J&T PARTNERS II L.P.)	69	37.17	37.17
EP Investment S.à r.l. (owned by Daniel Křetínský)	77	37.17	37.17
Total	**208**	**100.00**	**100.00**

The shareholders of the Company as at 31 December 2015 were as follows:

In millions of EUR	**Interest in share capital**		**Voting rights**
	MEUR	%	%
BIQUES LIMITED (part of J&T PARTNERS I L.P.)	58	16.39	29.50
MILEES LIMITED (part of J&T PARTNERS II L.P.)	66	18.52	33.33
EP Investment S.à r.l. (owned by Daniel Křetínský)	73	20.65	37.17
Own shares(1)	11	44.44	-
Total	**208**	**100.00**	**100.00**

(1) *In 2014 EPH acquired 44.44% of its own shares from TIMEWORTH HOLDINGS LIMITED. As at 31 December 2015 these shares were reported within EPH´s equity as the shares were not yet cancelled. These shares were cancelled on 22 January 2016.*

The members of the Board of Directors as at 30 June 2016 were:

- Daniel Křetínský (Chairman of the Board of Directors)
- Marek Spurný (Member of the Board of Directors)
- Pavel Horský (Member of the Board of Directors)
- Jan Špringl (Member of the Board of Directors)

Transaction overview related to the establishment of EPH Group

On 7 August 2009 KHASOMIA LIMITED, owned by J&T Finance Group, a.s., decided on the establishment of its subsidiary Energetický a průmyslový holding, a.s. Its share capital of EUR 321 million was settled by a non-cash consideration in the form of shares in Honor Invest, a.s., BAULIGA a.s. and Masna Holding Limited. KHASOMIA LIMITED thus became the 100% shareholder of EPH. On 10 August 2009, EPH was entered in the Commercial Register.

On the same date, EPH bought SEDILAS ENTERPRISES LIMITED from J&T FINANCIAL INVESTMENT LIMITED.

On 8 September 2009, the sole shareholder of EPH (KHASOMIA LIMITED) decided to increase the share capital by a subscription of 2,782,999,000 common registered shares, each for a nominal value of CZK 1 (EUR 109 million). All shares were offered to MACKAREL ENTERPRISES LIMITED.

On 6 October 2009, based on a subscription contract, the shares were assigned to MACKAREL ENTERPRISES LIMITED for a non-cash consideration in the form of a capital contribution of MACKAREL ENTERPRISES LIMITED’s own participations, namely První brněnská strojírna, a.s., (100%), ROLLEON a.s. and its subsidiary (100%), ESTABAMER LIMITED and its subsidiary (100%), Plzeňská energetika a.s. (100%), Naval Architects Shipping Company Ltd. and its subsidiaries (80%), and HERINGTON INVESTMENTS LIMITED and its subsidiaries (80%).

As a result, MACKAREL ENTERPRISES LIMITED became a shareholder of EPH.

On 6 October 2009 EPH also acquired a 100% share in Czech Energy Holding, a.s. from J&T Private Equity B.V. and a 100% share in První energetická a.s. from its parent company KHASOMIA LIMITED.

On 8 October 2009 EPH acquired a 100% share in EP Investment Advisors, s.r.o. (former J&T Investment Advisors, s.r.o.) from J&T CORPORATE INVESTMENTS LIMITED.

On 9 October 2009 based on a stock transfer agreement KHASOMIA LIMITED assigned its 100% share in EPH as follows:

- 50% share to TIMEWORTH HOLDINGS LIMITED, part of the PPF Group
- 25% share to BIQUES LIMITED
- 25% share to MILEES LIMITED

Thereby, J&T Finance Group, a.s. lost its control over EPH.

On 9 October 2009 the increase in capital was entered in the Commercial Register in the final amount of EUR 430 million. As a result, MACKAREL ENTERPRISES LIMITED owned a 25.228% share in EPH, while the overall percentage share of the companies TIMEWORTH HOLDINGS LIMITED, BIQUES LIMITED and MILEES LIMITED was diluted.

On 14 October 2009 KHASOMIA LIMITED and all four shareholders of EPH concluded a share transfer agreement on the transfer of a 5.228% share in MACKAREL ENTERPRISES LIMITED to KHASOMIA LIMITED, which consequently sold the acquired stake to the three other shareholders as follows:

- sale of a 1.307% stake to BIQUES LIMITED
- sale of a 1.307% stake to MILEES LIMITED
- sale of a 2.614% stake to TIMEWORTH HOLDINGS LIMITED

Changes in 2010

On 8 January 2010 the general meeting decided on an increase in the share capital of EUR 15 million. Shares at nominal value of CZK 1 were assigned as follows:

- BIQUES LIMITED EUR 3 million
- MILEES LIMITED EUR 3 million
- MACKAREL ENTERPRISES LIMITED EUR 3 million
- TIMEWORTH HOLDINGS LIMITED EUR 6 million

Subsequently, on 30 June 2010 the general meeting decided on an additional increase in the share capital of EUR 3 million.

Shares at nominal value of CZK 1 were assigned as follows:

- BIQUES LIMITED 20%
- MILEES LIMITED 20%
- MACKAREL ENTERPRISES LIMITED 20%
- TIMEWORTH HOLDINGS LIMITED 40%

Changes in 2011

On 15 September 2011 the Company's general meeting decided on the demerger of an industrial segment to a company called EP Industries, a.s. EP Industries, a.s. was established on the basis of an EPH shareholders' agreement – shareholders have decided that investments in industrial assets other than energy assets will be spun off from EPH. The EPH shareholding structure, which will continue to include energy operations, will remain as it has been until now.

The reason for the demerger was to continue the process of simplifying and clarifying the EPH structure. This step completed the process of separating EPH's key strategic line, which is investment in energy assets in the central European region, from investments in other industries, which will be concentrated in EP Industries, a.s.

The following companies and sub-groups were spun-off to EP Industries, a.s. Group: EP Investments Advisors, s.r.o., BAULIGA a.s., Masna Holding Limited, ESTABAMER LIMITED, První brněnská strojírna, a.s., NAVAL ARCHITECTS SHIPPING COMPANY LIMITED, HERINGTON INVESTMENTS LIMITED and ED Holding a.s.

This transaction resulted in the decrease of share capital by EUR 120 million to EUR 328 million.

Changes in 2012

On 7 August 2012 the general meeting decided on an increase in the share capital of EUR 27 million. Shares with a nominal value of CZK 1 each were assigned to TIMEWORTH HOLDINGS LIMITED as a set-off of a mutual receivable according to the Equity Swaps Agreement.

This increase in share capital was entered into the Commercial Register on 31 August 2012.

In connection with the issue of shares, the Group recognised share premium amounting to EUR 64 million.

Changes in 2013

On 4 November 2013 the EPH Group completed the process of the cross-border merger of Honor Invest, a.s., Czech Energy Holding, a.s., HC Fin3 N.V., EAST BOHEMIA ENERGY HOLDING LIMITED, LIGNITE INVESTMENTS 1 LIMITED and EP Energy, a.s. EP Energy, a.s. is the successor company and took over all assets, rights and obligations of the acquired companies.

Changes in 2014

On 3 February the General Meeting decided on a purchase of 673,359,040 pieces of own shares with a nominal value of CZK 1 each from TIMEWORTH HOLDINGS LIMITED. Other shareholders waived the right to purchase the own shares. As a result of this transaction share capital decreased by EUR 24 million and the voting rights changed as follows:

- BIQUES LIMITED 20%
- MILEES LIMITED 20%
- MACKAREL ENTERPRISES LIMITED 20%
- TIMEWORTH HOLDINGS LIMITED 40%

On 20 June 2014 EPH purchased remaining 472,171,300 pieces of own shares with a nominal value 1 CZK each and 28,946,239 pieces of own shares in nominal value 100 CZK each from TIMEWORTH HOLDINGS LIMITED. Share capital decreased by EUR 123 million to final amount of 208 million and the difference between the nominal value and purchase price in excess over the nominal value of EUR 932 million was presented as a reserve for own shares. The structure of voting rights changed as follows:

- BIQUES LIMITED 33%
- MILEES LIMITED 33%
- MACKAREL ENTERPRISES LIMITED 33%

On 4 December 2014 EP Investment S.à r.l. acquired all shares in EPH from MACKAREL ENTERPRISES LIMITED (the shares were all previously held by MACKAREL ENTERPRISES LIMITED).

As at 31 December 2014 own shares were reported within EPH´s equity as the shares were not yet cancelled.

Changes in 2015

On 29 December 2015 structure of voting rights changed as follows:

- BIQUES LIMITED 29.50%
- EP Investment S.à r.l. 37.17%
- MILEES LIMITED 33.33%

Changes in 2016

On 22 January 2016 own shares were cancelled and the difference between the nominal value and purchase price in excess over the nominal value of EUR 932 million originally presented as a reserve for own shares was released to equity.

As at 28 April 2016 the voting rights of the shareholders of Energetický a průmyslový holding, a.s. changed and the structure of their resulting voting rights was as follows:

- BIQUES LIMITED 25.66%
- EP Investment S.à r.l. 37.17%
- MILEES LIMITED 37.17%

In 2016 the Company carried out several acquisitions and sold several subsidiaries. The transactions are described in Note 5 – Acquisition and contribution of subsidiaries, special purpose entities and associates.

2. Basis of preparation

(a) Statement of compliance

These condensed consolidated interim financial statements have been prepared in accordance with international accounting standards (International Accounting Standards – IAS and International Financial Reporting Standards – IFRS), specifically IAS 34 Interim Financial Reporting issued by International Accounting Standards Board (IASB), as adopted by the European Union. These statements do not include all the information required for a complete set of IFRS financial statements, and should be read in conjunction with the consolidated financial statements of the EPH Group as at and for the year ended 31 December 2015.

These condensed consolidated interim financial statements were approved by the Board of Directors on 5 September 2016.

(b) Critical accounting estimates and assumptions

The preparation of condensed consolidated interim financial statements in accordance with International Financial Reporting Standards requires the use of certain critical accounting estimates and assumptions. It also requires management to exercise judgement in the process of applying the Company's accounting policies. The resulting accounting estimates will, by definition, seldom equal the related actual results.

Estimates and assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

In preparing these condensed consolidated interim financial statements, the significant judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the consolidated financial statements as at and for the year ended 31 December 2015.

(c) Changes in accounting policies

Except as described below, the accounting policies applied in these condensed consolidated interim financial statements are the same as those applied in the Group's consolidated financial statements as at and for the year ended 31 December 2015. The following changes in accounting policies are also expected to be reflected in the Group's consolidated financial statements as at and for the year ending 31 December 2016.

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

The amendments require business combination accounting to be applied to acquisitions of interests in a joint operation that constitutes a business.

Business combination accounting also applies to the acquisition of additional interests in a joint operation while the joint operator retains joint control. The additional interest acquired will be measured at fair value. The previously held interests in the joint operation will not be remeasured.

The amendments have no impact on the Group's condensed consolidated interim financial statements because the Group has an existing accounting policy to account for acquisitions of joint operations consistent with that set out in the amendments.

Amendments to IAS 1 – Presentation of Financial Statements (effective for annual periods beginning on or after 1 January 2016)

The Amendments to IAS 1 include the following five improvements to the disclosure requirements contained in the standard.

The guidance on materiality in IAS 1 has been amended to clarify that:

- Immaterial information can detract from useful information.
- Materiality applies to the whole of the financial statements.
- Materiality applies to each disclosure requirement in an IFRS.

The guidance on the order of the notes (including the accounting policies) have been amended, to:

- Remove language from IAS 1 that has been interpreted as prescribing the order of notes to the financial statements.
- Clarify that entities have flexibility about where they disclose accounting policies in the financial statements

The amendments have no impact on the presentation of the condensed consolidated interim financial statements of the Group.

Amendments to IAS 16 and IAS 38 – Clarification of Acceptable Methods of Depreciation and Amortisation (Effective for annual periods beginning on or after 1 January 2016)

The amendments explicitly state that revenue-based methods of depreciation cannot be used for property, plant and equipment.

The amendments introduce a rebuttable presumption that the use of revenue-based amortisation methods for intangible assets is inappropriate. This presumption can be overcome only when revenue and the consumption of the economic benefits of the intangible asset are ‘highly correlated’, or when the intangible asset is expressed as a measure of revenue.

The amendments have no impact on the Group’s condensed consolidated interim financial statements as the Group does not apply revenue-based methods of amortisation/depreciation.

Amendments to IAS 16 Property Plant and Equipment and IAS 41 Agriculture (Effective for annual periods beginning on or after 1 January 2016)

The amendments result in bearer plants being in the scope of IAS 16 Property, Plant and Equipment, instead of IAS 41 Agriculture, to reflect the fact that their operation is similar to that of manufacturing.

The amendments have no impact on the condensed consolidated interim financial statements as the Group has no bearer plants.

Amendments to IAS 19 – Defined Benefit Plans: Employee Contributions (effective for annual periods beginning on or after 1 January 2016)

The amendments are relevant only to defined benefit plans that involve contributions from employees or third parties meeting certain criteria. Namely that they are:

- set out in the formal terms of the plan;
- linked to service; and
- independent of the number of years of service.

When these criteria are met, a company is permitted (but not required) to recognise them as a reduction of the service cost in the period in which the related service is rendered.

The amendments have no impact on the presentation of the condensed consolidated interim financial statements of the Group.

IFRS 15 Revenue from contracts with customers (Effective for annual periods beginning on or after 1 January 2018 (not adopted by EU yet))

The new Standard provides a framework that replaces existing revenue recognition guidance in IFRS. Entities will adopt a five-step model to determine when to recognise revenue, and at what amount. The new model specifies that revenue should be recognised when (or as) an entity transfers control of goods or services to a customer at the amount to which the entity expects to be entitled. Depending on whether certain criteria are met, revenue is recognised:

- over time, in a manner that depicts the entity's performance; or
- at a point in time, when control of the goods or services is transferred to the customer.

IFRS 15 also establishes the principles that an entity shall apply to provide qualitative and quantitative disclosures which provide useful information to users of financial statements about the nature, amount, timing, and uncertainty of revenue and cash flows arising from a contract with a customer.

The Group is currently evaluating the effect on its financial position and performance but does not expect that the new Standard will have material impact on the financial statements. The timing and measurement of the Group's revenues are not expected to change under IFRS 15 because of the nature of the Group's operations and the types of revenues it earns.

IFRS 9 Financial Instruments (Effective for annual periods beginning on or after 1 January 2018 (not adopted by EU yet); to be applied retrospectively with some exemptions. The restatement of prior periods is not required, and is permitted only if information is available without the use of hindsight.)

This Standard replaces IAS 39, Financial Instruments: Recognition and Measurement, except that the IAS 39 exception for a fair value hedge of an interest rate exposure of a portfolio of financial assets or financial liabilities continues to apply, and entities have an accounting policy choice between applying the hedge accounting requirements of IFRS 9 or continuing to apply the existing hedge accounting requirements in IAS 39 for all hedge accounting.

Although the permissible measurement bases for financial assets – amortised cost, fair value through other comprehensive income (FVOCI) and fair value through profit and loss (FVTPL) – are similar to IAS 39, the criteria for classification into the appropriate measurement category are significantly different.

A financial asset is measured at amortized cost if the following two conditions are met:

- the assets are held within a business model whose objective is to hold assets in order to collect contractual cash flows; and,
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal outstanding.

In addition, for a non-trading equity instrument, a company may elect to irrevocably present subsequent changes in fair value (including foreign exchange gains and losses) in OCI. These are not reclassified to profit or loss under any circumstances.

For debt instruments measured at FVOCI, interest revenue, expected credit losses and foreign exchange gains and losses are recognised in profit or loss in the same manner as for amortised cost assets. Other gains and losses are recognised in OCI and are reclassified to profit or loss on derecognition.

The impairment model in IFRS 9 replaces the 'incurred loss' model in IAS 39 with an 'expected credit loss' model, which means that a loss event will no longer need to occur before an impairment allowance is recognised.

IFRS 9 includes a new general hedge accounting model, which aligns hedge accounting more closely with risk management. The types of hedging relationships – fair value, cash flow and foreign operation net investment – remain unchanged, but additional judgment will be required.

The standard contains new requirements to achieve, continue and discontinue hedge accounting and allows additional exposures to be designated as hedged items.

Extensive additional disclosures regarding an entity's risk management and hedging activities are required.

The Group is currently evaluating the effect on its financial position and performance.

IFRS 16 Leases (Effective for annual periods beginning on or after 1 January 2019 (not adopted by EU yet))

The standard IFRS 16 will replace the earlier leasing standard, IAS 17. A primary principle of IFRS 16 is that all leases should be reported on the balance sheet, although there are exceptions for small items and for leases with a term of less than 12 months. For lessors, however, the accounting remains largely unchanged and the distinction between operating and finance leases is retained.

Under IFRS 16, a lessee recognizes a right-of-use asset and a lease liability. The right-of-use asset is treated similarly to other nonfinancial assets and depreciated accordingly, and the liability accrues interest. The lease liability is initially measured at the present value of the lease payments payable over the lease term, discounted at the rate implicit in the lease if this rate can be readily determined. If the rate cannot be readily determined, the lessee's incremental borrowing rate should be used.

Like IAS 17, IFRS 16 requires lessors to classify leases as operating or finance leases. A lease is classified as a finance lease if it transfers substantially all the risks and rewards of ownership of an underlying asset. Otherwise, the lease is classified as an operating lease.

The new standard increases the disclosure burden for lessees and lessors.

The Group is currently evaluating the effect on its financial position and performance.

The Group has not early adopted any IFRS standards where adoption is not mandatory at the reporting date. Where transition provisions in adopted IFRS give an entity the choice of whether to apply new standards prospectively or retrospectively, the Group elects to apply the Standards prospectively from the date of transition.

(d) Basis of preparation

The condensed consolidated interim financial statements have been prepared under the historical cost convention, as modified by the revaluation of derivative financial instruments, financial assets and liabilities at fair value through profit or loss and available for sale.

(e) Foreign exchange rates used in the condensed consolidated interim financial statements

The following exchange rates were used during translations of the assets and liabilities of foreign operations, including goodwill and fair value adjustments arising on consolidation, that are translated into Czech crowns at foreign exchange rates at the reporting date. The income and expenses of foreign operations are translated into Czech crowns using a foreign exchange rate that approximates the foreign exchange rate at the date of the transaction.

Foreign exchange differences arising on translation are recognised in other comprehensive income and presented in the translation reserve in equity. However, if the foreign operation is a non-wholly owned subsidiary, then the relevant proportion of the translation difference is allocated to non-controlling interests.

These condensed consolidated interim financial statements are presented in Euro which is the Company's presentation currency. The assets and liabilities, including goodwill and fair value adjustments arising on consolidation, are translated from Czech crowns into Euros at foreign exchange rate at the reporting date. The income and expenses are translated from Czech crowns into Euros using a foreign exchange rate that approximates the foreign exchange rate at the date of the transaction.

Foreign exchange differences arising on translation are recognised in other comprehensive income and presented in the translation reserve in equity. The relevant proportion of the translation difference is allocated to non-controlling interests if applicable.

Date	Closing exchange rate CZK/EUR	Average exchange rate CZK/EUR for the 6-month (12-month) period
30 June 2016	27.130	27.039
31 December 2015	27.025	27.283
30 June 2015	27.245	27.503
31 December 2014	27.725	27.533

3. Seasonality of operations

The seasonal character of sales revenues in the energy industry is affected by the climate of the temperate climatic zone. The heating season generally runs from the beginning of September to the end of May the next year. The length of the heating season differs year to year depending on the average day temperature and weather conditions, and as such, period to period comparability of energy revenues and associated expenses is limited.

4. Operating segments

The Group operates in nine reportable segments under IFRS 8: Gas transmission, Gas and power distribution, Gas storage, Heat Infra, Generation, Mining, Trading, Other and Holding entities.

Operating segments have been identified primarily on the basis of internal reports used by the EPH's "chief operating decision maker" (Board of Directors) to allocate resources to the segments and assess their performance. Major indicators used by the Board of Directors to measure these segments' performance is operating profit before depreciation, amortization and negative goodwill ("Adjusted EBITDA") and capital expenditures.

i. Gas transmission

This segment operates in transmission of natural gas from the Ukrainian border to the Slovakia (eustream, a.s.) and vice-versa.

The Group transports the natural gas (with the conditions ship or pay) through the Slovak Republic primarily based on a long term contract concluded with a gas supplier located in Russia. The contract entitles this gas supplier to use the gas pipelines in accordance with a transport capacity needed for the transportation of natural gas to the customers in central and Western Europe. The Group assessed the contractual conditions in the ship-or-pay arrangement and concluded that the arrangement does not include a derivative and revenue is recognised based on the contract (fixed element) and based on actual transmitted volume which drives the amount of gas-in-kind received from the shippers (see below).

From 1 July 2006 eustream, a.s. provides access to the transmission network and transport services under this long term contract. The most significant user (shipper) of this network is the gas supplier located in Russia, other clients are typically significant European gas companies transporting natural gas from Russia and Asia sites to Europe.

The largest part of the transmission capacity is used based on the long-term contracts. Furthermore eustream, a.s. also concludes short term transportation contracts within the entry-exit system.

Transportation charges shall be reimbursed by the appropriate shipper directly to eustream, a.s. Since 2005 charges are fully regulated by Energy Regulatory Authority ("RONI"). The regulatory framework provides a stable and sustainable environment for the transmission business. The price regulation is based on benchmarking mechanism (price cap without a revenue ceiling), tariff is set on a basis of other EU operators, which create a range in which RONI sets a tariff. Once a contract is concluded it is fixed for a lifetime of the contract.

According to the regulated trade and price conditions the shipper provides part of charges in kind of natural gas used for operating purposes to cover the consumption of gas in the transmission network operation. In accordance with the regulated trade and price conditions the shipper is entitled to pay this part of charges also in cash.

Because of the contractual nature of the shipping arrangement with the Russian gas supplier, management carefully assessed the contractual conditions with the view of whether the contract includes any significant lease arrangement as per IFRIC 4, which could lead to a derecognition of the transmission pipelines. No material indications of such leasing relationship were noted and the management concluded that the transmission pipeline should be recognised in eustream's fixed assets.

ii. Gas and power distribution

The Gas and power distribution segment consists of Power distribution division, Gas distribution division and Supply division. The Power distribution division distributes electricity in the central Slovakia region while Gas distribution division is responsible for distribution of natural gas covering almost the complete gas distribution network in Slovakia. The Supply division primarily supplies power and natural gas to end-consumers in the Czech Republic and Slovakia. This segment is mainly represented by Stredoslovenská energetika, a.s., SPP – distribúcia, a.s. (further "SPP – distribúcia), Stredoslovenská energetika – Distribúcia, a.s. (further "SSE-Distribúcia") and EP ENERGY TRADING, a.s.

The subsidiary companies SPP - distribúcia and SSE-Distribúcia, which provide distribution of natural gas and power, are required by law to provide non-discriminatory access to the distribution network. Prices are subject to the review and approval of RONI. Both entities operate under similar regulatory frameworks whereby allowed revenues are based on the Regulated Asset Base ("RAB") multiplied by the allowed regulatory WACC plus eligible operating expenditures and allowed depreciation in line with regulatory frameworks in other European countries. All key tariff parameters are set for a given regulatory period of five years.

Sales of natural gas to medium and large customers are subject to contracts for the delivery of gas concluded usually for one or more years. The prices agreed in the contracts usually include a capacity and commodity components.

With respect to SSE, RONI regulates certain aspects of the SSE's relationships with its customers including the pricing of electricity and services provided to certain customers of SSE. Price of electricity (the commodity) is regulated for households and small business with the annual consumption up to 30 MWh where RONI sets a capped gross profit per MWh. The price of electricity for the wholesale customers is not regulated.

iii. Gas storage

The Gas storage segment is represented by NAFTA a.s. and SPP Storage, s.r.o. which store natural gas under long-term contracts in underground storage facilities located in the Czech Republic and Slovakia.

The Group stores natural gas in two locations in the Czech Republic and Slovakia. The storage capacities are utilised for injection, withdrawal and storage of natural gas according to seasonal needs to ensure the standards of security of supply based on the valid legislation and to utilise short-term market volatility of gas prices. Charges for storage are agreed upon the period of contracts. Fee for storage depends primarily on the booked capacity per year and annual price indexes, furthermore products with higher deliverability and flexibility are priced with premium.

iv. Heat Infra

The Heat Infra segment owns and operates four large-scale combined heat and power plants (CHPs) in the Czech Republic primarily operated in highly efficient co-generation mode and represented primarily by: Elektrárny Opatovice, a.s., United Energy, a.s., Plzeňská energetika a.s. and Pražská teplárenská a.s., which is operating the largest district heating system in the Czech Republic, supplying heat to the City of Prague. The heat generated in its co-generation power plants is supplied mainly to retail customers through well maintained and robust district heating systems that the Group owns in most of the cases. Czech based heat supply is regulated in a way of cost plus a reasonable profit margin. EP Sourcing, a.s. and EP Cargo a.s., as main suppliers of the above mentioned entities, are also included in this segment.

v. Generation

The Generation segment is mainly represented by investments in assets that generate electricity in condensation mode and are also located in markets where there is an active capacity market or it is expected that such market shall be soon implemented. This segment is primarily composed of EP Produzione S.p.A. and its subsidiaries, Ergosud S.p.A., Eggborough Holdco 2 S.à r.l. and its subsidiary (EPL), which were acquired at only a fractions of their replacement value, yet the assets are believed to generate considerable value to the owners, specifically from the capacity market regime. In addition, this segment also operates three CHPs in Hungary, represented by Budapesti Erömü Zrt., which is supplying the City of Budapest with heat, but at the same is very active in ancillary services and in condensation power production. The

Hungarian heat production is regulated using the standard RAB multiplied by WACC plus eligible expenditures and allowed depreciation formula.

The Generation segment also owns and operates three solar power plants and holds a minority interest in an additional solar power plant and a majority interest in one wind farm in the Czech Republic. The Group also runs two solar power plants in Slovakia, and a biogas facility in Slovakia.

Other entities which are part of the segment are Helmstedter Revier GmbH (Buschhaus) and Saale Energie GmbH.

vi. Mining

The Mining segment, represented by Mitteldeutsche Braunkohlengesellschaft GmbH (MIBRAG), produces brown coal, which it supplies to power plants under long-term supply agreements. The two biggest customers – the Lippendorf and Schkopau-power plants – are highly efficient, state-of-the-art power plants operating in base load and are well positioned in the German power merit order.

vii. Trading

The Trading segment is mainly represented by EP Commodities, a.s., EP Cargo Deutschland GmbH, EP CARGO POLSKA, s.a., EP Coal Trading Polska s.a. and LokoTrain s.r.o. These entities are primarily active in commodity (mainly gas, power and coal) trading and in arranging complex logistical solutions for the segment's customers.

viii. Other

The segment Other consists of minor operations not fitting to the key segments of the EPH Group. Main entities within this segment are AISE, s.r.o. and Mining Services and Engineering Sp. z o.o.

ix. Holding entities

The Holding entities segment mainly represents Energetický a průmyslový holding, a.s., EP Infrastructure, a.s., EP Energy, a.s., Slovak Gas Holding B.V., EPH Gas Holding B.V., Seattle Holding B.V., SPP Infrastructure, a.s. and Czech Gas Holding Investment B.V.

The segment profit therefore primarily represents dividends received from its subsidiaries, finance expense and results from acquisition accounting.

Profit or loss

For the six-month period ended 30 June 2016

In millions of EUR	Gas Trans-mission	Gas and Power distribution	Gas Storage	Heat Infra	Generation	Mining	Trading	Other	Total segments	Holding entities	Inter-segment eliminations	Consolidated Financial Information
Sales: Energy	350	861	92	227	694	132	223	1	2,580	-	(277)	2,303
external revenues	*350*	*830*	*69*	*195*	*661*	*112*	*85*	*1*	*2,303*	-	-	*2,303*
inter-segment revenues	-	*31*	*23*	*32*	*33*	*20*	*138*	-	*277*	-	*(277)*	-
Sales: Other	-	2	-	8	3	34	20	3	70	-	(6)	64
external revenues	-	*2*	-	*8*	*3*	*30*	*19*	*2*	*64*	-	-	*64*
inter-segment revenues	-	-	-	-	-	*4*	*1*	*1*	*6*	-	*(6)*	-
Gain (loss) from commodity derivatives for trading with electricity and gas, net	-	2	-	-	-	-	-	-	2	-	-	2
Total sales	**350**	**865**	**92**	**235**	**697**	**166**	**243**	**4**	**2,652**	**-**	**(283)**	**2,369**
Cost of sales: Energy	(15)	(569)	(10)	(118)	(343)	(29)	(190)	-	(1,301)	-	245	(1,056)
external cost of sales	*(15)*	*(481)*	*(10)*	*(105)*	*(250)*	*(26)*	*(169)*	-	*(1,056)*	-	-	*(1,056)*
inter-segment cost of sales	-	*(115)*	-	*(13)*	*(93)*	*(3)*	*(21)*	-	*(245)*	-	*245*	-
Cost of sales: Other	-	(1)	1	(6)	(42)	(4)	(41)	(1)	(94)	-	35	(59)
external cost of sales	-	*(1)*	*1*	*(6)*	*(34)*	*(4)*	*(14)*	*(1)*	*(59)*	-	-	*(59)*
inter-segment cost of sales	-	-	-	-	*(8)*	-	*(27)*	-	*(35)*	-	*35*	-
Personnel expenses	(16)	(39)	(11)	(23)	(64)	(74)	(3)	(1)	(231)	(5)	-	(236)
Depreciation and amortisation	(46)	(84)	(12)	(38)	(47)	(49)	(1)	-	(277)	-	-	(277)
Repairs and maintenance	-	(1)	-	(4)	(24)	(1)	-	-	(30)	-	1	(29)
Emission rights, net	-	-	-	(5)	(21)	(3)	-	-	(29)	-	-	(29)
Taxes and charges	-	(1)	(2)	-	(36)	(4)	-	-	(43)	-	-	(43)
Other operating income	-	13	-	6	6	11	4	1	41	-	(3)	38
Other operating expenses	(7)	(21)	(1)	(6)	(90)	(20)	(9)	(2)	(156)	(6)	6	(156)
Operating profit	**266**	**135**	**57**	**41**	**36**	**(7)**	**3**	**1**	**532**	**(11)**	**1**	**522**

In millions of EUR	**Gas Trans-mission**	**Gas and Power distribution**	**Gas Storage**	**Heat Infra**	**Generation**	**Mining**	**Trading**	**Other**	**Total segments**	**Holding entities**	**Inter-segment eliminations**	**Consolidated Financial Information**
Finance income	5	-	2	-	3	2	-	-	12	*836	*(837)	11
external finance revenues	*3*	-	-	-	*2*	-	-	-	*5*	*6*	-	*11*
inter-segment finance revenues	*2*	-	*2*	-	*1*	*2*	-	-	*7*	**830*	**(837)*	-
Finance expense	(24)	(10)	(5)	(9)	(8)	(11)	-	(2)	(69)	(148)	61	(156)
Profit (loss) from derivative financial instruments	1	(1)	-	-	(23)	-	(1)	-	(24)	(23)	-	(47)
Share of profit (loss) of equity accounted investees, net of tax	-	-	2	-	(4)	1	-	(13)	(14)	2	-	(12)
Gain (loss) on disposal of subsidiaries, special purpose entities, joint ventures and associates	-	-	-	46	-	-	-	-	46	-	-	46
Profit (loss) before income tax	**248**	**124**	**56**	**78**	**4**	**(15)**	**2**	**(14)**	**483**	***656**	***(775)**	**364**
Income tax expenses	(59)	(29)	(14)	(6)	(4)	1	-	-	(111)	(1)	-	(112)
Profit (loss) for the period	**189**	**95**	**42**	**72**	**-**	**(14)**	**2**	**(14)**	**372**	***655**	***(775)**	**252**

* *EUR 786 million is attributable to intra-group dividends primarily recognised by Slovak Gas Holding B.V., Czech Gas Holding Investment B.V., SPP Infrastructure, a.s. and EP Energy, a.s.*

Other financial information:												
Adjusted EBITDA(1)	312	219	69	79	83	42	4	1	809	(11)	1	799

1) *Adjusted EBITDA represents profit from operations plus depreciation of property, plant and equipment and amortisation of intangible assets (negative goodwill not included, if applicable). For Adjusted EBITDA reconciliation to the closest IFRS measure explanation see below.*

For the six-month period ended 30 June 2015

In millions of EUR	**Gas Trans-mission**	**Gas and Power distribution**	**Gas Storage**	**Heat Infra**	**Generation**	**Mining**	**Trading**	**Other**	**Total segments**	**Holding entities**	**Inter-segment eliminations**	**Conso-lidated Financial Information**
Sales: Energy	397	944	106	244	347	151	34	1	2,224	-	(181)	2,043
external revenues	*397*	*914*	*83*	*202*	*311*	*127*	*8*	*1*	*2,043*	-	-	*2,043*
inter-segment revenues	-	*30*	*23*	*42*	*36*	*242*	*26*	-	*181*	-	*(181)*	-
Sales: Other	-	3	-	10	3	34	5	3	58	-	(7)	51
external revenues	-	*3*	-	*10*	*3*	*28*	*4*	*3*	*51*	-	-	*51*
inter-segment revenues	-	-	-	-	-	*6*	*1*	-	*7*	-	*(7)*	-
Gain (loss) from commodity derivatives for trading with electricity and gas, net	-	8	-	-	-	-	-	-	8	-	-	8
Total sales	**397**	**955**	**106**	**254**	**350**	**185**	**39**	**4**	**2,290**	**-**	**(188)**	**2,102**
Cost of sales: Energy	(10)	(677)	(9)	(128)	(197)	(32)	(33)	-	(1,086)	-	181	(905)
external cost of sales	*(10)*	*(538)*	*(8)*	*(120)*	*(174)*	*(30)*	*(25)*	-	*(905)*	-	-	*(905)*
inter-segment cost of sales	-	*(139)*	*(1)*	*(8)*	*(23)*	*(2)*	*(8)*	-	*(181)*	-	*181*	-
Cost of sales: Other	-	(1)	1	(10)	(1)	(4)	(3)	(2)	(20)	(1)	1	(20)
external cost of sales	-	*(1)*	*1*	*(9)*	*(1)*	*(4)*	*(3)*	*(2)*	*(19)*	*(1)*	-	*(20)*
inter-segment cost of sales	-	-	-	*(1)*	-	-	-	-	*(1)*	-	*1*	-
Personnel expenses	(17)	(37)	(11)	(24)	(38)	(70)	-	(1)	(198)	(3)	-	(201)
Depreciation and amortisation	(51)	(81)	(13)	(42)	(32)	(49)	-	-	(268)	-	-	(268)
Repairs and maintenance	(1)	(1)	-	(4)	1	(2)	-	-	(7)	-	1	(6)
Emission rights, net	-	-	-	(1)	(6)	(4)	-	-	(11)	-	-	(11)
Taxes and charges	-	(1)	(2)	(1)	(56)	(5)	-	-	(65)	-	-	(65)
Other operating income	-	9	-	5	6	15	-	-	35	1	(4)	32
Other operating expenses	(5)	(30)	(6)	(7)	(7)	(34)	-	(2)	(91)	(6)	5	(92)
Operating profit	**313**	**136**	**66**	**42**	**20**	**-**	**3**	**(1)**	**579**	**(9)**	**(4)**	**566**

In millions of EUR	**Gas Trans-mission**	**Gas and Power distribution**	**Gas Storage**	**Heat Infra**	**Generation**	**Mining**	**Trading**	**Other**	**Total segments**	**Holding entities**	**Inter-segment eliminations**	**Conso-lidated Financial Information**
Finance income	9	2	-	6	10	1	-	-	28	*1,687	*(1,696)	19
external finance revenues	*1*	*-*	*-*	*3*	*10*	*1*	*-*	*-*	*15*	*4*	*-*	*19*
inter-segment finance revenues	*8*	*1*	*-*	*4*	*-*	*-*	*-*	*-*	*13*	**1,683*	**(1,696)*	*-*
Finance expense	(21)	(11)	(3)	(8)	(9)	(14)	-	(2)	(68)	(126)	56	(138)
Profit (loss) from derivative financial instruments	(3)	(1)	-	-	(50)	-	-	-	(54)	7	-	(47)
Share of profit (loss) of equity accounted investees, net of tax	-	-	2	-	(1)	-	-	(2)	(1)	2	-	1
Gain (loss) on disposal of subsidiaries, special purpose entities, joint ventures and associates	-	-	-	(1)	-	-	-	-	(1)	-	-	(1)
Profit (loss) before income tax	**298**	**126**	**65**	**39**	**(30)**	**(13)**	**3**	**(5)**	**483**	***1,561**	***(1,644)**	**400**
Income tax expenses	(70)	(32)	(15)	(9)	(2)	4	-	-	(124)	2	-	(122)
Profit (loss) for the period	**228**	**94**	**50**	**30**	**(32)**	**(9)**	**3**	**(5)**	**359**	***1,563**	***(1,644)**	**278**

* *EUR 1,639 million is attributable to intra-group dividends primarily recognised by Slovak Gas Holding B.V., Czech Gas Holding Investment B.V., SPP Infrastructure, a.s. and EP Energy, a.s.*

Other financial information:												
Adjusted EBITDA[(1)]	364	217	79	84	52	49	3	(1)	847	(9)	(4)	834

1) *Adjusted EBITDA represents profit from operations plus depreciation of property, plant and equipment and amortisation of intangible assets (negative goodwill not included, if applicable). For Adjusted EBITDA reconciliation to the closest IFRS measure explanation see below.*

Adjusted EBITDA reconciliation to the closest IFRS measure

It must be noted that Adjusted EBITDA is not a measure that is defined under IFRS. This measure is construed as determined by the Board of Directors and is presented to disclose additional information to measure the economic performance of the Group's business activities. This term should not be used as a substitute to net income, revenues or operating cash flows or any other measure as derived in accordance with IFRS. This non-IFRS measure should not be used in isolation. This measure may not be comparable to similarly titled measures used by other companies.

For the six-month period ended 30 June 2016

In millions of EUR	Gas Trans-mission	Gas and Power distribu-tion	Gas Storage	Heat Infra	Generation	Mining	Trading	Other	Total segments	Holding entities	Inter-segment eliminations	Conso-lidated Financial Information
Profit from operations	**266**	**135**	**57**	**41**	**36**	**(7)**	**3**	**1**	**532**	**(11)**	**1**	**522**
Depreciation and amortisation	46	84	12	38	47	49	1	-	277	-	-	277
Adjusted EBITDA	**312**	**219**	**69**	**79**	**83**	**42**	**4**	**1**	**809**	**(11)**	**1**	**799**

For the six-month period ended 30 June 2015

In millions of EUR	Gas Trans-mission	Gas and Power distribution	Gas Storage	Heat Infra	Generation	Mining	Trading	Other	Total segments	Holding entities	Inter-segment eliminations	Conso-lidated Financial Information
Profit from operations	**313**	**136**	**66**	**42**	**20**	**-**	**3**	**(1)**	**579**	**(9)**	**(4)**	**566**
Depreciation and amortisation	51	81	13	42	32	49	-	-	268	-	-	268
Adjusted EBITDA	**364**	**217**	**79**	**84**	**52**	**49**	**3**	**(1)**	**847**	**(9)**	**(4)**	**834**

Non-current assets and liabilities

As at and for the period ended 30 June 2016

In millions of EUR	Gas Trans-mission	Gas and Power distribution	Gas Storage	Heat Infra	Generation	Mining	Trading	Other	Total segments	Holding entities	Inter-segment eliminations	Conso-lidated Financial Information
Reportable segment assets	2,750	3,950	787	1,025	1,636	801	110	118	11,177	2,985	(2,647)	11,515
Reportable segment liabilities	(1,911)	(1,602)	(504)	(567)	(1,106)	(707)	(93)	(82)	(6,572)	(4,816)	2,647	(8,741)
Additions to tangible and intangible assets	7	29	3	33	71	30	1	1	175	-	-	175
Additions to tangible and intangible assets (excl. emission rights)	-	29	2	26	65	30	1	1	154	-	-	154
Equity accounted investees	-	2	26	14	123	25	-	25	215	27	-	241

As at and for the year ended 31 December 2015

In millions of EUR	Gas Trans-mission	Gas and Power distribution	Gas Storage	Heat Infra	Generation	Mining	Trading	Other	Total segments	Holding entities	Inter-segment eliminations	Conso-lidated Financial Information
Reportable segment assets	3,162	4,010	861	961	1,635	862	36	119	11,645	3,086	(3,421)	11,310
Reportable segment liabilities	(1,992)	(1,596)	(518)	(512)	(1,205)	(807)	(25)	(74)	(6,728)	(5,215)	3,421	(8,521)
Additions to tangible and intangible assets	11	94	12	133	72	72	1	1	396	-	-	396
Additions to tangible and intangible assets (excl. emission rights)	10	94	11	114	35	66	1	1	332	-	-	332
Equity accounted investees	-	2	25	7	130	24	-	35	222	25	-	247

Information about geographical areas

In presenting information on the basis of geography, segment revenue is based on the geographical location of customers and segment assets are based on the geographical location of the assets.

As at and for the six-month period ended 30 June 2016

In millions of EUR	**Czech Republic**	**Slovakia**	**Germany**	**Italy**	**United Kingdom**	**Hungary**	**Other**	**Total segments**
Property, plant and equipment	765	5,963	638	342	84	50	7	7,849
Intangible assets	128	115	60	2	51	10	-	366
Investment property	3	-	-	-	-	-	-	3
Total	**896**	**6,078**	**698**	**344**	**135**	**60**	**7**	**8,218**

In millions of EUR	**Czech Republic**	**Slovakia**	**Germany**	**Italy**	**United Kingdom**	**Hungary**	**Other**	**Total segments**
Sales: Electricity	148	406	69	396	134	34	36	1,223
Sales: Gas	92	329	73	-	55	-	204	753
Sales: Coal	10	1	104	-	-	-	-	115
Sales: Heat	169	-	1	-	-	41	-	211
Sales: Other energy products	1	-	-	-	-	-	-	1
Sales: Other	13	3	31	-	1	-	16	64
Gain (loss) from commodity derivatives for trading with electricity and gas, net	2	-	-	-	-	-	-	2
Total	**435**	**739**	**278**	**396**	**190**	**75**	**256**	**2,369**

The geographical area Other comprises income items primarily from Poland, Switzerland and Luxembourg.

As at and for the year ended 31 December 2015

In millions of EUR

	Czech Republic	Slovakia	Germany	Italy	United Kingdom	Hungary	Other	Total segments
Property, plant and equipment	718	6,121	666	355	34	51	2	7,947
Intangible assets	139	131	86	2	31	21	-	412
Investment property	3	-	-	-	-	-	-	3
Total	**860**	**6,252**	**753**	**358**	**65**	**72**	**2**	**8,362**

For the six-month period ended 30 June 2015

In millions of EUR

	Czech Republic	Slovakia	Germany	Italy	United Kingdom	Hungary	Other	Total segments
Sales: Electricity	132	421	69	-	250	1	58	931
Sales: Gas	108	661	13	-	8	-	18	808
Sales: Coal	13	1	116	5	-	-	-	135
Sales: Heat	166	-	1	-	-	-	1	168
Sales: Other energy products	-	-	-	-	1	-	-	1
Sales: Other	11	3	33	-	-	-	4	51
Gain (loss) from commodity derivatives for trading with electricity and gas, net	8	-	-	-	-	-	-	8
Total	**438**	**1,086**	**232**	**5**	**259**	**1**	**81**	**2,102**

The geographical area Other comprises income items primarily from Poland, Hungary, Switzerland and Luxembourg.

5. Acquisitions and contributions of subsidiaries, special purpose entities and associates

(a) Acquisitions

i. 30 June 2016

In millions of EUR	Date of acquisition	Purchase price	Cash paid	Purchase price liability	Equity interest acquired %	Equity interest after acquisition %
New subsidiaries						
Lynemouth Power Limited	05/01/2016	53	(53)	-	100	100
ABS Property Ltd	31/05/2016	2	-	(1)(2)	100	100
Total		**55**	**(53)**	**(2)**	**-**	**-**

(1) As at 30 June 2016 the purchase price liability was not settled yet.

ii. 31 December 2015

In millions of EUR	Date of acquisition	Purchase price	Cash paid	Other consideration	Equity interest acquired %	Equity interest after acquisition %
New subsidiaries						
Eggborough Holdco 2 S.à r.l. and its subsidiary (EPL)	15/01/2015	81	(81)	-	100	100
EP Produzione S.p.A., its subsidiaries and Ergosud S.p.A. (EPP Group)	01/07/2015	(52)	(28)	(3)80		
LokoTrain s.r.o.	21/07/2015	1	(1)	-	65	65
Optimum Energy, s.r.o.	01/08/2015	5	(5)	-	100	100
Budapesti Erömü Zrt. (BERT)	10/12/2015	(2)6	-	(1)(2)(6)	95.62	95.62
Total		**41**	**(115)**	**(74)**	**-**	**-**

(1) Represents estimated deferred consideration contingent on meeting future operating results of BERT.
(2) The purchase price does not include EUR 29 million paid by the Group in exchange for a loan receivable from BERT assigned by the seller to the acquirer. The loan receivable is not presented in the Note 5(b) – Effect of acquisitions resulting in a change of control detailed table as it is eliminated in consolidation together with respective liability of BERT towards the acquirer.
(3) The Group received a payment from the seller totalling EUR 80 million for the Ergosud S.p.A. shares which is a consideration for certain liabilities taken over as part of the overall transaction.

Acquisition of non-controlling interest

On 28 January 2015 NPTH, a.s. acquired a 0.35% share and on 30 March 2015 additional 0.07% share in Pražská teplárenská a.s. This transaction resulted in change of ownership interest from 73.40% to 73.82% share and derecognition of non-controlling interest in amount of EUR 1 million.

On 16 September 2015 EPE acquired a 40% share in EP Cargo a.s. for EUR 4 million and became a 100% shareholder. As a result of this transaction the Group derecognised non-controlling interest in amount of EUR 2 million.

(b) Effect of acquisitions and step acquisitions

i. 30 June 2016

The fair value of the consideration transferred and the amounts recognised for assets acquired and liabilities assumed as at the acquisition date of Lynemouth Power Limited and ABS Property Ltd are provided in the following table.

In millions of EUR	**Carrying amount(1)**	**Fair value adjustment**	**2016 Total(1)**
Property, plant, equipment, land, buildings	15	-	15
Intangible assets	-	43	43
Trade receivables and other assets	11	-	11
Inventories	6	-	6
Cash and cash equivalents	14	-	14
Deferred tax asset	1	-	1
Provisions	(11)	-	(11)
Deferred tax liabilities	-	(9)	(9)
Loans and borrowings	(5)	-	(5)
Trade payables and other liabilities	(10)	-	(10)
Net identifiable assets and liabilities	**21**	**34**	**55**
Non-controlling interest			-
Goodwill on acquisitions of a subsidiary			-
Negative goodwill on acquisition of new subsidiaries			-
Cost of acquisition			**55**
Consideration paid, satisfied in cash (A)			53
Purchase price liability			2
Total consideration transferred			**55**
Less: Cash acquired (B)			14
Net cash inflow (outflow) (C) = (B – A)			**(39)**

(1) Represents values at 100% share.

For details on major acquisitions please refer also to Appendix 1 – Business combinations.

ii. 31 December 2015

The fair value of the consideration transferred and the amounts recognised for assets acquired and liabilities assumed as at the acquisition date of Eggborough Holdco 2 S.à r.l. and its subsidiary, EP Produzione S.p.A., its subsidiaries and Ergosud S.p.A. (EPP Group), LokoTrain s.r.o., Optimum Energy, s.r.o. and Budapesti Erömü Zrt. (BERT) and are provided in the following table.

In millions of EUR	**Carrying amount**[(1)]	**Fair value adjustment**	**2015 Total**[(1)]
Property, plant, equipment, land, buildings	1,337	(889)	448
Intangible assets	6	17	23
Equity accounted investee[(2)]	92	(48)	44
Trade receivables and other assets	298	(21)	277
Financial instruments – assets	22	-	22
Inventories	49	(1)	48
Cash and cash equivalents	110	-	110
Restricted cash	35	-	35
Deferred tax asset	-	49	49
Provisions	(498)	60	(438)
Deferred tax liabilities	(2)	(8)	(10)
Loans and borrowings	(86)	40	(46)
Financial instruments – liabilities	(4)	-	(4)
Trade payables and other liabilities	(221)	5	(216)
Net identifiable assets and liabilities	**1,138**	**(796)**	**342**
Non-controlling interest			(50)
Goodwill on acquisitions of a subsidiary			34
Negative goodwill on acquisition of new subsidiaries			(285)
Cost of acquisition			**41**
Consideration paid, satisfied in cash (A)			115
Consideration received, satisfied in cash (C)			(80)
Consideration, other			6
Total consideration transferred			**41**
Less: Cash acquired (B)			110
Net cash inflow (outflow) (D) = (B – A – C)			**75**

(1) Represents values at 100% share.
(2) Represents 50% share on equity of acquired equity accounted investee Ergosud S.p.A.

For details on major acquisitions please refer also to Appendix 1 – Business combinations.

iii. Rationale for acquisitions

The Group's strategic rationale for realised acquisitions comprised several factors, including:

- The subsidiaries' businesses are complementary to EPH's portfolio;
- Potential for synergic effects;
- The subsidiaries have an advantageous position within the market;
- Subject industries are expected to grow in the future;
- Further vertical integration of the Trading segment with the Generation segment, i.e. securing coal and gas supplies for own coal and gas fired plants.

As further expansion in energy sectors of the countries in which the Group currently has operations is one of the strategic aims of the Group, EPH is investing both in energy companies and in companies supplying the energy industry. The Group's current aim is to further strengthen its position, and become an important participant in the energy market in the Central and Western Europe.

The Group's view is that there is long-term strategic value in these investments due to the development of the market. As at 30 June 2016 the Group reported goodwill in total amount of EUR 106 million (31 December 2015: EUR 137 million).

The following table provides information on revenues and profit or loss of acquirees that have been included in the condensed consolidated interim statement of comprehensive income for the reporting period.

In millions of EUR	**30 June 2016** **Total**
Revenue of the acquirees recognised since the acquisition date (subsidiaries)	7
Profit (loss) of the acquirees recognised since the acquisition date (subsidiaries)	(37)

In millions of EUR	**30 June 2015** **Total**
Revenue of the acquirees recognised since the acquisition date (subsidiaries)	269
Profit (loss) of the acquirees recognised since the acquisition date (subsidiaries)	(26)

The following table provides information on the estimated revenues and profit or loss that would have been included in the condensed consolidated interim statement of comprehensive income, if the acquisition had occurred at the beginning of the reporting period (i.e. as at 1 January 2016 or as at 1 January 2015); this financial information was derived from the IFRS financial statements of the acquired entities.

In millions of EUR	**30 June 2016** **Total**
Revenue of the acquirees recognised in the period ended 30 June 2016 (subsidiaries)*	7
Profit (loss) of the acquires recognised in the period ended 30 June 2016 (subsidiaries)*	(37)

In millions of EUR	**30 June 2015** **Total**
Revenue of the acquirees recognised in the period ended 30 June 2015 (subsidiaries)*	269
Profit (loss) of the acquires recognised in the period ended 30 June 2015 (subsidiaries)*	(26)

* *Before intercompany elimination; based on local statutory financial information*

For details on major acquisitions please refer also to Appendix 1 – Business combinations.

(c) Business combinations – acquisition accounting 2016 and 2015

The acquiree's identifiable assets, liabilities and contingent liabilities were recognised and measured at their fair values at the acquisition date by the parent company Energetický a průmyslový holding, a.s. (except for acquisitions under common control, which are carried in net book values); in line with the above, the established fair values were subsequently reported in the condensed consolidated interim financial statements of the Company. Allocation of the total purchase price among the net assets acquired for financial statement reporting purposes was performed with the support of professional advisors.

The valuation analysis is based on historical and prospective information prevailing as at the date of the business combination (which also involves certain estimates and approximations such as business plan forecasts, useful life of assets, and the weighted average cost of capital components). Any prospective information that may impact the future value of the acquired assets is based on management's expectations of the competitive and economic environments that will prevail at the time.

The results of the valuation analyses are also used for determining the amortisation and depreciation periods of the values allocated to specific intangible and tangible fixed assets.

Purchase price allocation was performed for all business combinations within the scope of IFRS 3.

Fair value adjustments resulting from business combinations in 2016 are presented in the following table:

In millions of EUR	**Intangible assets**	**Deferred tax asset/ (liability)**	**Total net effect on financial position**
Subsidiary			
Lynemouth Power Limited	43	(9)	**34**
	43	**(9)**	**34**

Fair value adjustments resulting from business combinations in 2015 are presented in the following table:

In millions of EUR	**Intangible assets**	**Property, plant and equipment (including mine property)**	**Other**	**Deferred tax asset/ (liability)**	**Total net effect on financial position**
Subsidiary					
Eggborough Holdco 2 S.à r.l. and its subsidiary	-	17	(28)	-	**(11)**
EP Produzione S.p.A., its subsidiaries and Ergosud S.p.A.	-	(857)	23	49	**(785)**
Budapesti Erömü Zrt. (BERT)	17	(49)	40	(8)	**-**
	17	**(889)**	**35**	**41**	**(796)**

The fair value adjustments resulting from the purchase price allocation of LokoTrain s.r.o. and Optimum Energy, s.r.o. were not significant and therefore management of the Group decided not to recognise any fair value adjustment resulting from these business combinations in 2015.

(d) Disposal of investments

i. 30 June 2016

Pražská teplárenská ("PT") spin-off

In May 2015, PT spunoff certain assets consisting of small local heat sources and related distribution networks located predominantly on the left bank of Vltava river into Pražská teplárenská LPZ, a.s. ("PT LPZ").

On 29 February 2016, PT as seller entered into a share purchase agreement with Veolia Energie ČR, a.s. as buyer relating to the sale of 85% of shares in PT LPZ for EUR 60 million (CZK 1,632 million) subject to usual post-closing adjustments based on working capital level against the benchmarked value. Consummation of the transaction was subject to customary conditions precedent including competition clearance. The completion of the transaction took place on 1 June 2016. PT and Veolia Energie ČR, a.s. also entered into an option agreement in relation to the remaining 15% of shares in PT LPZ. As the option was exercised, the total purchase price for 100% of the shares in PT LPZ amounted to EUR 71 million (CZK 1,920 million) (subject to the above post-closing adjustments, which can significantly increase the final price; post-closing adjustment is to be calculated based on working capital movement and once determined it is expected to be settled in Q4 2016). Due to the absence of several approvals, the relevant assets and liabilities were not presented as Assets and liabilities held for sale as of 31 December 2015.

On 31 May 2016 the Group accounted for disposal of its 100% investment in Pražská teplárenská LPZ, a.s. The effect of disposal of PT LPZ is provided in the following table:

In millions of EUR	**Net assets sold in 2016**
Property, plant and equipment	27
Trade receivables and other assets	4
Cash and cash equivalents	13
Deferred tax liabilities	(3)
Trade payables and other liabilities	(7)
Net identifiable assets and liabilities	**34**
Non-controlling interest	(9)
Net assets value disposed	**25**
Sales price	71
Gain (loss) on disposal	**46**

ii. 31 December 2015

On 2 April 2015 the Group disposed Reatex a.s. v likvidaci and on 2 December 2015 the Group accounted for disposal of its 100% investment in ROLLEON a.s. and ENERGZET, a.s. The effects of disposals are provided in the following table:

In millions of EUR	**Net assets sold in 2015**
Property, plant and equipment	4
Cash and cash equivalents	1
Net identifiable assets and liabilities	**5**
Sales price	4
Gain (loss) on disposal	**(1)**

6. Sales

In millions of EUR	**30 June 2016 (six months)**	**30 June 2015 (six months)**
Sales: Energy		
of which: Electricity	1,223	931
Gas	753	808
Heat	211	168
Coal	115	135
Other	1	1
Total Energy	**2,303**	**2,043**
Sales: Other	**64**	**51**
Gain (loss) from commodity derivatives for trading with electricity and gas, net	**2**	**8**
Total	**2,369**	**2,102**

Other sales are represented mainly by sales of lignite dust, briquettes, gypsum, reimbursements of transportation and disposal costs, sewage sludge incineration and restoration services to third parties.

7. Cost of sales

In millions of EUR	**30 June 2016 (six months)**	**30 June 2015 (six months)**
Cost of Sales: Energy		
Cost of sold electricity	469	438
Consumption of coal and other material	245	225
Cost of sold gas and other energy products	240	150
Consumption of energy	66	65
Changes in WIP, semi-finished products and finished goods	(3)	(2)
Other cost of sales	39	29
Total Energy	**1 056**	**905**
Cost of Sales: Other		
Other cost of sales	36	2
Other cost of goods sold	16	10
Consumption of material	5	6
Consumption of energy	5	3
Changes in WIP, semi-finished products and finished goods	(3)	(1)
Total Other	**59**	**20**
Total	**1 115**	**925**

Cost of sales presented in the above table contains only cost of purchased energy and purchased materials consumed in producing energy output, it does not contain directly attributable overhead (particularly personnel expenses, depreciation and amortisation, repairs and maintenance, emission rights, taxes and charges etc.).

8. Personnel expenses

In millions of EUR	**30 June 2016 (six months)**	**30 June 2015 (six months)**
Wages and salaries	164	137
Compulsory social security contributions	50	43
Board members' remuneration (including boards of subsidiaries)	10	11
Expenses and revenues related to employee benefits (IAS 19)	2	2
Other social expenses	10	8
Total	**236**	**201**

The average number of employees during 2016 was 10,479 (2015: 9,852), of which 442 were executives (2015: 370).

9. Emission rights

In millions of EUR	**30 June 2016 (six months)**	**30 June 2015 (six months)**
Deferred income (grant) released to profit and loss	5	7
Profit (loss) from sale of emission rights	-	-
Creation of provision for emission rights	(34)	(18)
Use of provision for emission rights	88	21
Consumption of emission rights	(88)	(21)
Total for continuing operations	**(29)**	**(11)**

The Ministries of the Environment of the Czech Republic, Slovakia, Germany, Hungary, Italy and United Kingdom set a limit on the amount of a pollutant that can be emitted. Companies are granted emission allowances and are required to hold an equivalent number of allowances which represent the right to emit a specific amount of pollutant. The total amount of allowances and credits cannot exceed the cap, limiting total emissions to that level. Companies that need to increase their emission allowance must buy credits from those who pollute less or from other market participants. The transfer of allowances is referred to as a trade.

The companies that participate in the emission rights programme are United Energy, a.s., Plzeňská energetika a.s., Pražská teplárenská a.s., JTSD Braunkohlebergbau GmbH, Helmstedter Revier GmbH, Elektrárny Opatovice, a.s., Stredoslovenská energetika, a.s., NAFTA a.s., eustream, a.s., SPP Storage, s.r.o., Budapesti Erömü Zrt., Eggborough Power Limited and Fiume Santo S.p.A.

10. Taxes and charges

In millions of EUR	**30 June 2016 (six months)**	**30 June 2015 (six months)**
Carbon price support[(1)]	29	38
Property tax and real estate transfer tax	6	2
Electricity tax	4	23
Other taxes and charges expenses (revenues)	4	2
Total for continuing operations	**43**	**65**

(1) Carbon Price Support (CPS) is the rate of climate change levy that applies to fossil fuel used for electricity generation in the United Kingdom.

In February 2015 the European Court of Justice issued preliminary ruling on gas emission allowances taxation in the Czech Republic. The Czech Republic levied a gift tax at a rate of 32% on greenhouse gas emission allowances acquired free of charge for electricity production in years 2011 and 2012. The European Court of Justice concluded that European law (namely Article 10 of Directive 2003/87/EC of the European Parliament and of the Council of 13 October 2003) precludes the imposition of such tax if it does not respect the 10% ceiling on the allocation of emission allowances for consideration laid down in cited article. Based on this ruling, the Supreme Administrative Court of the Czech Republic set out principles for determining an amount in which the tax shall be refundable (judgement of 9th July 2015, case no: 1 Afs 6/2013-184). Applying the Supreme Administrative Court ruling, Tax Appeal Board approved tax refund in December 2015. The refund of EUR 11 million was recognised as income by the Group in the year ended 31 December 2015 (in Q4 2015) and collected in 2015 and 2016.

11. Other operating income

In millions of EUR	30 June 2016 (six months)	30 June 2015 (six months)
Compensation from insurance and other companies	11	8
Consulting fees	6	9
Property acquired free-of-charge and fees from customers	4	1
Rental income	3	3
Ecological tax reimbursement	3	3
Profit from disposal of tangible and intangible assets	3	2
Contractual penalties	1	1
Fee and commission income - intermediation	1	-
Profit from sale of material	1	1
Inventories surplus	-	1
Other	5	3
Total	**38**	**32**

12. Other operating expenses

In millions of EUR	30 June 2016 (six months)	30 June 2015 (six months)
Office equipment and other material	33	16
Impairment losses (reversals)	32	(10)
Of which relates to: Goodwill	*27*	*-*
Property, plant and equipment and intangible assets	*3*	*(12)*
Trade receivables and other assets	*2*	*1*
Inventories	*-*	*1*
Outsourcing and other administration fees	24	22
Rent expenses	15	17
Consulting expenses	14	12
Information technologies costs	10	4
Insurance expenses	8	6
Transport expenses	4	4
Re-transmission fee(1)	4	-
Training, courses, conferences	2	2
Gifts and sponsorship	2	1
Security services	2	1
Administrative expenses	2	-
Advertising expenses	1	2
Communication expenses	1	1
Environmental expenses	1	1
Loss on disposal of tangible and intangible assets	1	1
Change in provisions, net	(5)	8
Own work, capitalised	(17)	(12)
Other	22	16
Total	**156**	**92**

(1) Re-transmission fee is National Grid's recovery of costs of installing and maintaining the transmission system in England, Wales and offshore. The amount paid is based on geographical location and size of generation.

No material research and development expenses were recognised in profit and loss for the six-month periods ended 30 June 2016 and 30 June 2015.

13. Finance income and expense, profit (loss) from financial instruments

Recognised in profit or loss

In millions of EUR	30 June 2016 (six months)	30 June 2015 (six months)
Interest income	10	6
Dividend income	1	1
Net foreign exchange gain	-	12
Finance income	**11**	**19**
Interest expense	(107)	(122)
Repayment fees	(32)	-
Interest expense from unwind of provision discounting	(6)	(8)
Net foreign exchange loss	(4)	-
Fees and commissions expense for guarantees	(1)	-
Fees and commissions expense for payment transactions	-	(1)
Fees and commissions expense for other services	(6)	(7)
Finance expense	**(156)**	**(138)**
Profit (loss) from currency derivatives for trading	5	4
Profit (loss) from commodity derivatives for trading	1	(25)
Profit (loss) from other derivatives for trading	(1)	-
Profit (loss) from financial assets at FVTPL	(2)	-
Profit (loss) from hedging derivatives	(23)	(25)
Profit (loss) from interest rate derivatives for trading	(27)	(1)
Profit (loss) from financial instruments	**(47)**	**(47)**
Net finance income (expense) recognised in profit or loss	**(192)**	**(166)**

14. Income tax expenses

Income taxes recognised in profit or loss

In millions of EUR	30 June 2016 (six months)	30 June 2015 (six months)
Current taxes:		
Current period	(122)	(140)
Withholding tax	(2)	(2)
Adjustment for prior periods	2	2
Total current taxes	**(122)**	**(140)**
Deferred taxes:		
Origination and reversal of temporary differences	10	18
Total deferred taxes	**10**	**18**
Total income taxes (expense) benefit recognised in profit or loss for continuing operations	**(112)**	**(122)**

Deferred taxes are calculated using currently enacted tax rates expected to apply when the asset is realised or the liability settled. According to Czech legislation the corporate income tax rate is 19% for fiscal years 2016 and 2015. The Slovak corporate income tax rate is 22% for fiscal years 2016 and 2015. The German federal income tax rate range for 2016 is 28.22% – 29.13% (2015: 28.22% – 29.13%) and Poland income tax rate for fiscal years 2016 and 2015 is 19%. Italian income tax rate for fiscal year 2016 is 27.90% (2015: 31.40%) and Hungarian income tax rate for fiscal year 2016 is 19% (2015: 19%). British income tax rate for fiscal year 2016 is 20% (2015: 20%). Current year income tax includes also special sector tax effective in Slovakia and Hungary.

15. Property, plant and equipment

In millions of EUR	Land and buildings	Gas pipelines	Technical equipment, plant and machinery	Other equipment, fixtures and fittings	Under construction	Total
Cost						
Balance at 1 January 2016	**2,224**	**4,490**	**2,746**	**7**	**149**	**9,616**
Effects of movements in foreign exchange rates	(8)	-	(4)	-	(5)	**(17)**
Additions	5	1	17	1	128	**152**
Additions through business combinations(1)	1	-	9	6	-	**16**
Disposals	(9)	(2)	(9)	-	(5)	**(25)**
Disposed entities(2)	(33)	-	(10)	-	-	**(43)**
Transfer from disposal group held for sale	5	-	19	-	-	**24**
Transfers	4	12	9	-	(25)	**-**
Balance at 30 June 2016	**2,189**	**4,501**	**2,777**	**14**	**242**	**9,723**
Depreciation and impairment losses						
Balance at 1 January 2016	**(439)**	**(397)**	**(824)**	**(3)**	**(6)**	**(1,669)**
Effects of movements in foreign exchange rates	2	-	3	-	-	**5**
Depreciation charge for the period	(56)	(61)	(129)	(1)	-	**(247)**
Disposals	9	2	9	-	5	**25**
Disposed entities(2)	10	-	6	-	-	**16**
Impairment losses recognised in profit or loss	(1)	-	(1)	-	(1)	**(3)**
Transfer from disposal group held for sale	-	-	(1)	-	-	**(1)**
Transfer	2	(2)	-	-	-	**-**
Balance at 30 June 2016	**(473)**	**(458)**	**(937)**	**(4)**	**(2)**	**(1,874)**
Carrying amounts						
At 1 January 2016	**1,785**	**4,093**	**1,922**	**4**	**143**	**7,947**
At 30 June 2016	**1,716**	**4,043**	**1,840**	**10**	**240**	**7,849**

(1) Purchase of Lynemouth Power Limited and ABS Property Ltd
(2) The disposal of in Pražská teplárenská LPZ, a.s.

In millions of EUR	Land and buildings	Gas pipelines	Technical equipment, plant and machinery	Other equipment, fixtures and fittings	Under construction	Total
Cost						
Balance at 1 January 2015	**1,987**	**4,480**	**2,276**	**3**	**105**	**8,851**
Effects of movements in foreign exchange rates	14	-	22	1	1	**38**
Additions	7	2	15	-	71	**95**
Additions through business combinations[(1)]	33	-	13	-	-	**46**
Disposals	(4)	(1)	(4)	-	(1)	**(10)**
Transfers	11	2	9	-	(22)	**-**
Balance at 30 June 2015	**2,048**	**4,483**	**2,331**	**4**	**154**	**9,020**
Depreciation and impairment losses						
Balance at 1 January 2015	**(303)**	**(255)**	**(579)**	**(2)**	**(6)**	**(1,145)**
Effects of movements in foreign exchange rates	(10)	-	(6)	-	-	**(16)**
Depreciation charge for the period	(58)	(68)	(122)	-	-	**(248)**
Disposals	2	1	4	-	1	**8**
Impairment losses recognised in profit or loss	(4)	-	-	-	(1)	**(5)**
Balance at 30 June 2015	**(373)**	**(322)**	**(703)**	**(2)**	**(6)**	**(1,406)**
Carrying amounts						
At 1 January 2015	**1,684**	**4,225**	**1,697**	**1**	**99**	**7,706**
At 30 June 2015	**1,675**	**4,161**	**1,628**	**2**	**148**	**7,614**

(1) Purchase of Eggborough Holdco 2 S.à r.l. and its subsidiary Eggborough Power Limited

Idle assets

As at 30 June 2016 and 31 December 2015 the Group had no significant idle assets.

Security

At 30 June 2016 property, plant and equipment with a carrying value of EUR 362 million (31 December 2015: EUR 374 million) is subject to pledges to secure bank loans.

16. Intangible assets (including goodwill)

In millions of EUR	**Goodwill**	**Software**	**Emission rights**	**Customer relationship and other contracts**	**Other intangible assets**	**Total**
Cost						
Balance at 1 January 2016	**145**	**65**	**66**	**283**	**9**	**568**
Effect of movements in foreign exchange rates	(4)	-	(1)	(6)	-	**(11)**
Additions	-	1	21	-	1	**23**
Disposals	-	(2)	(43)	-	-	**(45)**
Additions through business combinations(1)	-	-	-	43	-	**43**
Transfer	-	1	-	-	(1)	**-**
Balance at 30 June 2016	**141**	**65**	**43**	**320**	**9**	**578**
Amortisation and impairment losses						
Balance at 1 January 2016	**(8)**	**(23)**	**-**	**(122)**	**(3)**	**(156)**
Amortisation for the period	-	(6)	-	(24)	-	**(30)**
Disposals	-	1	-	-	-	**1**
Impairment losses recognised in profit or loss	(27)	-	-	-	-	**(27)**
Balance at 30 June 2016	**(35)**	**(28)**	**-**	**(146)**	**(3)**	**(212)**
Carrying amount						
At 1 January 2016	**137**	**42**	**66**	**161**	**6**	**412**
At 30 June 2016	**106**	**37**	**43**	**174**	**6**	**366**

(1) Purchase of Lynemouth Power Limited

In millions of EUR	**Goodwill**	**Software**	**Emission rights**	**Customer relationship and other contracts**	**Other intangible assets**	**Total**
Cost						
Balance at 1 January 2015	**107**	**50**	**63**	**263**	**7**	**490**
Effect of movements in foreign exchange rates	2	-	-	-	-	**2**
Additions	-	5	15	-	2	**22**
Disposals	-	-	(38)	-	-	**(38)**
Transfer	-	1	-	-	(1)	**-**
Balance at 30 June 2015	**109**	**56**	**40**	**263**	**8**	**476**
Amortisation and impairment losses						
Balance at 1 January 2015	**(8)**	**(20)**	**-**	**(90)**	**(3)**	**(121)**
Amortisation for the period	-	(2)	-	(18)	-	**(20)**
Balance at 30 June 2015	**(8)**	**(22)**	**-**	**(108)**	**(3)**	**(141)**
Carrying amount						
At 1 January 2015	**99**	**30**	**63**	**173**	**4**	**369**
At 30 June 2015	**101**	**34**	**40**	**155**	**5**	**335**

In 2016, EPH Group purchased emission allowances of EUR 14 million (30 June 2015: EUR 1 million). The remaining part of EUR 7 million (30 June 2015: EUR 14 million) was allocated to the Group by the Ministry of the Environment of the Czech Republic, Slovakia and Hungary.

Amortisation of intangible assets is included in the row Depreciation and amortisation in the condensed consolidated interim statement of comprehensive income.

Other intangible assets comprise valuable rights.

All intangible assets, excluding goodwill, were recognised as assets with definite useful life.

The Group has also carried out research activities reflected in these condensed consolidated interim financial statements. Research costs are recognised as operating expenses in the income statement immediately when incurred. No significant research costs were incurred during 2016 and 2015.

Impairment testing for cash-generating units containing goodwill

For the purpose of impairment testing, goodwill is allocated to the Group’s cash-generating units which represent the lowest level within the Group at which goodwill is monitored for internal management purposes.

The aggregate carrying amounts of goodwill allocated to single cash generating units are as follows (no intangible assets with indefinite useful lives were identified):

In millions of EUR	**30 June 2016**	**31 December 2015**
EP Energy, a.s.:		
Elektrárny Opatovice, a.s.	85	85
Helmstedter Revier GmbH	5	5
EP Cargo a.s.	5	5
EP ENERGY TRADING, a.s.[(1)]	5	5
Plzeňská energetika a.s.	3	3
EP Investments Advisors, s.r.o.	3	3
Eggborough Power Limited	-	31
Total goodwill	**106**	**137**

(1) Optimum Energy, s.r.o. merged with EP ENERGY TRADING, a.s. as at 1 January 2016. EP ENERGY TRADING, a.s. is the successor company.

In 2016 the balance of goodwill decreased by EUR 31 million. Due to the adverse changes in UK power market and decreased profitability and thus recoverability of Eggborough Power Limited, the Group recorded an impairment of EUR 27 million to a goodwill of EUR 31 million initially recognised on acquisition. Remaining balance of EUR 4 million is represented by changes in the FX rate.

Goodwill and impairment testing

In compliance with IAS 36, the Group annually conducts impairment testing of goodwill. The Group also conducts impairment testing of other intangible assets with indefinite useful lives, and of cash generating units (CGUs) where a trigger for impairment testing is identified. As at the acquisition date goodwill acquired is allocated to each of the cash-generating units expected to benefit from the combination's synergies. Impairment is determined by assessing the recoverable amount of the CGU, to which the goodwill relates, on the basis of a value in use that reflects estimated future discounted cash flows. Value in use is derived from management forecasts of future cash flows updated since the date of acquisition. The discount rates applied to the cash flow projections are calculated as the weighted average cost of capital (WACC) of each CGU.

The calculation of the recoverable amounts was based on the following key assumptions:

Cash-flows were projected based on past experience, actual operating results and the one-year business plan followed by additional four years of modelled projections followed by projected results based on estimated growth factor plus a terminal value if relevant. Cash flows for a terminal period were extrapolated using a constant growth rate of 0.5% – 2%, which does not exceed the long-term average growth rate for the industry. Other key assumptions considered by management include forecasts of commodity market prices, future electricity and gas prices, investment activity, changes in working capital and changes in the regulatory framework.

The discount rates used in estimating value in use were estimated based on the principle of an average market participant using peer companies (i.e. companies operating in a comparable industry and listed on world markets) as a standard for observing respective betas, debt to equity ratios and size adjustment parameters used for calculation. The resulting discount rates ranged from 6.23% to 6.92%. Decrease of used discount rates compared to prior year reflect recent market development, namely decrease in risk-free rates used for cost of equity calculation.

As at 30 June 2016 there were no impairment indicators other than for the impairment recognised for a goodwill associated with Eggborough Power Limited.

17. Equity accounted investees

The Group has the following investments in associates:

In millions of EUR Associates	Country	Ownership 30 June 2016 %	Carrying amount 30 June 2016
Kraftwerk Schkopau GbR	Germany	41.90	81
POZAGAS a.s.	Slovakia	41.30	53
Ergosud S.p.A.	Italy	50.00	42
Przedsiebiorstwo Górnicze Silesia Sp. z o.o.	Poland	38.93	24
Mitteldeutsche Umwelt- und Entsorgung GmbH	Germany	50.00	21
Pražská teplárenská Holding a.s.	Czech Republic	49.00	14
Fernwärme GmbH Hohenmölsen - Webau	Germany	48.96	4
Energotel, a.s.	Slovakia	20.00	2
Total		**-**	**241**

In millions of EUR Associates	Country	Ownership 31 December 2015 %	Carrying amount 31 December 2015
Kraftwerk Schkopau GbR	Germany	41.90	85
POZAGAS a.s.	Slovakia	41.30	49
Ergosud S.p.A.	Italy	50.00	45
Przedsiebiorstwo Górnicze Silesia Sp. z o.o.	Poland	38.93	35
Mitteldeutsche Umwelt- und Entsorgung GmbH	Germany	50.00	21
Pražská teplárenská Holding a.s.	Czech Republic	49.00	7
Fernwärme GmbH Hohenmölsen - Webau	Germany	48.96	4
Energotel, a.s.	Slovakia	20.00	1
Total		**-**	**247**

The Group has the following shares in the profit (loss) of associates:

In millions of EUR Associates	Country	Ownership 30 June 2016 %	Share of profit (loss) for the six-month period ended 30 June 2016
POZAGAS a.s.	Slovakia	41.30	3
Mitteldeutsche Umwelt- und Entsorgung GmbH	Germany	50.00	1
Kraftwerk Schkopau GbR	Germany	41.90	(1)
Ergosud S.p.A.	Italy	50.00	(3)
Przedsiebiorstwo Górnicze Silesia Sp. z o.o.	Poland	38.91	(12)
Total		**-**	**(12)**

In millions of EUR Associates	Country	Ownership 30 June 2015 %	Share of profit (loss) for the six-month period ended 30 June 2015
POZAGAS a.s.	Slovakia	41.30	4
Kraftwerk Schkopau GbR	Germany	41.90	(1)
Przedsiebiorstwo Górnicze Silesia Sp. z o.o.	Poland	38.91	(2)
Total		**-**	**1**

Summary financial information for standalone associates, presented at 100% as at 30 June 2016 and for the six-month period then ended.

In millions of EUR

Associates	Revenue	Profit (loss)	Other compre-hensive income	Total compre-hensive income	Assets	Liabilities	Equity
Pražská teplárenská Holding a.s.	28	*28	-	*28	121	7	114
Kraftwerk Schkopau GbR(1)	16	3	-	3	224	119	105
Kraftwerk Schkopau Betriebsgesellschaft GmbH(1)	49	1	-	1	9	9	-
Mitteldeutsche Umwelt- und Entsorgung GmbH(1)	23	2	-	2	63	34	29
Fernwärme GmbH Hohenmölsen - Webau(1)	3	-	-	-	15	8	7
POZAGAS a.s.	15	5	-	5	94	18	76
Przedsiebiorstwo Górnicze Silesia Sp. z o.o.	46	(32)	-	(32)	247	280	(33)
	180	**7**	**-**	**7**	**773**	**475**	**298**

* *Profit (loss) primarily represents dividend income from Pražská teplárenská a.s.*
(1) *Data from standalone financial statements according to German GAAP*

In millions of EUR

Associates	Non-current assets	Current assets	Non-current liabilities	Current liabilities
Pražská teplárenská Holding a.s.	86	35	-	7
Kraftwerk Schkopau GbR(1)	19	205	10	109
Kraftwerk Schkopau Betriebsgesellschaft GmbH(1)	-	9	-	9
Mitteldeutsche Umwelt- und Entsorgung GmbH(1)	35	28	12	22
Fernwärme GmbH Hohenmölsen - Webau(1)	14	1	1	7
POZAGAS a.s.	56	38	16	2
Przedsiebiorstwo Górnicze Silesia Sp. z o.o.	196	51	247	33
Total	**406**	**367**	**286**	**189**

(1) *Data from standalone financial statements according to German GAAP*

Summary financial information for standalone associates, presented at 100% as at 31 December 2015 and for the year then ended.

In millions of EUR

Associates	Revenue	Profit (loss)	Other compre-hensive income	Total compre-hensive income	Assets	Liabilities	Equity
Pražská teplárenská Holding a.s.	13	*13	-	*13	100	-	100
Kraftwerk Schkopau GbR[1]	32	6	-	6	222	120	102
Kraftwerk Schkopau Betriebsgesellschaft GmbH[1]	102	-	-	-	9	9	-
Mitteldeutsche Umwelt- und Entsorgung GmbH[1]	51	4	-	4	62	35	27
Fernwärme GmbH Hohenmölsen - Webau[1]	5	-	-	-	15	9	6
POZAGAS a.s.	29	11	-	11	89	18	71
Przedsiebiorstwo Górnicze Silesia Sp. z o.o.	80	(10)	-	(10)	246	253	(7)
	312	**24**	**-**	**24**	**743**	**444**	**299**

* *Profit (loss) primarily represents dividend income from Pražská teplárenská a.s.*
(1) Data from standalone financial statements according to German GAAP

In millions of EUR

Associates	Non-current assets	Current assets	Non-current liabilities	Current liabilities
Pražská teplárenská Holding a.s.	93	7	-	-
Kraftwerk Schkopau GbR[1]	21	201	11	109
Kraftwerk Schkopau Betriebsgesellschaft GmbH[1]	-	9	-	9
Mitteldeutsche Umwelt- und Entsorgung GmbH[1]	36	26	23	12
Fernwärme GmbH Hohenmölsen - Webau[1]	-	15	1	8
POZAGAS a.s.	56	33	15	3
Przedsiebiorstwo Górnicze Silesia Sp. z o.o.	206	40	189	64
Total	**412**	**331**	**239**	**205**

(1) Data from standalone financial statements according to German GAAP

18. Inventories

In millions of EUR	**30 June 2016**	**30 December 2015**
Raw material and supplies	55	56
Spare parts	42	35
Fuel	36	39
Overburden	27	26
Work in progress	10	5
Finished goods and merchandise	2	3
Total	**172**	**164**

As at 30 June 2016 inventories in the amount of EUR 27 million (31 December 2015: EUR 28 million) were subject to pledges.

19. Trade receivables and other assets

In millions of EUR	**30 June 2016**	**31 December 2015**
Trade receivables	335	441
Advance payments	83	62
Accrued income	76	77
Estimated receivables	75	48
Other receivables and assets	25	22
Allowance for bad debts	(17)	(14)
Total	**577**	**636**
Non-current	38	48
Current	539	588
Total	**577**	**636**

As at 30 June 2016 trade receivables with a carrying value of EUR 51 million are subject to pledges (31 December 2015: EUR 74 million).

20. Cash and cash equivalents

In millions of EUR	**30 June 2016**	**31 December 2015**
Current accounts with banks	1,192	641
Term deposits	138	65
Bills of exchange issued by banks	18	-
Total	**1,348**	**706**

Term deposits and bills of exchange issued by banks with original maturity of up to three months are classified as cash equivalents.

As at 30 June 2016 cash equivalents of EUR 205 million are subject to pledges (31 December 2015: EUR 168 million). According to the bond documentation cash balances at specific entities are pledged in favour of the bondholders in case EPE defaults on bonds payments. As such, the pledged cash is readily available to the EPH Group and does not represent restricted cash.

As at 30 June 2016 the balance of Cash and cash equivalents contains EUR 318 million (reported by EP Energy) received in relation to intragroup disposal of JTSD Group (disposed by EP Energy to EPH) which took place on 1 April 2016.

21. Restricted cash

As at 30 June 2016 balance of EUR 40 million (31 December 2015: EUR 38 million) is represented by cash deposited by Eggborough Power Limited. EUR 28 million (31 December 2015: EUR 27 million) represents security given by EPL to the pension fund, this will remain in place until risk on the schemes funding deficit is eliminated.

EUR 5 million (31 December 2015: EUR 6 million) represents security given to the Environment Agency in connection with future commitments at EPLs ash disposal site.

EUR 7 million (31 December 2015: EUR 0 million) represents banking collateral to form a credit line for banking provider for bankers' automated clearing service (BAC) and other payments.

EUR 0 million (31 December 2015: EUR 5 million) represents collateral deposited with National Grid. This cash balance enabled EPL to participate in network balancing activity in the UK (when the system is long suppliers 'bid' to avoid supplying, when the system is short National Grid 'offers' available plant short term contracts to generate.

As at 31 December 2015 remaining balance of restricted cash in amount of EUR 250 million was represented by cash reserved for 51% shareholder of SPP Infrastructure, a.s. which was declared and paid as dividend in 2016 (actual distribution happened on 22 February 2016). SPPI deposited this amount to special bank account and was not allowed to use this cash for any other purpose other than for the payment of these dividends to Slovenský plynárenský priemysel, a.s.

22. Tax receivables

In millions of EUR	**30 June 2016**	**31 December 2015**
Value added tax receivables	71	59
Current income tax receivables	23	18
Energy tax	1	3
Other tax receivables	2	3
Total	**97**	**83**

23. Assets and liabilities held for sale and discontinued operations

As at 31 December 2015 assets held for sale and liabilities from disposal groups held for sale were fully represented by specific assets and liabilities reported by Stredoslovenská energetika, a.s. These assets and liabilities are no longer classified as assets and liabilities held for sale.

24. Deferred tax assets and liabilities

As at 30 June 2016 the net deferred tax liability amounts to EUR 1,062 million (31 December 2015: EUR 1,056 million) and comprises of deferred tax asset of EUR 59 million (31 December 2015: EUR 63 million) and deferred tax liability of EUR 1,121 million (31 December 2015: EUR 1,119 million).

25. Equity

Share capital and share premium

The authorised, issued and fully paid share capital as at 30 June 2016 consisted of 28,946,239 ordinary shares with a par value of CZK 100 each (31 December 2015: 57,892,478 shares) and 2,155,568,900 ordinary shares with a par value of CZK 1 each (31 December 2015: 3,301,099,240 shares).

The shareholders are entitled to receive dividends and to one vote per 1 CZK share and 100 votes per 100 CZK share, at meetings of the Company's shareholders.

30 June 2016	**Number of shares**		**Ownership**	**Voting rights**
	1 CZK	**100 CZK**	**%**	**%**
BIQUES LIMITED (part of J&T PARTNERS I L.P.)	236,085,576	12,537,213	25.66	25.66
EP Investment S.à r.l. (owned by Daniel Křetínský)	1,683,397,724	1,935,906	37.17	37.17
MILEES LIMITED (part of J&T PARTNERS II L.P.)	236,085,600	14,473,120	37.17	37.17
Total	**2,155,568,900**	**28,946,239**	**100.00**	**100.00**

31 December 2015	**Number of shares**		**Ownership**	**Voting rights**
	1 CZK	**100 CZK**	**%**	**%**
BIQUES LIMITED (part of J&T PARTNERS I L.P.)	236,085,700	14,473,120	18.52	33.33
EP Investment S.à r.l. (owned by Daniel Křetínský)	1,683,397,600	-	18.52	33.33
MILEES LIMITED (part of J&T PARTNERS II L.P.)	236,085,600	14,473,119	18.52	33.33
Own shares(1)	1,145,530,340	28,946,239	44.44	-
Total	**3,301,099,240**	**57,892,478**	**100.00**	**100.00**

(1) In 2014 EPH acquired 44.44% of its own shares from TIMEWORTH HOLDINGS LIMITED. As at 31 December 2015 these shares were reported within EPH´s equity and on 22 January 2016 were cancelled.

The reconciliation of the number of shares outstanding at the beginning and at the end of the period is provided as follows:

	Number of shares 30 June 2016	
	1 CZK	**100 CZK**
Shares outstanding at the beginning of the year	3,301,099,240	57,892,478
Own shares cancelled at 22 January 2016	(1,145,530,340)	(28,946,239)
Shares outstanding at the end of the period	**2,155,568,900**	**28,946,239**

	Number of shares 31 December 2015	
	1 CZK	**100 CZK**
Shares outstanding at the beginning of the year	3,301,099,240	57,892,478
Shares outstanding at the end of the year	**3,301,099,240**	**57,892,478**

Reserves recognised in equity comprise the following items:

In millions of EUR	**30 June 2016**	**31 December 2015**
Hedging reserve	24	(30)
Other capital funds from capital contributions	23	23
Non-distributable reserves	6	6
Fair value reserve	(4)	(4)
Other capital reserves	(54)	(54)
Translation reserve	(71)	(78)
Total	**(76)**	**(137)**

Non-distributable reserves

The creation of a legal reserve fund in the Czech Republic was prior to 1 January 2014 required at a minimum of 20% (10% for limited liability companies) of net profit (annually) and up to a minimum of 10% (5% for limited liability companies) of the registered share capital (cumulative balance). The legal reserve fund could have only been used to cover losses of the Company and may not have been distributed as a dividend. The calculation of the legal reserve was based on local statutory regulations. The legal reserve of EUR 6 million was reported as at 30 June 2016 (31 December 2015: EUR 6 million). From 1 January 2014, in relation to the newly enacted legislation in the Czech Republic, legal reserve fund and its creation are no longer, under certain circumstances, obligatory. Similarly, legal reserve fund can be from 1 January 2014, under certain conditions, distributed in a form of dividend.

Translation reserve

The translation reserve comprises all foreign exchange differences arising from the translation of the financial statements of foreign operations of the Group and translation of the condensed consolidated interim financial statements to presentation currency.

Other capital reserves

In 2009 the Group accounted for pricing differences that arose both from establishment of the Group as at 10 August 2009 and acquisition of certain new subsidiaries in the subsequent periods prior to 9 October 2009. Such subsidiaries were acquired under common control of J&T Finance Group, a.s. and therefore excluded from scope of IFRS 3, which defines recognition of goodwill raised from business combination as the excess of the cost of an acquisition over the fair value of the Group’s share of the net identifiable assets, liabilities and contingent liabilities of the acquired subsidiary. Acquirees under common control are recorded at the book value, which is presented in the financial statements of J&T Finance Group, a.s. (i.e. including historical goodwill less potential impairment). The difference between the cost of acquisition, carrying values of net assets and original goodwill carried forward as at the acquisition date was recorded in consolidated equity as pricing differences.

In 2010 in relation to the disposal of certain subsidiaries the revaluation reserve increase by EUR 74 million. The amount corresponds not only to pricing differences assigned directly to disposed subsidiaries but also to their direct parent companies (SPEs), which, although they remained in scope, are not cash generating units as standalones and thereby do not carry any goodwill potential.

In 2011 other capital reserves increased further by EUR 56 million in relation to the several subsidiaries that were spun off to EP Industries, a.s. as a part of non-cash dividend distribution.

In 2013 other capital reserves increased by EUR 1 million due to the process of restructuralisation in SPP Group.

Hedging reserves

The effective portion of fair value changes in financial derivatives designated as cash flow hedges are recognised in equity (for more details please refer to Note 31 – Financial instruments).

Share premium

Along with the equity reserves described above, the Company recognised a Share premium of EUR 64 million in 2012. For more information on share issues refer to Note 1 – Background.

Reserve for own shares

On 22 January 2016 own shares were cancelled and the difference between the nominal value and purchase price in excess over the nominal value of EUR 932 million originally presented as a reserve for own shares was released to equity.

26. Earnings per share

Basic earnings per share

Basic earnings per share in EUR per equivalent 1,000 CZK of share nominal value equal 0.01 (30 June 2015: 0.02).

The calculation of basic earnings per share as at 30 June 2016 was based on a profit attributable to ordinary shareholders of EUR 75 million (30 June 2015: EUR 98 million), and a weighted average number of ordinary shares outstanding of 5,050 million (30 June 2015: 5,050 million).

Weighted average number of ordinary shares as at 30 June 2016

In millions of shares	**Nominal**	**Weighted**
Issued ordinary shares at 10 August 2009 (1 share/CZK 100) adjusted to 1 share/CZK 1	8,248	8,248
Issued ordinary shares at 9 October 2009 (1 share/CZK 1)	2,783	2,783
Issued ordinary shares at 8 January 2010 (1 share/CZK 1)	390	390
Issued ordinary shares at 30 June 2010 (1 share/CZK 1)	70	70
Decrease of share capital – effect of demerger by spin-off at 30 September 2011 (1 share/CZK 100) adjusted to 1 share/CZK 1	(2,459)	(2,459)
Decrease of share capital – effect of demerger by spin-off at 30 September 2011 (1 share/CZK 1)	(615)	(615)
Issued ordinary shares at 7 August 2012 (1 share/CZK 1)	673	673
Own shares acquired at 3 February 2014 (1share/CZK 1)	(673)	(356)
Own shares acquired at 20 June 2014 (1share/CZK 1)	(472)	(472)
Own shares acquired at 20 June 2014 (1share/CZK 100)	(2,895)	(2,895)
Total	**5,050**	**5,367**

Weighted average number of ordinary shares as at 30 June 2015

In millions of shares	**Nominal**	**Weighted**
Issued ordinary shares at 10 August 2009 (1 share/CZK 100) adjusted to 1 share/CZK 1	8,248	8,248
Issued ordinary shares at 9 October 2009 (1 share/CZK 1)	2,783	2,783
Issued ordinary shares at 8 January 2010 (1 share/CZK 1)	390	390
Issued ordinary shares at 30 June 2010 (1 share/CZK 1)	70	70
Decrease of share capital – effect of demerger by spin-off at 30 September 2011 (1 share/CZK 100) adjusted to 1 share/CZK 1	(2,459)	(2,459)
Decrease of share capital – effect of demerger by spin-off at 30 September 2011 (1 share/CZK 1)	(615)	(615)
Issued ordinary shares at 7 August 2012 (1 share/CZK 1)	673	673
Own shares acquired at 3 February 2014 (1share/CZK 1)	(673)	(356)
Own shares acquired at 20 June 2014 (1share/CZK 1)	(472)	(250)
Own shares acquired at 20 June 2014 (1share/CZK 100)	(2,895)	(1,531)
Total	**5,050**	**6,953**

Dilutive earnings per share

As the Group issued no convertible debentures or other financial instruments with dilutive potential effects on ordinary shares, diluted earnings per share is the same as basic earnings per share.

27. Non-controlling interest

30 June 2016 *In millions of EUR*	**Pražská teplárenská a.s. and its subsidiaries**	**Stredoslovenská energetika, a.s. and its subsidiaries**	**NAFTA a.s. and its subsidiaries**	**SPP Infrastructure, a.s. and its subsidiaries[3]**	**EP Produzione Centrale Livorno Ferraris S.p.A.**	**Other individually immaterial subsidiaries**	**Total**
Non-controlling percentage	**26.18%**	**51.00%**	**31.01%**	**51.00%**	**25.00%**		
Business activity	Production and distribution of heat	Distribution of electricity	Gas storage and exploration	Distribution of gas	Production of electricity and heat		
Country[1]	Czech Republic	Slovakia	Slovakia	Slovakia	Italy		
Carrying amount of NCI at 30 June 2016	**79**	**364**	**83**	**1,194**	**54**	**19**	**1,793**
Profit (loss) attributable to non-controlling interest for the six-month period ended 30 June 2016	**18**	**12**	**12**	**131**	**4**	**-**	**177**
Dividends declared	**(16)**	**(35)**	**(35)**	**(231)**	**-**	**(9)**	**(326)**
Statement of financial position information[2]							
Total assets	447	1,076	687	5,891	244		
of which: non-current	*288*	*859*	*652*	*5,159*	*154*		
current	*159*	*217*	*35*	*732*	*90*		
Total liabilities	135	363	388	3,216	27		
of which: non-current	*33*	*189*	*305*	*2,751*	*8*		
current	*102*	*174*	*83*	*465*	*19*		
Net assets	**312**	**713**	**299**	**2,675**	**217**	**-**	**-**
Statement of comprehensive income information[2]							
Total revenues	206	457	85	640	73		
of which: dividends received	-	-	-	*1*	-		
Profit after tax	59	23	38	329	17		
Total other comprehensive income for the period, net of tax	-	-	-	(11)	-		
Total comprehensive income for the period[2]	**59**	**23**	**38**	**318**	**17**	**-**	**-**
Net cash inflows (outflows)[2]	**56**	**17**	**-**	**209**	**(7)**		

(1) Principal place of business of subsidiaries and associates varies (for detail refer to Note 35 – Group entities).
(2) Financial information derived from financial statements prepared in accordance with local statutory accounting standards.
(3) Excluding NAFTA a.s. and its subsidiaries and SPP Storage, s.r.o.

31 December 2015 *In millions of EUR*	**Pražská teplárenská a.s. and its subsidiaries**	**Stredoslovenská energetika, a.s. and its subsidiaries**	**NAFTA a.s. and its subsidiaries**	**SPP Infrastructure, a.s. and its subsidiaries[3]**	**EP Produzione Centrale Livorno Ferraris S.p.A.[4]**	**Other individually immaterial subsidiaries**	**Total**
Non-controlling percentage	**26.18%**	**51.00%**	**31.01%**	**51.00%**	**25.00%**		
Business activity	Production and distribution of heat	Distribution of electricity	Gas storage and exploration	Distribution of gas	Production of electricity and heat		
Country[1]	Czech Republic	Slovakia	Slovakia	Slovakia	Italy		
Carrying amount of NCI at 31 December 2015	**85**	**386**	**105**	**1,285**	**50**	**33**	**1,944**
Profit (loss) attributable to non-controlling interest for the year	**5**	**39**	**33**	**256**	**4**	**7**	**344**
Dividends declared	**(8)**	**(28)**	**(32)**	**(564)**	**-**	**-**	**(632)**
Statement of financial position information[2]							
Total assets	383	1,083	759	6,048	241		
of which: non-current	*327*	*850*	*689*	*5,086*	*159*		
current	*56*	*233*	*70*	*962*	*82*		
Total liabilities	69	327	394	3,340	42		
of which: non-current	*39*	*179*	*306*	*3,013*	*14*		
current	*30*	*148*	*88*	*327*	*28*		
Net assets	**314**	**756**	**365**	**2,708**	**199**	**-**	**-**
Statement of comprehensive income information[2]							
Total revenues	242	948	216	1,232	106		
of which: dividends received	-	-	-	*1*	-		
Profit after tax	21	76	107	554	16		
Total other comprehensive income for the year, net of tax	-	-	-	23	-		
Total comprehensive income for the year[2]	**21**	**76**	**107**	**577**	**16**	**-**	**-**
Net cash inflows (outflows)[2]	**1**	**17**	**(51)**	**(28)**	**9**		

(1) Principal place of business of subsidiaries and associates varies (for detail refer to Note 35 – Group entities).
(2) Financial information derived from financial statements prepared in accordance with local statutory accounting standards.
(3) Excluding NAFTA a.s. and its subsidiaries.
(4) Data represent Company's results from the date of acquisition.

28. Loans and borrowings

In millions of EUR	30 June 2016	31 December 2015
Issued debentures at amortised costs	3,053	3,337
Loans payable to credit institutions	2,484	1,686
Loans payable to other than credit institutions	46	23
Liabilities from financial leases	15	16
Revolving credit facility	-	145
Bank overdraft	-	20
Total	**5,598**	**5,227**
Non-current	5,138	4,851
Current	460	376
Total	**5,598**	**5,227**

Fair value information

The fair value of interest bearing instruments held at amortised costs is shown in the table below:

In millions of EUR	30 June 2016		31 December 2015	
	Carrying amount	**Fair value**	**Carrying amount**	**Fair value**
Issued debentures at amortised costs	3,053	3,197	3,337	3,400
Loans payable to credit institutions	2,484	2,477	1,686	1,689
Loans payable to other than credit institutions	46	50	23	24
Liabilities from financial leases	15	16	16	16
Revolving credit facility	-	-	145	145
Bank overdraft	-	-	20	20
Total	**5,598**	**5,740**	**5,227**	**5,294**

All interest bearing instruments held at amortised costs are categorised within Level 2 of the fair value hierarchy.

29. Provisions

In millions of EUR	**Employee benefits**	**Provision for emission rights**	**Onerous contracts**	**Provision for lawsuits and litigations**	**Provision for restoration and decommissioning**	**Other**	**Total**
Balance at 1 January 2016	**120**	**102**	**70**	**9**	**691**	**4**	**996**
Provisions made during the period	13	34	-	-	3	1	**51**
Provisions used during the period	(16)	(88)	(1)	-	(3)	(1)	**(109)**
Provisions reversed during the period	-	-	(7)	-	(6)	-	**(13)**
Acquisitions through business combination(1)	-	-	-	-	11	-	**11**
Unwinding of discount*	-	-	-	-	6	-	**6**
Effects of movements in foreign exchange rate	(1)	(3)	-	-	(11)	-	**(15)**
Balance at 30 June 2016	**116**	**45**	**62**	**9**	**691**	**4**	**927**
Non-current	*71*	*-*	*62*	*-*	*680*	*2*	***815***
Current	*45*	*45*	*-*	*9*	*11*	*2*	***112***

* *Unwinding of discount is included in interest expense.*
(1) *The purchase of Lynemouth Power Limited*

In millions of EUR	**Employee benefits**	**Provision for emission rights**	**Provision for lawsuits and litigations**	**Provision for restoration and decommissioning**	**Other**	**Total**
Balance at 1 January 2015	**102**	**38**	**-**	**426**	**30**	**596**
Provisions made during the period	13	18	7	-	5	**43**
Provisions used during the period	(19)	(71)	-	(4)	-	**(94)**
Provisions reversed during the period	(2)	-	-	(1)	-	**(3)**
Acquisitions through business combination(1)	12	50	1	73	4	**140**
Unwinding of discount*	1		-	7	-	**8**
Effects of movements in foreign exchange rate	1	3	-	3	-	**7**
Balance at 30 June 2015	**108**	**38**	**8**	**504**	**39**	**697**
Non-current	*66*	*-*	*-*	*501*	*1*	***568***
Current	*42*	*38*	*8*	*3*	*38*	***129***

* *Unwinding of discount is included in interest expense.*
(1) *The purchase of Eggborough Holdco 2 S.à r.l. and its subsidiary*

Accounting for provisions involves frequent use of estimates, such as probability of occurrence of uncertain events or calculation of the expected outcome. Such estimates are based on past experience, statistical models and professional judgement.

Employee benefits

The Group recorded a significant amount as provision for long-term employee benefits related to its employees. Valuations of these provisions are sensitive to assumptions used in the calculations, such as future salary and benefit levels, discount rates, employee leaving rate, late retirement rate, mortality and life expectancy. The management considered various estimated factors and how these estimates would impact the recognised provision. As a result of this analysis, no significant variances to the recorded provision are expected.

The provision for employee benefits in the amount of EUR 116 million (31 December 2015: EUR 120 million) was recorded by Mitteldeutsche Braunkohlengesellschaft GmbH, Elektrárny Opatovice, a.s., Mining Services and Engineering Sp. z o.o., Pražská teplárenská, a.s., PT měření, a.s., United Energy, a.s., Helmstedter Revier GmbH, Stredoslovenská energetika a.s., NAFTA a.s., SPPI Group, Budapesti Erömü Zrt., Eggborough Power Limited, EP Produzione Centrale Livorno Ferraris S.p.A., EP Produzione S.p.A., Centro Energia Ferrara and Fiume Santo S.p.A.

Provision for emission rights

Provision for emission rights is recognised regularly during the year based on the estimated number of tonnes of CO2 emitted. It is measured at the best estimate of the expenditure required to settle the present obligation at the end of the reporting period.

Provision for restructuring, restoration and decommissioning

The provision of EUR 691 million (31 December 2015: EUR 691 million) was primarily recorded by JTSD Braunkohlebergbau GmbH (EUR 233 million; 31 December 2015: 230 million), EP Produzione S.p.A. (EUR 108 million; 31 December 2015: EUR 107 million), Helmstedter Revier GmbH (EUR 84 million; 31 December 2015: EUR 85 million), NAFTA a.s. (EUR 96 million; 31 December 2015: 99 million), Eggborough Power Limited (EUR 69 million; 31 December 2015: EUR 78 million), Fiume Santo S.p.A. (EUR 66 million; 31 December 2015: EUR 67 million), SPPI Group (excluding NAFTA a.s. and SPP Storage, s.r.o as at 30 June 2016 and excluding NAFTA a.s. as at 31 December 2015) (EUR 13 million; 31 December 2015: EUR 13 million).

30. Deferred income

In millions of EUR	**30 June 2016**	**31 December 2015**
Government grants	49	46
Free-of-charge received property	17	16
Other deferred income	49	47
Total	**115**	**109**
Non-current	79	97
Current	36	12
Total	**115**	**109**

Several items of gas equipment were obtained “free of charge” from municipal and local authorities. This equipment was recorded as property, plant, and equipment at the costs incurred by the municipal and local authorities with a corresponding amount recorded as deferred income. 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.

Balance of government grants in amount of EUR 49 million (31 December 2015: EUR 46 million) is mainly represented by Elektrárny Opatovice, a.s. of EUR 24 million (31 December 2015: EUR 22 million), Alternative Energy, s.r.o. of EUR 5 million (31 December 2015: EUR 5 million), SPP Infrastructure, a.s. of EUR 11 million (31 December 2015: EUR 11 million) and United Energy a.s. of EUR 6 million (31 December 2015: EUR 5 million). Elektrárny Opatovice, a.s. and Alternative Energy, s.r.o. were provided with government grants to reduce emission pollutions and to build biogas facility. Balance of government grants recognised by SPPI Group includes the grants allocated by the European Commission for the reverse flow projects of the KS04 and Plavecký Peter gas pipelines, and the cross-border interconnection points between Poland and Slovakia and between Hungary and Slovakia.

Balance of other deferred income in amount of EUR 49 million (31 December 2015: EUR 47 million) is mainly represented by Stredoslovenská energetika, a.s. This balance consists of deferred income related to the following items: fee for grid connection paid by customers (EUR 26 million; 31 December 2015: EUR 25 million), contributions for the acquisitions of tangible assets paid by customers (EUR 17 million; 31 December 2015: EUR 16 million) and contributions paid by customers for the restoration of tangible assets related to distribution network (EUR 3 million; 31 December 2015: EUR 4 million).

31. Financial instruments

Financial instruments and other financial assets

In millions of EUR	**30 June 2016**	**31 December 2015**
Assets carried at amortised cost		
Loans to other than credit institutions	345	275
Shares available for sale held at cost	86	86
Other short-term deposits (intended for investing activities)	1	-
Total	**432**	**361**
Assets carried at fair value		
Hedging: *of which*	125	93
Currency forwards cash flow hedge	*81*	-
Commodity derivatives cash flow hedge	*44*	*67*
Commodity derivatives fair value hedge	-	*23*
Interest rate swaps cash flow hedge	-	*2*
Other derivatives cash flow hedge	-	*1*
Risk management purpose: *of which*	8	6
Commodity derivatives reported as trading	*7*	*5*
Currency forwards reported as trading	*1*	*1*
Total	**133**	**99**
Non-current	247	151
Current	318	309
Total	**565**	**460**

Financial instruments and other financial liabilities

In millions of EUR	**30 June 2016**	**31 December 2015**
Liabilities carried at amortised cost		
Issued bills of exchange at amortised costs	55	83
Total	**55**	**83**
Liabilities carried at fair value		
Hedging: *of which*	51	10
Interest rate swaps fair value hedge	*34*	-
Interest rate swaps cash flow hedge	*16*	*6*
Commodity derivatives cash flow hedge	*1*	*4*
Risk management purpose: *of which*	13	27
Interest rate swaps reported as trading	*11*	*9*
Currency forwards reported as trading	*1*	*12*
Commodity derivatives reported as trading	*1*	*6*
Total	**64**	**37**
Non-current	26	32
Current	93	88
Total	**119**	**120**

Shares available for sale held at cost primarily represent a 10% share in Veolia Energie ČR, a.s. (EUR 76 million; 31 December 2015: EUR 76 million).

The management of EPH is of the opinion that it is extremely difficult to calculate fair value for this stake. Veolia Energie ČR, a.s. is not publicly traded, the Company does not have access to business plans or other reliable financial information based on which fair value of the share could be reasonably determined. As a result, the management of EPH decided to exercise the exception in IAS 39.46 and carry the shares at cost.

Fair values and respective nominal amounts of derivatives are disclosed in the following table:

In millions of EUR	**30 June 2016 Nominal amount buy**	**30 June 2016 Nominal amount sell**	**30 June 2016 Fair value buy**	**30 June 2016 Fair value sell**
Hedging: *of which*	3,006	(2,878)	125	(51)
Currency forwards cash flow hedge	*1,510*	*(1,382)*	*81*	-
Commodity derivatives cash flow hedge	-	-	*44*	*(1)*
Interest rate swaps fair value hedge	*1,258*	*(1,258)*	-	*(34)*
Interest rate swaps cash flow hedge	*235*	*(235)*	-	*(16)*
Currency forwards cash flow hedge	*3*	*(3)*	-	-
Risk management purpose: *of which*	791	(779)	8	(13)
Commodity derivatives reported as trading	*357*	*(354)*	*7*	*(1)*
Currency forwards reported as trading	*215*	*(206)*	*1*	*(1)*
Interest rate swaps reported as trading	*219*	*(219)*	-	*(11)*
Total	**3,797**	**(3,657)**	**133**	**(64)**

In millions of EUR	**31 December 2015 Nominal amount buy**	**31 December 2015 Nominal amount sell**	**31 December 2015 Fair value buy**	**31 December 2015 Fair value sell**
Hedging: *of which*	493	(493)	93	(10)
Commodity derivatives cash flow hedge	*258*	*(258)*	*67*	*(4)*
Commodity derivatives fair value hedge	-	-	*23*	-
Interest rate swaps cash flow hedge	*235*	*(235)*	*2*	*(6)*
Other derivatives cash flow hedge	-	-	*1*	-
Risk management purpose: *of which*	1,594	(1,589)	6	(27)
Currency forwards reported as trading	*676*	*(675)*	*1*	*(12)*
Interest rate swaps reported as trading	*582*	*(582)*	-	*(9)*
Commodity derivatives reported as trading	*336*	*(332)*	*5*	*(6)*
Total	**2,087**	**(2,082)**	**99**	**(37)**

In 2016 Lynemouth Power Limited entered into a series of foreign exchange forward contracts which are accounted for as cash flow hedges fixing the foreign exchange element of future purchases of biomass to be used as a fuel for power plant once refurbished to burn biomass. The effect reported in equity as of 30 June 2016 is EUR 70 million.

Commodity derivatives are recognised in respect of contracts for purchase and sale of electricity, which are denominated in CZK and EUR with maturity up to one year and where the contractual condition of derivatives does not meet the “own use exemption” as noted in IAS 39.5.

Fair value hierarchy for financial instruments carried at fair value

In general, financial instruments carried at fair value are measured based on quoted market prices at the reporting date. If the market for a financial instrument is not active, fair value is established using valuation techniques. In applying valuation techniques, management uses estimates and assumptions that are consistent with available information that market participants would use in setting a price for the financial instrument.

The table below analyses financial instruments carried at fair value, by valuation method. The different levels have been defined as follows:

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2: inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices);
- Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

		30 June 2016		
In millions of EUR	**Level 1**	**Level 2**	**Level 3**	**Total**
Financial assets carried at fair value:				
Hedging: *of which*	-	125	-	**125**
Currency forwards cash flow hedge	-	*81*	-	***81***
Commodity derivatives cash flow hedge	-	*44*	-	***44***
Risk management purpose: *of which*	-	8	-	**8**
Commodity derivatives reported as trading	-	*7*	-	***7***
Currency forwards reported as trading	-	*1*	-	***1***
Total	**-**	**133**	**-**	**133**
Financial liabilities carried at fair value:				
Hedging: *of which*	-	51	-	**51**
Interest rate swaps fair value hedge	-	*34*	-	***34***
Interest rate swaps cash flow hedge	-	*16*	-	***16***
Commodity derivatives cash flow hedge	-	*1*	-	***1***
Risk management purpose: *of which*	-	13	-	**13**
Interest rate swaps reported as trading	-	*11*	-	***11***
Currency forwards reported as trading	-	*1*	-	***1***
Commodity derivatives reported as trading	-	*1*	-	***1***
Total	**-**	**64**	**-**	**64**

		31 December 2015		
In millions of EUR	**Level 1**	**Level 2**	**Level 3**	**Total**
Assets carried at fair value				
Hedging: *of which*	-	93	-	**93**
Commodity derivatives cash flow hedge	-	*67*	-	***67***
Commodity derivatives fair value hedge	-	*23*	-	***23***
Interest rate swaps cash flow hedge	-	*2*	-	***2***
Other derivatives cash flow hedge	-	*1*	-	***1***
Risk management purpose: *of which*	-	6	-	**6**
Commodity derivatives reported as trading	-	5	-	**5**
Currency forwards reported as trading	-	1	-	**1**
Total	**-**	**99**	**-**	**99**
Liabilities carried at fair value				
Hedging: of which	-	10	-	**10**
Interest rate swaps cash flow hedge	-	*6*	-	***6***
Commodity derivatives cash flow hedge	-	*4*	-	***4***
Risk management purpose: of which	-	27	-	**27**
Currency forwards reported as trading	-	*12*	-	***12***
Interest rate swaps reported as trading	-	*9*	-	***9***
Commodity derivatives reported as trading	-	*6*	-	***6***
Total	**-**	**37**	**-**	**37**

There were no transfers between fair value levels in periods ended either 30 June 2016 or 31 December 2015.

The fair value of financial instruments held at amortised costs is shown in the table below:

In millions of EUR	30 June 2015		31 December 2015	
	Carrying value	**Fair value**	**Carrying value**	**Fair value**
Financial assets				
Loans to other than credit institutions	345	370	275	356
Shares available for sale held at cost, net*	86	(1)-	86	(1)-
Other short-term deposits (intended for investing activities)	1	1	-	-
Total	**432**	**371**	**361**	**356**
Financial liabilities				
Issued bills of exchange at amortised costs	55	52	83	83
Total	**55**	**52**	**83**	**83**

* *As noted above Shares available for sale held at cost, net primarily represent the acquired 10% share in Veolia Energie ČR, a.s.*

(1) *These equity instruments do not have a quoted price in an active market and their fair value cannot be otherwise measured reliably, therefore they are held at cost and disclosure of fair value is not required.*

All financial instruments held at amortised costs are categorised within Level 2 of the fair value hierarchy.

32. Trade payables and other liabilities

In millions of EUR	**30 June 2016**	**31 December 2015**
Trade payables	333	413
Advance payments received	133	121
Liabilities to owners due from dividends	71	-
Accrued expenses	67	80
Payroll liabilities	66	86
Estimated payables	41	39
Other tax liabilities	25	49
Uninvoiced supplies	17	24
Liability from deferred earn-out(1)	6	6
Other liabilities	45	56
Total	**804**	**874**
Non-current	53	121
Current	751	753
Total	**804**	**874**

(1) *In 2015 the EPH Group acquired Budapesti Erömü Zrt. In addition to the purchase price paid, EPH Group recognised an additional liability in amount of EUR 6 million as probable future payment to previous owner if agreed criteria are met.*

Trade payables and other liabilities have not been secured as at 30 June 2016 or as at 31 December 2015.

As at 30 June 2016 and 31 December 2015 no liabilities to social and health insurance or tax authorities were overdue.

Estimated payables are recognised based on contractual conditions or invoices received after the balance sheet date but before the financial statements are published.

33. Financial commitments and contingencies

Off balance sheet liabilities

In millions of EUR	**30 June 2016**	**31 December 2015**
Granted pledges – securities	9,193	7,195
Guarantees given	1,020	976
Other granted pledges	1,009	1,802
Total	**11,222**	**9,973**

Granted pledges represent securities of individual Group companies used as collateral for external financing.

On 17 March 2016 50% minus one share of the capital stock of EP Energy, capital stock of Czech Gas Holding Investment B.V. (“CGHI”), EPH Gas holding B.V. (“EPHGH”) and Slovak Gas Holding B.V. (“SGH”) was pledged as part of the refinancing of EP Infrastructure, a.s.

Cash and cash equivalents and trade receivables of SGH were also pledged as part of the refinancing of EP Infrastructure, a.s. These pledges are included in other granted pledges below.

Guarantees given

Guarantees given include mainly guarantees in the amount of EUR 813 million (31 December 2015: EUR 803 million) used as collateral for external financing and contracts for the future supply of energy for EUR 200 million (31 December 2015: EUR 163 million).

Other granted pledges

In millions of EUR	**30 June 2016**	**31 December 2015**
Loans granted(1)	364	1,157
Property, plant and equipment	362	374
Cash and cash equivalents	205	168
Trade receivables	51	74
Inventories	27	28
Investment property	-	1
Total	**1,009**	**1,802**

(1) Total balance of pledged granted loans includes intercompany loans of EUR 350 million (31 December 2015: EUR 846 million).

Off balance sheet assets

In millions of EUR	**30 June 2016**	**31 December 2015**
Received promises	299	243
Other received guarantees and warranties	123	133
Total	**422**	**376**

Received promises

Received promises mainly comprise the contracts for the future purchase of energy in amount of EUR 102 million (31 December 2015: EUR 120 million) and regulatory contingent assets related to green energy of EUR 111 million (31 December 2015: EUR 73 million) recognised by Stredoslovenská energetika, a.s., which are represented by the contingent assets related to green energy for the years 2016 and 2015 (31 December 2015: contingent assets cover year 2015).

Regulatory contingent assets related to green energy

The SSE Group is legally bound to connect producers of green energy, if they comply with requirements set by RONI and to purchase the green electricity generated, which is used to cover network losses. The purchase tariff for green energy is set by RONI and is covered by the Tariff for system operation (“TPS”). For the six-month period ended 30 June 2016 SSE recognised a loss of EUR 36 million (30 June 2015: EUR 22 million) as the difference between the costs of purchased green energy and costs related to the subvention of electricity produced from coal and revenues from TPS in the period from 1 January 2016 to 30 June 2016. The loss disregards effects from recognition and releasing of accrued income as described below. Based on the current Regulatory Framework the cumulated losses incurred in 2015 and 2016 will be compensated in two years' time, i.e. relevant amounts in 2017 and 2018 through an increase of revenues from TPS (2013 and 2014 losses to be recovered in 2015 and 2016). The 2016 loss is included in the contingent asset of EUR 111 million (31 December 2015: EUR 73 million) specified above. Based on the RONI decision dated in December 2015 the resulting asset of EUR 77 million originating in the year 2014 was recognised as accrued income in the combined statement of financial position as of 31 December 2015 and will be fully collected in the course of 2016; for the six-month period ended 30 June 2016, SSE already released EUR 38 million from the accrued income to profit and loss account (30 June 2015: EUR 21 million). The resulting contingent asset originating in the year 2015 which is expected to be approved by RONI in the second half of 2016 was proportionately recognized as accrued income totalling EUR 37 million during 2016 (30 June 2015: EUR 27 million). The loss for 2016 has not yet been recognized as the asset does not yet meet the recognition criteria set by IFRS as adopted by the EU and will be recognised during the course of 2017 once an URSO confirmation on the exact amount shall be received.

Other received guarantees and warranties

Other received guarantees and warranties mainly consist of guarantees received in the amount of EUR 86 million (31 December 2015: EUR 96 million) recognised by SPP Infrastructure, a.s. and EUR 33 million (31 December 2015: EUR 33 million) recognised by NAFTA a.s. as guarantee received for transport services and investment activities.

34. Related parties

The Group has a related party relationship with its shareholders and other parties, as identified in the following table:

(a) The summary of outstanding balances with related parties as at 30 June 2016 and 31 December 2015 was as follows:

In millions of EUR	Accounts receivable and other financial assets 30 June 2016	Accounts payable and other financial liabilities 30 June 2016	Accounts receivable and other financial assets 31 December 2015	Accounts payable and other financial liabilities 31 December 2015
Ultimate shareholders	49	-	41	-
Companies controlled by ultimate shareholders	3	-	4	1
Associates	59	29	33	8
Other related parties	-	59	-	66
Total	**111**	**88**	**78**	**75**

(b) The summary of transactions with related parties during the period ended 30 June 2016 and 30 June 2015 was as follows:

In millions of EUR	Revenues 30 June 2016	Expenses 30 June 2016	Revenues 30 June 2015	Expenses 30 June 2015
Ultimate shareholders	2	-	1	-
Companies controlled by ultimate shareholders	-	-	-	1
Associates	8	5	14	2
Other related parties	-	3	-	6
Total	**10**	**8**	**15**	**9**

All transactions were performed under the arm's length principle.

Transactions with Members of the EPH Board

EPH has provided the following monetary and non-monetary remuneration to the members of board of directors of the Company:

In millions of EUR	30 June 2016	30 June 2015
Total remuneration	**-**	**1**

Remuneration of key EPH Group managers is included in Note 8 – Personnel expenses.

35. Group entities

The list of the Group entities as at 30 June 2016 and 31 December 2015 is set out below:

		30 June 2016		31 December 2015		2016	2015
	Country of incorporation	Ownership %	Ownership interest	Ownership %	Ownership interest	Conso-lidation method	Conso-lidation method
Energetický a průmyslový holding, a.s.	Czech Republic	-	-	-	-	-	-
EP Power Europe, a.s.	Czech Republic	100	Direct	-	-	Full	-
PLACER CIERTA a.s.	Czech Republic	100	Direct	-	-	Full	-
CARBURO NOSTRA a.s.	Czech Republic	50	Direct	-	-	Equity	-
Lusatia Energie Verwaltungs GmbH	Germany	100	Direct	-	-	Equity	-
EP Fleet, k.s.	Czech Republic	0.10	Direct	0.10	Direct	Full	Full
EP Investment Advisors, s.r.o.	Czech Republic	100	Direct	100	Direct	Full	Full
EP Fleet, k.s.	Czech Republic	99.80	Direct	99.80	Direct	Full	Full
EP Auto, s.r.o. *	Czech Republic	100	Direct	100	Direct	Full	Full
EP Fleet, k.s.	Czech Republic	0.10	Direct	0.10	Direct	Full	Full
EP United Kingdom, s.r.o. *	Czech Republic	100	Direct	100	Direct	Full	Full
EP UK Investments Ltd *	United Kingdom	100	Direct	100	Direct	Full	Full
Eggborough Holdco 2 S.à r.l. *	Luxembourg	100	Direct	100	Direct	Full	Full
Eggborough Power Limited	United Kingdom	100	Direct	100	Direct	Full	Full
Lynemouth Power Limited	United Kingdom	100	Direct	-	-	Full	-
Energy Scanner Ltd. *	United Kingdom	100	Direct	100	Direct	Full	Full
EP Commodities, a.s.	Czech Republic	100	Direct	100	Direct	Full	Full
WOOGEL LIMITED *	Cyprus	25	Direct	25	Direct	Full	Full
DCR INVESTMENT a.s. *	Czech Republic	100	Direct	100	Direct	Full	Full
Mining Services and Engineering Sp. z o.o.	Poland	100	Direct	100	Direct	Full	Full
Przedsiebiorstwo Górnicze Silesia Sp. z o.o.	Poland	38.93	Direct	38.93	Direct	Equity	Equity
Sedilas Enterprises limited	Cyprus	100	Direct	100	Direct	Full	Full
EPH Financing SK, a.s.	Slovakia	100	Direct	100	Direct	Full	Full
EPH Financing CZ, a.s.	Czech Republic	100	Direct	100	Direct	Full	Full
EP Coal Trading, a.s.	Czech Republic	100	Direct	100	Direct	Full	Full
EOP & HOKA s.r.o.	Czech Republic	99.79	Direct	99.79	Direct	Full	Full
EOP HOKA POLSKA SPOŁKA Z OGRANICZONA ODPOWIEDZIALNOSCIA	Poland	100	Direct	100	Direct	Full	Full
EP COAL TRADING POLSKA S.A.	Poland	100	Direct	100	Direct	Full	Full
Czech Gas Holding N.V. *	Netherlands	100	Direct	100	Direct	Full	Full
EP Produzione S.p.A.	Italy	100	Direct	100	Direct	Full	Full
Fiume Santo S.p.A.	Italy	100	Direct	100	Direct	Full	Full
Sunshine 1 S.r.l.	Italy	100	Direct	100	Direct	Full	Full
EP Produzione Centrale Livorno Ferraris S.p.A.	Italy	75	Direct	75	Direct	Full	Full
Centro Energia Ferrara S.p.A.	Italy	58.35	Direct	58.35	Direct	Full	Full
Centro Energia Teverola S.p.A.	Italy	58.35	Direct	58.35	Direct	Full	Full
Ergosud S.p.A.	Italy	50	Direct	50	Direct	Equity	Equity
Nadácia EPH	Slovakia	100	Direct	100	Direct	Full	Full
EP Slovakia B.V. *	Netherlands	100	Direct	100	Direct	Full	Full
ADCONCRETUM REAL ESTATE ltd	Serbia	100	Direct	100	Direct	Full	Full
PGP Terminal, a.s. *	Czech Republic	60	Direct	60	Direct	Full	Full
PLAZMA LIPTOV, a.s.	Slovakia	50	Direct	50	Direct	At cost	At Cost
EP Logistics International, a.s.	Czech Republic	100	Direct	-	-	Full	-
LokoTrain s.r.o.	Czech Republic	65	Direct	65	Direct	Full	Full
EP Cargo Deutschland GmbH	Germany	100	Direct	100	Direct	Full	Full
EP CARGO POLSKA s.a.	Poland	100	Direct	100	Direct	Full	Full

		30 June 2016		31 December 2015		2016	2015
	Country of incorporation	Ownership %	Ownership interest	Ownership %	Ownership interest	Conso-lidation method	Conso-lidation method
JTSD Braunkohlebergbau GmbH	Germany	100	Direct	100	Direct	Full	Full
Mitteldeutsche Braunkohlengesellschaft mbH	Germany	100	Direct	100	Direct	Full	Full
MIBRAG Consulting International GmbH (former Montan Bildungs- und Entwicklungsgesellschaft mbH)	Germany	100	Direct	100	Direct	Full	Full
GALA-MIBRAG-Service GmbH	Germany	100	Direct	100	Direct	Full	Full
Mitteldeutsche Umwelt- und Entsorgung GmbH	Germany	50	Direct	50	Direct	Equity	Equity
Fernwärme GmbH Hohenmölsen - Webau	Germany	48.96	Direct	48.96	Direct	Equity	Equity
Ingenieurbüro für Grundwasser GmbH	Germany	25	Direct	25	Direct	Equity	Equity
Bohr & Brunnenbau GmbH	Germany	100	Direct	100	Direct	Full	Full
Helmstedter Revier GmbH (Buschhaus)	Germany	100	Direct	100	Direct	Full	Full
Norddeutsche Geselschaft zur Ablagerung von Mineralstoffen mbH (NORGAM mbH)	Germany	51	Direct	51	Direct	Full	Full
Terrakomp GmbH	Germany	100	Direct	100	Direct	Full	Full
MIBRAG Neue Energie GmbH	Germany	100	Direct	100	Direct	Full	Full
EP Germany GmbH *	Germany	100	Direct	100	Direct	Full	Full
Saale Energie GmbH	Germany	100	Direct	100	Direct	Full	Full
Kraftwerk Schkopau GbR	Germany	41.90	Direct	41.90	Direct	Equity	Equity
Kraftwerk Schkopau Betriebsgesellschaft mbH	Germany	44.40	Direct	44.40	Direct	Equity	Equity
ABS Property Ltd	Czech Republic	100	Direct	-	-	Full	-
ZERTILO a.s.	Czech Republic	100	Direct	-	-	Full	-
EP Infrastructure, a.s. *	Czech Republic	100	Direct	100	Direct	Full	Full
EP Energy, a.s. *	Czech Republic	100	Direct	100	Direct	Full	Full
AISE, s.r.o.	Czech Republic	80	Direct	80	Direct	Full	Full
PT Holding Investment B.V. *	Netherlands	100	Direct	100	Direct	Full	Full
Pražská teplárenská Holding a.s. *	Czech Republic	49	Direct	49	Direct	Equity	Equity
Pražská teplárenská a.s.	Czech Republic	47.42	Direct	47.42	Direct	Full	Full
Pražská teplárenská Trading, a.s.	Czech Republic	100	Direct	100	Direct	Full	Full
Termonta Praha a.s.	Czech Republic	100	Direct	100	Direct	Full	Full
Energotrans SERVIS, a.s.	Czech Republic	95	Direct	95	Direct	Full	Full
Teplo Neratovice, spol. s r.o.	Czech Republic	100	Direct	100	Direct	Full	Full
RPC, a.s.	Czech Republic	100	Direct	100	Direct	Full	Full
Pražská teplárenská LPZ, a.s.	Czech Republic	-	-	100	Direct	-	Full
Nový Veleslavín, a.s.	Czech Republic	100	Direct	100	Direct	Full	Full
Pod Juliskou, a.s.	Czech Republic	100	Direct	100	Direct	Full	Full
Nová Invalidovna, a.s.	Czech Republic	100	Direct	100	Direct	Full	Full
Michelský trojúhelník, a.s.	Czech Republic	100	Direct	100	Direct	Full	Full
Nové Modřany, a.s.	Czech Republic	100	Direct	100	Direct	Full	Full
PT Properties I, a.s.	Czech Republic	100	Direct	100	Direct	Full	Full
PT Properties II, a.s.	Czech Republic	100	Direct	100	Direct	Full	Full
PT Properties III, a.s.	Czech Republic	100	Direct	100	Direct	Full	Full
PT Properties IV, a.s.	Czech Republic	100	Direct	100	Direct	Full	Full
PT měření, a.s.	Czech Republic	47.42	Direct	47.42	Direct	Full	Full
United Energy, a.s.	Czech Republic	100	Direct	100	Direct	Full	Full
EVO – Komořany, a.s.	Czech Republic	100	Direct	100	Direct	Full	Full
Severočeská teplárenská, a.s.	Czech Republic	100	Direct	100	Direct	Full	Full
United Energy Moldova, s.r.o.	Czech Republic	100	Direct	100	Direct	Full	Full
United Energy Invest, a.s.	Czech Republic	100	Direct	100	Direct	Full	Full
EP Sourcing, a.s. (former EP Coal Trading, a.s.)	Czech Republic	100	Direct	100	Direct	Full	Full
EP ENERGY TRADING, a.s.	Czech Republic	100	Direct	100	Direct	Full	Full
Optimum Energy, s.r.o.	Czech Republic	-	-	100	Direct	-	Full
Plzeňská energetika a.s.	Czech Republic	100	Direct	100	Direct	Full	Full

		30 June 2016		31 December 2015		2016	2015
	Country of incorporation	Ownership %	Ownership interest	Ownership %	Ownership interest	Conso-lidation method	Conso-lidation method
VTE Moldava II, a.s. *	Czech Republic	100	Direct	100	Direct	Full	Full
MR TRUST s.r.o.*	Czech Republic	99.50	Direct	99.50	Direct	Full	Full
Arisun, s.r.o.	Slovakia	100	Direct	100	Direct	Full	Full
Greeninvest Energy, a.s.	Czech Republic	41.70	Direct	41.70	Direct	IFRS 5	IFRS 5
POWERSUN a.s.	Czech Republic	100	Direct	100	Direct	Full	Full
Triskata, s.r.o.	Slovakia	100	Direct	100	Direct	Full	Full
MR TRUST s.r.o. *	Czech Republic	0.50	Direct	0.50	Direct	Full	Full
VTE Pchery, s.r.o.	Czech Republic	64	Direct	64	Direct	Full	Full
CHIFFON ENTERPRISES LIMITED *	Cyprus	100	Direct	100	Direct	Full	Full
Claymore Equity, s.r.o. *	Slovakia	80	Direct	80	Direct	Full	Full
Alternative Energy, s.r.o.	Slovakia	90	Direct	90	Direct	Full	Full
EBEH Opatovice, a.s.	Czech Republic	100	Direct	100	Direct	Full	Full
Elektrárny Opatovice, a.s.	Czech Republic	100	Direct	100	Direct	Full	Full
V A H O s.r.o.	Czech Republic	100	Direct	100	Direct	Full	Full
NPTH, a.s. *	Czech Republic	100	Direct	100	Direct	Full	Full
Pražská teplárenská a.s.	Czech Republic	50.58	Direct	50.58	Direct	Full	Full
Pražská teplárenská Trading, a.s.	Czech Republic	100	Direct	100	Direct	Full	Full
Termonta Praha a.s.	Czech Republic	100	Direct	100	Direct	Full	Full
Energotrans SERVIS, a.s.	Czech Republic	95	Direct	95	Direct	Full	Full
Teplo Neratovice, spol. s r.o.	Czech Republic	100	Direct	100	Direct	Full	Full
RPC, a.s.	Czech Republic	100	Direct	100	Direct	Full	Full
Pražská teplárenská LPZ, a.s.	Czech Republic	-	-	100	Direct	-	Full
Nový Veleslavín, a.s.	Czech Republic	100	Direct	100	Direct	Full	Full
Pod Juliskou, a.s.	Czech Republic	100	Direct	100	Direct	Full	Full
Nová Invalidovna, a.s.	Czech Republic	100	Direct	100	Direct	Full	Full
Michelský trojúhelník, a.s.	Czech Republic	100	Direct	100	Direct	Full	Full
Nové Modřany, a.s.	Czech Republic	100	Direct	100	Direct	Full	Full
PT Properties I, a.s.	Czech Republic	100	Direct	100	Direct	Full	Full
PT Properties II, a.s.	Czech Republic	100	Direct	100	Direct	Full	Full
PT Properties III, a.s.	Czech Republic	100	Direct	100	Direct	Full	Full
PT Properties IV, a.s.	Czech Republic	100	Direct	100	Direct	Full	Full
PT měření, a.s.	Czech Republic	50.58	Direct	50.58	Direct	Full	Full
Stredoslovenská energetika, a.s.	Slovakia	49	Direct	49	Direct	Full	Full
Stredoslovenská energetika – Distrubúcia, a.s.	Slovakia	100	Direct	100	Direct	Full	Full
Elektroenergetické montáže, a.s.	Slovakia	100	Direct	100	Direct	Full	Full
SSE – Metrológia s.r.o.	Slovakia	100	Direct	100	Direct	Full	Full
Stredoslovenská energetika – Projekt Development, s.r.o.	Slovakia	100	Direct	100	Direct	Full	Full
SSE–Solar, s.r.o.	Slovakia	100	Direct	100	Direct	Full	IFRS 5
SPX, s.r.o.	Slovakia	33.33	Direct	33.33	Direct	Equity	Equity
Energotel, a.s.	Slovakia	20	Direct	20	Direct	Equity	Equity
SSE CZ, s.r.o.	Czech Republic	100	Direct	100	Direct	Full	Full
EP ENERGY HR d.o.o.	Croatia	100	Direct	100	Direct	Full	Full
EP Cargo a.s.	Czech Republic	100	Direct	100	Direct	Full	Full
EP Hungary, a.s.	Czech Republic	100	Direct	100	Direct	Full	Full
Budapesti Erömü Zrt.	Hungary	95.62	Direct	95.62	Direct	Full	Full
BE-Optimum Kft.	Hungary	100	Direct	100	Direct	Full	Full
KÖBÁNYAHÖ Kft.	Hungary	25	Direct	25	Direct	Equity	Equity
ENERGZET SERVIS a.s.	Czech Republic	100	Direct	100	Direct	Full	Full

		30 June 2016		31 December 2015		2016	2015
	Country of incorporation	Ownership %	Ownership interest	Ownership %	Ownership interest	Conso-lidation method	Conso-lidation method
Czech Gas Holding Investment B.V.*	Netherlands	100	Direct	100	Direct	Full	Full
NAFTA a.s.	Slovakia	40.45	Direct	40.45	Direct	Full	Full
Nafta Exploration s.r.o.	Slovakia	100	Direct	100	Direct	Full	Full
Karotáž a cementace, s.r.o.	Slovakia	51	Direct	51	Direct	Full	Full
AUTOKAC s.r.o. - v likvidaci	Slovakia	83.33	Direct	83.33	Direct	Full	Full
AG Banka, a.s. v konkurze	Slovakia	39	Direct	39	Direct	At cost	At cost
POZAGAS a.s.	Slovakia	35	Direct	35	Direct	Equity	Equity
NAFTA Services, s.r.o.	Czech Republic	100	Direct	100	Direct	Full	Full
NAFTA International B.V.	Netherlands	100	Direct	100	Direct	Full	Full
EPH Gas Holding B.V. *	Netherlands	100	Direct	100	Direct	Full	Full
Seattle Holding B.V. *	Netherlands	100	Direct	100	Direct	Full	Full
Slovak Gas Holding B.V.	Netherlands	100	Direct	100	Direct	Full	Full
SPP Infrastructure, a.s.	Slovakia	49	Direct	49	Direct	Full	Full
eustream, a.s.	Slovakia	100	Direct	100	Direct	Full	Full
Central European Gas HUB AG	Austria	15	Direct	15	Direct	At cost	At cost
eastring B.V.	Netherlands	100	Direct	100	Direct	At cost	At cost
SPP – distribúcia, a.s.	Slovakia	100	Direct	100	Direct	Full	Full
Plynárenská metrológia, s.r.o.	Slovakia	100	Direct	100	Direct	At cost	At cost
SPP – distribúcia Servis, s.r.o.	Slovakia	100	Direct	100	Direct	At cost	At cost
NAFTA a.s.	Slovakia	56.15	Direct	56.15	Direct	Full	Full
Nafta Exploration s.r.o.	Slovakia	100	Direct	100	Direct	Full	Full
Karotáž a cementace, s.r.o.	Czech Republic	51	Direct	51	Direct	Full	Full
AUTOKAC s.r.o. - likvidaci	Czech Republic	83.33	Direct	83.33	Direct	Full	Full
AG Banka, a.s. v konkurze	Slovakia	39	Direct	39	Direct	Full	Full
POZAGAS a.s.	Slovakia	35	Direct	35	Direct	Equity	Equity
NAFTA Services, s.r.o.	Czech Republic	100	Direct	100	Direct	Full	Full
NAFTA International B.V.	Netherlands	100	Direct	100	Direct	Full	Full
GEOTERM KOŠICE, a.s.	Slovakia	95.82	Direct	95.82	Direct	Full	Full
SPP Storage, s.r.o.	Czech Republic	100	Direct	100	Direct	Full	Full
SPP Bohemia a.s.	Czech Republic	-	-	100	Direct	-	At cost
SPP Servis, a.s.	Slovakia	-	-	100	Direct	-	At cost
POZAGAS a.s.	Slovakia	35	Direct	35	Direct	Equity	Equity
SLOVGEOTERM a.s.	Slovakia	50	Direct	50	Direct	Equity	Equity
GEOTERM KOŠICE, a.s.	Slovakia	0.08	Direct	0.08	Direct	Full	Full
GALANTATERM spol. s r.o.	Slovakia	0.5	Direct	0.5	Direct	At cost	At cost
GALANTATERM spol. s r.o.	Slovakia	17.5	Direct	17.5	Direct	At cost	At cost
SPP Infrastructure Financing B.V.	Netherlands	100	Direct	100	Direct	Full	Full

* *Holding entity*

(1) *PRVNÍ MOSTECKÁ a.s. and PRVNÍ MOSTECKÁ Servis a.s. merged with Severočeská teplárenská, a.s. as at 1 July 2015. Severočeská teplárenská, a.s. is the successor company.*

(2) *EKY III, a.s. merged with United Energy, a.s. as at 1 July 2015. United Energy, a.s. is the successor company.*

(3) *VTE Moldava, a.s. and VTE Pastviny s.r.o. merged with VTE Moldava II, a.s. as at 1 August 2015. VTE Moldava II, a.s. is the successor company.*

(4) *EP Renewables a.s. and ČKD Blansko Wind, a.s. merged with EP Energy, a.s. as at 1 August 2015. EP Energy, a.s. is the successor company.*

The structure above is listed by ownership of companies at the different levels within the Group.

36. Litigations and claims

Elektrárny Opatovice, a.s.

Elektrárny Opatovice, a.s. is involved in a dispute with its former minority shareholders who claim that compensation received for their shares through a compulsory sell-out procedure ("squeeze-out") was inadequate, and who are challenging the underlying expert valuation. As the compensation was not paid by Elektrárny Opatovice, a.s. but instead by its former majority shareholder (International Holdings, B.V.), any resulting liability is thus expected to be the responsibility of the former shareholder.

United Energy, a.s.

United Energy, a.s. is involved in several disputes with its former shareholders, who claim that compensation received for their shares subject to a compulsory buy-out procedure ("squeeze-out") was inadequate, and who are challenging the validity of the underlying resolution of the general shareholders meeting. The outcome of this matter is unforeseeable and United Energy, a.s. intends to defend itself.

In May 2014, Court of appeal came to the conclusion that one claim challenging the validity of the underlying resolution of the general shareholders meeting is not relevant and UE believes that this conclusion may serve as a precedent for the other claims. Next court hearing is planned to be held in second half of 2016.

The parallel dispute regarding inadequate compensation is still ongoing with no clear outcome. Next court hearing is expected to be held in last quarter of 2016.

Plzeňská energetika a.s.

In August 2012, Škoda Investment a.s. (SI) filed a claim for unjust enrichment against Plzeňská energetika a.s. (PE) for approximately EUR 2 million. This unjust enrichment claim allegedly arises from the fact that Plzeňská energetika a.s. owns and operates utility distribution systems (e.g., for gas, water and heat), which lie on the property of Škoda Investment a.s., thereby illegally restricting the ownership of Škoda Investment a.s. EPE Group's management believes that the claim is unfounded and should be dismissed by the court. For this reason Plzeňská energetika a.s. did not create a provision for this litigation as at 30 June 2016.

In February 2016 both parties, i.e. PE as well as SI, received an official request from the court to settle the dispute by mediation. Following this request the hearing has been adjourned until further notice.

In June 2016 SI has filed an additional claim for unjust enrichment against PE for approximately EUR 1 million. Additional claim covers period 2013 – 2014.

Mitteldeutsche Braunkohlengesellschaft mbH

MIBRAG is involved in an ongoing dispute filed by 50Hertz Transmission GmbH ("50Hertz") in Germany since 2011. 50Hertz operates an upstream transmission grid and seeks retroactive payment from MIBRAG for costs under the burden-sharing mechanism related to the promotion of renewable energies (the so-called EEG surcharge) between August 2004 and December 2008 under the German Renewable Energies Act (Erneuerbare Energien Gesetz). Transmission grid operators generally charge energy supply companies with the EEG surcharge depending on the quantity of electricity delivered by them to end customers. Energy supply companies are in turn entitled to pass the EEG surcharge on to end customers as a part of the electricity price. In March 2013, the District Court of Halle (Landgericht Halle) rendered a partial judgement in favour of 50Hertz ordering MIBRAG to provide detailed data on its deliveries of electricity to end customers from August 2004 to December 2008 to allow for a calculation of EEG surcharge payments potentially owed by MIBRAG. MIBRAG filed an appeal against the partial judgement.

On 6 February 2014, MIBRAG´s appeal was turned down by the Higher Regional Court, however, a further appeal of the partial judgement has been filed with the Federal Supreme Court (Bundesgerichtshof). A final decision was made in the second quarter of 2015, the appeal was rejected and MIBRAG was required to provide detailed data to 50Hertz for the purposes of a calculation of a potential EEG surcharge for the above noted period. Based on MIBRAG's analysis a provision of EUR 8 million was recorded as at 30 June 2016 (31 December 2015: EUR 8 million), which should reflect the expected payments with respect to EEG surcharge. MIBRAG continues to analyse the situation and its potential financial impact.

Stredoslovenská energetika, a.s. Group ("SSE Group")

The SSE Group is a party to various legal proceedings. As at 30 June 2016 no legal provisions were recorded (31 December 2015: EUR 0 million). The Group management has decided not to disclose details in respect of material legal claims as they are currently ongoing and disclosure may prejudice the SSE Group.

Based on a reasonable estimate the SSE Group´s management does not expect a significant material impact on the SSE Group due to on-going legal proceedings.

The SSE Group further faces a claim for EUR 43 million plus lawsuit costs. Based on the legal analysis of the case the SSE Group´s management does not expect an impact on the SSE Group and considers the risk of failure in these proceedings to be unlikely. The SSE Group did not record any provision related to this lawsuit.

Regulatory proceedings by ERO against Pražská teplárenská ("PT")

PT is involved in regulatory proceedings commenced in October 2015 by ERO claiming that prices charged to customers of PT's local small-scale heating infrastructures in 2011 were in breach of the Czech Act on Prices. In March 2016, ERO issued a decision ordering PT to pay EUR 9 million (CZK 240 million) consisting of a penalty in the amount of EUR 4.5 million (CZK 120 million) and restitution to affected customers in the amount of EUR 4.5 million (CZK 120 million). PT appealed the decision on 24 March 2016 with supplemental information provided on 14 April 2016. On 7 July 2016 PT received a resolution from ERO by which the Chairman of ERO returned the case again to the first instance for a new hearing. PT believes that it has reasonable arguments to succeed, nevertheless it cannot be ruled out that PT may ultimately be obliged to make the payment, regarding which no provision has yet been created. These proceedings may be relevant but not necessarily decisive in assessing the prices charged under similar circumstances from 2012 onwards.

37. Subsequent events

On 1 July 2016 EP Energy, a.s. completed an internal reorganisation process of Pražská teplárenská a.s. ("PT"), where real estate entities were spun-off from PT to a newly established sister company of PT called PT Real Estate, a.s.

As of the date of compilation of these condensed consolidated interim financial statements the Group has been in negotiation with a major infrastructure fund with respect to a sale of a minority share in EP Infrastructure, a.s. Group.

In addition, the Group has been considering a new bond issue via one of its subsidiaries EPH Financing CZ, a.s.

Major acquisitions

Slovenské elektrárne, a.s.

On 18 December 2015, EP Slovakia BV ("EP Slovakia"), EPH's subsidiary, signed an agreement with Enel Produzione SpA ("Enel Produzione"), a subsidiary of Enel SpA, on the sale of Enel Produzione's share in Slovenské elektrárne, a.s. ("Slovenské elektrárne"). Under the sale, the entire 66% share in Slovenské elektrárne held by Enel Produzione was transferred to a new company ("HoldCo"). EP Slovakia might then acquire up to 100% of the registered capital of HoldCo. The transfer of HoldCo to EP Slovakia was carried out in two stages.

1. In the first stage, Enel Produzione sold a 50% share in the registered capital of HoldCo to EP Slovakia for EUR 375 million, of which EUR 150 million was paid upon the closing of the first stage, and the remaining EUR 225 million might be paid by EPH upon the closing of the second stage. The final cost may be different as it will be adjusted using a mechanism described below.

2. The second stage involves a put or call option which may be used by Enel Produzione or EP Slovakia within 12 months from the date on which the Mochovce Power Plant receives a permit for the trial operation of the reactors of the third and fourth block, currently under construction. Upon the use of either option, Enel Produzione will transfer the remaining 50% share in the registered capital of HoldCo to EP Slovakia for consideration of another EUR 375 million. This amount will be payable upon closing the transaction and is also subject to the adjustment mechanism described below. The final settlement and the closing of the second stage is conditional upon obtaining of a final permit for commercial operation of the third and fourth block of the Mochovce Power Plant.

As mentioned above, the total price for Enel Produzione's current share in Slovenské elektrárne, i.e. EUR 750 million, will be subject to an adjustment mechanism. The adjustments will be determined by independent experts and applied upon closing of the second stage of the transaction and will reflect certain parameters, including the change in the net financial position of Slovenské elektrárne, the development of energy prices on the Slovak markets, the efficiency of operation of Slovenské elektrárne (as compared to reference values laid down in the agreement) and the enterprise value of the third and fourth block of the Mochovce Power Plant.

As at the date of preparation of these condensed consolidated interim financial statements the first stage was closed (and EUR 150 million was settled).

Purchase of selected German lignite assets from Vattenfall AB

On 18 April 2016, a consortium consisting of EPH and its financial partner PPF Investments Ltd. ("Consortium"), announced to have signed a contract on the acquisition of lignite assets from Vattenfall AB ("Vattenfall") in Saxony and Brandenburg.

The Consortium and Vattenfall agreed on the following capital structure of the company owning Vattenfall's coal assets in Germany: the company records liabilities and provisions, in particular relating to the reclamation and decommissioning of individual facilities of approximately EUR 2 billion. As a compensation for the liabilities, the consortium acquires significant assets worth EUR 3.4 billion (in line with Vattenfall accounting policies). Furthermore, the company is expected to retain approximately EUR

1.7 billion in cash in its accounts. In view of the currently tense economic situation, the Consortium undertook to waive its right to dividends, if any, for the next years to come.

The Consortium assumes all statutory duties arising from the assets, including provisions for decommissioning and reclamation works.

Vattenfall's assets comprise the second largest lignite mines and power plants in Germany. They include, for example opencast mining in the Jänschwalde, Welzow-Süd, Nochten and Reichwalde mines, as well Jänschwalde, Schwarze Pumpe, Boxberg power plants and one block of the Lippendorf power plant. The overall generation capacity totals 8,000 MW and the company has about 7,500 employees.

The transaction is expected to be completed in the fourth quarter of 2016.

Appendices*:

Appendix 1 – Business combinations

* *Information contained in the appendices form part of the complete set of these condensed consolidated interim financial statements.*

Date:	Signature of the authorised representative	
5 September 2016	Daniel Křetínský Chairman of the board of directors	Pavel Horský Member of the board of directors

Appendix 1 – Business combinations

The following tables provide further information on the amounts recognised for assets acquired and liabilities assumed as at the acquisition date for individually significant business combinations through step acquisitions and acquisitions.

Effect of acquisitions

i. 30 June 2016

The fair value of the consideration transferred and the amounts recognised for assets acquired and liabilities assumed as at the acquisition date of Lynemouth Power Limited are provided in the following table.

In millions of EUR	**Carrying amount(1)**	**Fair value adjustment**	**2016 Total(1)**
Property, plant, equipment, land, buildings	10	-	10
Intangible assets	-	43	43
Trade receivables and other assets	10	-	10
Inventories	6	-	6
Cash and cash equivalents	14	-	14
Provisions	(11)	-	(11)
Deferred tax liabilities	-	(9)	(9)
Trade payables and other liabilities	(10)	-	(10)
Net identifiable assets and liabilities	**19**	**34**	**53**
Non-controlling interest			-
Goodwill on acquisitions of a subsidiary			-
Negative goodwill on acquisition of new subsidiaries			-
Cost of acquisition			**53**
Consideration paid, satisfied in cash (A)			53
Total consideration transferred			**53**
Less: Cash acquired (B)			14
Net cash inflow (outflow) (C) = (B – A)			**(39)**

(1) Represents values at 100% share.

In millions of EUR	**30 June 2016 Total**
Revenue of the acquirees recognised since the acquisition date (subsidiaries)	6
Profit (loss) of the acquirees recognised since the acquisition date (subsidiaries)	(36)

In millions of EUR	**2016 Total**
Revenue of the acquirees recognised in the year ended 31 December 2015 (subsidiaries)*	6
Profit (loss) of the acquirees recognised in the year ended 31 December 2015 (subsidiaries)*	(36)

* *Before intercompany elimination; based on local statutory financial information*

The fair value of the consideration transferred and the amounts recognised for assets acquired and liabilities assumed as at the acquisition date ABS Property Ltd are provided in the following table.

In millions of EUR	**Carrying amount(1)**	**Fair value adjustment**	**2016 Total(1)**
Property, plant, equipment, land, buildings	5	-	5
Trade receivables and other assets	1	-	1
Deferred tax asset	1	-	1
Loans and borrowings	(5)	-	(5)
Net identifiable assets and liabilities	**2**	**-**	**2**
Non-controlling interest			-
Goodwill on acquisitions of a subsidiary			-
Negative goodwill on acquisition of new subsidiaries			-
Cost of acquisition			**2**
Consideration paid, satisfied in cash (A)			-
Purchase price liability			2
Total consideration transferred			**2**
Less: Cash acquired (B)			-
Net cash inflow (outflow) (C) = (B – A)			**-**

(1) Represents values at 100% share.

In millions of EUR	**30 June 2016 Total**
Revenue of the acquirees recognised since the acquisition date (subsidiaries)	1
Profit (loss) of the acquirees recognised since the acquisition date (subsidiaries)	(1)

In millions of EUR	**2016 Total**
Revenue of the acquirees recognised in the year ended 31 December 2015 (subsidiaries)*	1
Profit (loss) of the acquirees recognised in the year ended 31 December 2015 (subsidiaries)*	(1)

* *Before intercompany elimination; based on local statutory financial information*

ii. 31 December 2015

The fair value of the consideration transferred and the amounts recognised for assets acquired and liabilities assumed as at the acquisition date of Eggborough Holdco 2 S.à r.l. and its subsidiary Eggborough Power Limited are provided in the following table.

In millions of EUR	**Carrying amount**	**Fair value adjustment**	**2015 Total**
Property, plant, equipment, land, buildings	29	17	46
Trade receivables and other assets	151	(22)	129
Financial instruments – assets	21	-	21
Inventories	1	-	1
Cash and cash equivalents	52	-	52
Restricted cash	35	-	35
Provisions	(136)	(4)	(140)
Trade payables and other liabilities	(90)	(2)	(92)
Net identifiable assets and liabilities	**63**	**(11)**	**52**
Goodwill on acquisitions of a subsidiary			29
Negative goodwill on acquisition of new subsidiaries			-
Pricing differences in equity			-
Cost of acquisition			**81**
Consideration paid, satisfied in cash (A)			81
Consideration, other			-
Total consideration transferred			**81**
Less: Cash acquired (B)			52
Net cash inflow (outflow) (C) = (B – A)			**(29)**

(1) Represents values at 100% share.

In millions of EUR	**2015 Total**
Revenue of the acquirees recognised since the acquisition date (subsidiaries)	411
Profit (loss) of the acquirees recognised since the acquisition date (subsidiaries)	(424)

As the acquisition occurred as at 15 January 2015 and for the period from 1 January 2015 to 14 January 2015 there were no significant transactions, the amount of the estimated revenues and profit or loss that would have been included in the consolidated statement of comprehensive income, if the acquisition had occurred at the beginning of the reporting period (i.e. as at 1 January 2015) is the same as stated in the table above.

The fair value of the consideration transferred and the amounts recognised for assets acquired and liabilities assumed as at the acquisition date of EP Produzione S.p.A. and its subsidiaries Fiume Santo S.p.A., Sunshine 1 S.r.l., EP Produzione Centrale Livorno Ferraris S.p.A., Centro Energia Ferrara S.p.A., Centro Energia Teverola S.p.A. and Ergosud S.p.A. are provided in the following table.

In millions of EUR	**Carrying amount(1)**	**Fair value adjustment**	**2015 Total(1)**
Property, plant, equipment, land, buildings	1,209	(857)	352
Intangible assets	3	-	3
Equity accounted investees	92	(48)	44
Trade receivables and other assets	117	1	118
Inventories	42	(1)	41
Cash and cash equivalents	44		44
Deferred tax asset	-	49	49
Provisions	(356)	64	(292)
Deferred tax liabilities	(1)	-	(1)
Loans and borrowings	(17)	-	(17)
Trade payables and other liabilities	(100)	7	(93)
Net identifiable assets and liabilities	**1,033**	**(785)**	**248**
Non-controlling interest			(48)
Goodwill on acquisitions of a subsidiary			-
Negative goodwill on acquisition of new subsidiaries			(252)
Pricing differences in equity			-
Cost of acquisition			**(52)**
Consideration paid, satisfied in cash (A)			28
Consideration received, satisfied in cash (C)			(80)
Total consideration transferred			**(52)**
Less: Cash acquired (B)			44
Net cash inflow (outflow) (D) = (B – A – C)			**96**

(1) Represents values at 100% share of subsidiaries and 50% share in associate (equity accounted investees).

In millions of EUR	**2015 Total**
Revenue of the acquirees recognised since the acquisition date (subsidiaries)	640
Profit (loss) of the acquirees recognised since the acquisition date (subsidiaries)	16

In millions of EUR	**2015 Total**
Revenue of the acquirees recognised in the year ended 31 December 2015 (subsidiaries)*	804
Profit (loss) of the acquirees recognised in the year ended 31 December 2015 (subsidiaries)*	(164)

* *Before intercompany elimination; based on local statutory financial information*

The fair value of the consideration transferred and the amounts recognised for assets acquired and liabilities assumed as at the acquisition date of Budapesti Erömü Zrt. (BERT) are provided in the following table.

In millions of EUR	**Carrying amount[(1)]**	**Fair value adjustment**	**2015 Total[(1)]**
Property, plant, equipment, land, buildings	99	(49)	50
Intangible assets	3	17	20
Trade receivables and other assets	18	-	18
Financial instruments – assets	1	-	1
Inventories	6	-	6
Cash and cash equivalents	12	-	12
Provisions	(6)		(6)
Deferred tax liabilities	(1)	(8)	(9)
Loans and borrowings	(69)	40	(29)
Financial instruments – liabilities	(4)	-	(4)
Trade payables and other liabilities	(18)	-	(18)
Net identifiable assets and liabilities	**41**	**-**	**41**
Non-controlling interest			(2)
Goodwill on acquisitions of a subsidiary			-
Negative goodwill on acquisition of new subsidiaries			(33)
Pricing differences in equity			-
Cost of acquisition			**6**
Consideration paid, satisfied in cash (A)			-
Consideration, other			6
Total consideration transferred			**6**
Less: Cash acquired (B)			12
Net cash inflow (outflow) (C) = (B – A)			**12**

(1) Represents values at 100% share.

In millions of EUR	**2015 Total**
Revenue of the acquirees recognised since the acquisition date (subsidiaries)	24
Profit (loss) of the acquirees recognised since the acquisition date (subsidiaries)	3

In millions of EUR	**2015 Total**
Revenue of the acquirees recognised in the year ended 31 December 2015 (subsidiaries)*	175
Profit (loss) of the acquirees recognised in the year ended 31 December 2015 (subsidiaries)*	(26)

* *Before intercompany elimination; based on local statutory financial information*

The fair value of the consideration transferred and the amounts recognised for assets acquired and liabilities assumed as at the acquisition date of LokoTrain s.r.o. are provided in the following table.

In millions of EUR	**Carrying amount(1)**	**Fair value adjustment(2)**	**2015 Total(1)**
Trade receivables and other assets	2	-	2
Trade payables and other liabilities	(1)	-	(1)
Net identifiable assets and liabilities	**1**	**-**	**1**
Non-controlling interest			-
Goodwill on acquisitions of a subsidiary			-
Cost of acquisition			**1**
Consideration paid (A)			1
Total consideration transferred			**1**
Less: Cash acquired (B)			-
Net cash inflow (outflow) (C) = (B – A)			**(1)**

(1) Represents values at 100% share.
(2) The result of purchase price allocation was not significant and therefore management of the Group decided not to recognise any fair value adjustment resulting from business combinations in 2015.

Consideration paid represents cost paid by the direct parent company EP Cargo a.s. for the acquisition of 65% share in LokoTrain s.r.o.

In millions of EUR	**2015 Total**
Revenue of the acquirees recognised since the acquisition date (subsidiaries)	2
Profit (loss) of the acquirees recognised since the acquisition date (subsidiaries)	-

In millions of EUR	**2015 Total**
Revenue of the acquirees recognised in the year ended 31 December 2015 (subsidiaries)*	4
Profit (loss) of the acquirees recognised in the year ended 31 December 2015 (subsidiaries)*	-

* *Before intercompany elimination; based on local statutory financial information*

The fair value of the consideration transferred and the amounts recognised for assets acquired and liabilities assumed as at the acquisition date of Optimum Energy, s.r.o. are provided in the following table.

In millions of EUR	**Carrying amount**	**Fair value adjustment[1]**	**2015 Total**
Trade receivables and other assets	10	-	10
Cash and cash equivalents	2	-	2
Trade payables and other liabilities	(12)	-	(12)
Net identifiable assets and liabilities	**-**	**-**	**-**
Non-controlling interest			-
Goodwill on acquisitions of a subsidiary			5
Cost of acquisition			**5**
Consideration paid (A)			5
Total consideration transferred			**5**
Less: Cash acquired (B)			2
Net cash inflow (outflow) (C) = (B – A)			**(3)**

(1) The result of purchase price allocation was not significant and therefore management of the Group decided not to recognise any fair value adjustment resulting from business combinations in 2015.

Consideration paid represents cost paid by the direct parent company EP ENERGY TRADING, a.s. for the acquisition of 100% share in Optimum Energy, s.r.o.

In millions of EUR	**2015 Total**
Revenue of the acquirees recognised since the acquisition date (subsidiaries)	6
Profit (loss) of the acquirees recognised since the acquisition date (subsidiaries)	-

In millions of EUR	**2015 Total**
Revenue of the acquirees recognised in the year ended 31 December 2015 (subsidiaries)*	18
Profit (loss) of the acquirees recognised in the year ended 31 December 2015 (subsidiaries)*	1

* *Before intercompany elimination; based on local statutory financial information*