ANNUAL REPORT

2014

ENERGETICKÝ A PRŮMYSLOVÝ HOLDING

CONTENT

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This document is an English translation of the Czech auditor's report.
Only the Czech version of the report is legally binding.

Independent Auditor's Report to the Shareholders of Energetický a průmyslový holding, a.s.

Non-consolidated Financial Statements

On the basis of our audit, on 28 April 2015 we issued an auditor's report on the Company's statutory financial statements, which are included in this annual report, and our report was as follows:

"We have audited the accompanying financial statements of Energetický a průmyslový holding, a.s., which comprise the balance sheet as of 31 December 2014, and the income statement for the year then ended, and the notes to these financial statements, including a summary of significant accounting policies and other explanatory notes. Information about Energetický a průmyslový holding, a.s. is set out in Note 1 to these financial statements.

Statutory Body's Responsibility for the Financial Statements

The statutory body of Energetický a průmyslový holding, a.s. is responsible for the preparation of financial statements that give a true and fair view in accordance with Czech accounting legislation and for such internal controls as the statutory body determines are necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal controls relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal controls. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

KPMG Česká republika Audit, s.r.o., a Czech limited liability company and a member firm of the KPMG network of independent member firms affiliated with KPMG International Cooperative ("KPMG International"), a Swiss entity.

Obchodní rejstřík vedený Městským soudem v Praze oddíl C, vložka 24185.

IČ 49619187
DIČ CZ699001996

Opinion

In our opinion, the financial statements give a true and fair view of the financial position of Energetický a průmyslový holding, a.s. as of 31 December 2014, and of its financial performance for the year then ended in accordance with Czech accounting legislation.

Emphasis of Matter

We draw attention to Note 8 to the financial statements. In 2014, Energetický a průmyslový holding, a.s. acquired own shares costing CZK 29,618,604 thousand. In line with regulations implementing the Act on Accounting, the acquisition cost of own shares should be recognised as a negative number in Own shares and ownership interests under registered capital.

Energetický a průmyslový holding, a.s. also prepares consolidated financial statements as at 31 December 2014 in line with IFRS as adopted by the European Union. In these consolidated financial statements, the registered capital includes the nominal value of acquired own shares as a negative number at CZK 4,040,154 thousand, while the difference between the nominal value and the acquisition cost of CZK 25,578,450 thousand is recorded in Other capital contributions. The management of Energetický a průmyslový holding, a.s. has decided to apply the same reporting method also to the non-consolidated financial statements.

As a result, the financial statements as at 31 December 2014 show acquired own shares as a negative number in line Own shares and ownership interests under registered capital, and the difference between the acquisition cost and the nominal value of acquired own shares is recognised in Share premium under capital contributions. The management of Energetický a průmyslový holding, a.s. believes that this method of recognition of acquired own shares and changes in registered capital, which is not in line with the requirements under the Czech Accounting Standard 12, still presents a true and fair view of the accounting.

Our opinion is not qualified in respect of this matter."

Consolidated Financial Statements

On the basis of our audit, on 28 April 2015 we issued an auditor's report on the Company's consolidated statutory financial statements, which are included in this annual report, and our report was as follows:

"We have audited the accompanying consolidated financial statements of Energetický a průmyslový holding, a.s., which comprise the consolidated statement of financial position as of 31 December 2014, and the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated cash flow statement for the year then ended, and the notes to these consolidated financial statements, including a summary of significant accounting policies and other explanatory notes. Information about Energetický a průmyslový holding, a.s. is set out in Note 1 to these consolidated financial statements.

Statutory Body's Responsibility for the Consolidated Financial Statements

The statutory body of Energetický a průmyslový holding, a.s. is responsible for the preparation of consolidated financial statements that give a true and fair view in accordance with International Financial Reporting Standards as adopted by European Union and for such internal controls as the statutory body determines are necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal controls relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal controls. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

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

Opinion

In our opinion, the consolidated financial statements give a true and fair view of the financial position of Energetický a průmyslový holding, a.s. as of 31 December 2014, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by European Union."

Report on Relations

We have reviewed the factual accuracy of the information disclosed in the report on relations between the controlling entity and the controlled entity and between the controlled entity and entities controlled by the same controlling entity of Energetický a průmyslový holding, a.s. for the year ended 31 December 2014 prepared in accordance with the applicable provisions of Act No. 90/2012 Coll., on Companies and Cooperatives. The responsibility for the preparation and factual accuracy of this report rests with the Company's statutory body. Our responsibility is to express our view on the report on relations based on our review.

We conducted our review in accordance with Auditing Standard No. 56 of the Chamber of Auditors of the Czech Republic. This standard requires that we plan and perform the review to obtain limited assurance as to whether the report on relations is free of material misstatement. A review is limited primarily to inquiries of the Company's personnel and analytical procedures and examination, on a test basis, of the factual accuracy of information, and thus provides less assurance than an audit. We have not performed an audit of the report on relations and, accordingly, we do not express an audit opinion.

Based on our review, nothing has come to our attention that would lead us to believe that the report on relations between the controlling entity and the controlled entity and between the controlled entity and entities controlled by the same controlling entity of Energetický a průmyslový holding, a.s. for the year ended 31 December 2014 contains material misstatements.

Consolidated Annual Report

We have audited the consistency of the consolidated annual report with the abovementioned sets of financial statements. This consolidated annual report is the responsibility of the Company's statutory body. Our responsibility is to express our opinion on the consistency of the consolidated annual report with the abovementioned sets of financial statements based on our audit.

We conducted our audit in accordance with the Act on Auditors and International Standards on Auditing and the relevant guidance of the Chamber of Auditors of the Czech Republic. Those standards require that we plan and perform the audit to obtain reasonable assurance that the information disclosed in the consolidated annual report describing matters that are also presented in the abovementioned sets of financial statements is, in all material respects, consistent with the respective financial statements. We believe that the audit we have conducted provides a reasonable basis for our audit opinion.
In our opinion, the information disclosed in the consolidated annual report of Energetický a průmyslový holding, a.s. for the year ended 31 December 2014 is, in all material respects, consistent with the abovementioned sets of financial statements.

Prague
22 December 2015

KPMG Česká republika Audit

KPMG Česká republika Audit, s.r.o.
Registration number 71

Vladimír Dvořáček
Partner
Registration number 2332

INTRODUCTION BY THE CHAIRMAN OF THE BOARD OF DIRECTORS

DEAR SHAREHOLDERS, BUSINESS PARTNERS, COLLEAGUES, AND FRIENDS,

2014 was a year of significant changes for Energetický a průmyslový holding, a.s. ("EPH"), not consisting overwhelmingly in growth by acquisitions unlike the previous years but primarily in a change of the shareholder structure and further in the divestment of Slovenský plynárenský priemysel, a.s. (SPP), one of the major traders in natural gas in Central Europe.

Despite these significant changes, EPH succeeded in further increasing its output in 2014. Consolidated revenues grew by 15% to EUR 3,665 million and operating profit before depreciation and amortisation and before inclusion of negative goodwill (EBITDA) totalled EUR 1,394 million, which brings EPH among the top three industrial firms in the Czech Republic in terms of this key indicator.

The above mentioned change of the shareholder structure was represented by a transaction consisting in PPF, a 40% shareholder of EPH, selling its shares to EPH. This transaction represents the termination of a more than five-year cooperation with PPF, which was a period of great success for EPH, primarily in terms of strong acquisition growth and establishing strong foreign representations. I would like to use this opportunity to thank the PPF group and its majority shareholder Petr Kellner for their trust and significant contribution to this growth and to the transformation of EPH from a local player to an international corporation active in the energy industry.

Another key event of the year 2014 was a reorganisation of the SPP group under which EPH ceased to be a shareholder of Slovenský plynárenský priemysel, a.s. ("SPP") through its subsidiaries and became a 49% shareholder of SPP Infrastructure, a.s. ("SPPI") in which it also exercises managerial control. SPPI is the new parent company of the infrastructure part of the SPP group including international gas transit (eustream, a.s.), natural gas distribution in Slovakia (SPP – distribúcia, a.s.) and gas storage in Slovakia and in the Czech Republic (NAFTA a.s., POZAGAS a.s., SPP Storage, s.r.o.). Slovenský plynárenský priemysel, a.s. where all business activities are concentrated, primarily involving the purchase and sale of natural gas and electricity to households, entrepreneurs and big clients, is now under full control of the state. This transaction represented a weakening of EPH in the strategically important segment of trading in and supplies of natural gas and leaving of the strong brand and customer portfolio of SPP for a rather symbolic consideration, however, at the same time it was a necessary move to keep a long-term balance and a well-balanced relationship with the state as a 51% shareholder of SPP Infrastructure, a.s.

In 2014, two significant acquisitions in Italy and the United Kingdom were prepared and concluded, both of which are mature Western European markets specific in a relative lack of capacities for electricity generation. Based on these acquisitions, in 2015 we entered the UK market through the acquisition of the Eggborough black-coal-fired power plant and the Italian market through the acquisition of power-generation facilities from the E.ON group with a total installed capacity of 4 500 MW, comprising one black-coal-fired power plant and six modern fossil-fuel power stations.

In 2014, a very significant part of the operating activities of the EPH group involved putting into service the so-called reverse flow of natural gas from Slovakia to Ukraine which was carried out by eustream, a.s. This measure enabled Ukraine to purchase gas in the European markets and thus to terminate a period of full dependence on supplies from Russia. This fundamental measure was realised in a manner which is fully in accordance with all contractual arrangements concluded with the historically main business partner of eustream, a.s., the Gazprom group and does not jeopardise security and certainty in terms of supplies of natural gas from Russia to Europe.

The future strategy of EPH includes building a strong vertically integrated group operating in broader energy sector and providing its investors with a stable performance in relation to market development and with a strong growth potential. In the long term, we will continue to concentrate on establishing value and a strong strategic position on selected energy markets.

Unlike the past period where we primarily concentrated on building positions in the area of infrastructure assets, in the short term we will also endeavour to boost our position in terms of electricity generation in big facilities on selected European markets, including the above mentioned Italian and U.K. markets. As a result of a big decrease of electricity prices caused by a decrease in the commodity prices and a massive increase in electricity production from renewable resources, these assets are under a big economic and often also political pressure. As a result, many owners are considering divestment. EPH's interest follows from the belief that despite the current crisis these assets are extremely necessary – although currently without adequate economic compensation – and continue to ensure a necessary service for customers, consisting in electricity generation covering the absolute majority of consumption. Electricity is one of the major commodities of modern times. Based on detailed analyses, we believe that the need for this substance also will be gradually (and in a different pace depending on the specific market) reflected in the market and regulatory terms and conditions of this segment.

However, the above mentioned growth strategy will be applied selectively and with caution in order to prevent any negative impact either on the level of indebtedness of EPH or the stable level of operating profit ensured by EPH's infrastructure assets.

To conclude, I would like to express my thanks to our employees, investors and partners who have been participating in the realisation of our strategy and supporting and carrying out our business activities and to all of whom we owe our success.

Prague, 22 October 2015

JUDr. Daniel Křetínský
Chairman of the board of directors

OTHER INFORMATION

1. Subsequent events

   On 15 January 2015 EPH completed transaction for purchase of EGGBOROUGH POWER LIMITED (Eggborough), which owns the 2GW Eggborough Power Station. Eggborough is an independent power producer located in North Yorkshire with an approximately 2GW coal-fired power station comprised of four units which supplies approximately 4% of the power in the UK, equivalent to powering approximately 3 million homes. It employs approximately 300 full time staff members. The acquisition price equals approximately GBP 62.6 million (EUR 81.6 million) where the acquiree reported substantial amount of cash as of the acquisition date.

   In January 2015, CE Energy, a.s. drew a new bank loan from UniCredit Bank Czech Republic and Slovakia, a.s. ("the Bank") totalling EUR 75 million, which was used to purchase CEE bonds in the same amount. On 11 March 2015, the bonds were cancelled. The Bank's security is at the same level as that of the existing CEE bond holders.

   In February 2015, SPP Infrastructure Financing, B.V. issued eurobonds of EUR 500 million. eustream, a.s. guarantees for the obligation resulting from these bonds to the bondholders.

   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. 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. The Supreme Administrative Court of the Czech Republic applied this preliminary ruling and determined an amount in which the tax shall be refundable. With respect to the Group the refund is expected in the region of EUR 10.8 million.

   On 28 April 2015, CE Energy entered into a loan agreement as a borrower with UniCredit Bank Czech Republic and Slovakia, a.s. ("UNI") as a lender ("CEE UNI Loan Agreement"). The CEE UNI Loan Agreement provides for a loan of up to EUR 100,000 thousand for the main purpose of refinancing a EUR 75,000 thousand loan between CEE and UNI and for financing of repurchase of the CEE bonds by CE Energy.

   In July 2015, EPH finalized acquisition of Italian coal and gas generation assets from E.ON. The assets that were sold have a total generation capacity of approximately 4,500MW. They consist of an approximately 600MW coal-fired power plant in Sardinia (Fiume Santo) and approximately 3,900MW of gas-fired power capacity across six power plants located on the Italian mainland and in Sicily.

   On 21 July 2015 the Group (namely EP Cargo a.s.) acquired a 65% share in LokoTrain s.r.o., which primary business relates to leasing of locomotives and skilled railway personnel.

   On 30 June 2015, EPH has, through its subsidiary company EP Hungary, entered into an agreement with France-based E.D.F. International (EDF) on the sale of its majority stake in Hungary-based Budapesti Erőmű Zrt. On 10 December 2015 the Group acquired more than 95% of the shares in a company that owns three gas-fired cogeneration plants (combined heat & power plants – „CHP"): Kelenföld (with an installed capacity of 188 MWe and 395 MWth), Újpest (105 MWe and 421 MWth) and Kispest (113 MWe and 366 MWth). These CHP plants meet almost 60% of the demand for heat in Budapest and generate approximately 3% of Hungarian electricity.

   In August 2015 the Group acquired a 100% share in Optimum Energy which primarily acts as power and gas supplier.

   In September 2015 the Group acquired a 40% share in EP Cargo a.s. from EP Industries, a.s. and became a 100% shareholder of this entity.

2. EPH does not have an organisational branch abroad.

3. In 2014, the EPH group did not have any significant activities in research and development and therefore did not have any research and development expenses.

4. EPH group's financial risk management policy is described in the notes to the consolidated financial statements.

5. EPH undertook intensive activities in the area of environmental protection in 2014.

   The Group has fulfilled all the requirements laid down by valid legislation and endeavours to modernise the facilities it operates and technological heat and power generation processes.

   The EPH Group's power facilities are operated as to ensure a maximum degree of failure-free operation and high efficiency in heat and power generation, which has had a direct impact on the amount of emissions.

   The annual assessment of the heat plant in Komořany, for example, indicates that the Company continuously fulfils the emission limits on solid pollutants, thus contributing greatly to a reduction of dustiness in the region.

   Also for this year, Elektrárny Opatovice a.s. obtained ISO 14001 in environmental management system certification during a surveillance audit, with the aim to minimise the environmental impact of its operation. The state administration's supervisory body confirmed during its inspection that the Company meets all legal environmental protection requirements. Implementation of Environmental Programme projects started in 2014, consisting of four main projects, namely Desulphurisation Unit Restoration, Boiler Retrofit, Replacement of Existing Electrostatic Separators and Smokestack Refurbishing. These projects will significantly reduce NOx, SOx and dust emissions.

   Throughout the year, a desulphurisation unit was in operation at Plzeňská energetika, a.s., which resulted in the substantial reduction of emitted air pollutants and all emission limits for pollutants laid down by the law were met.

6. The main strengths of the EPH group are its good employee relations and the loyalty of its employees. A good and correct relationship with the unions in the group companies is maintained through regular meetings and discussions of work, social and wage issues. The EPH group will continue to pay significant attention the prevention of work-related injuries. The individual companies will focus, in particular, on preventive checks on workplace inspections and the quality of provided occupational health and safety trainings.

Date:	Signature of the authorised representative	
22 December 2015	Daniel Křetínský Chairman of the board of directors	Pavel Horský Member of the board of directors

REPORT ON RELATIONS

between the controlling and controlled entities and on relations between the controlled entity and other entities controlled by the same controlling entity (related entities)

prepared by the board of directors of **Energetický a průmyslový holding, a.s.**, with its registered office at Příkop 843/4, Zábrdovice, Brno, postcode 602 00, ID No.: 28356250, in accordance with Section 82 (1) of the Corporations Act (Act No.90/2012 Coll., as amended)

("the Report")

I. PREAMBLE

The Report has been prepared pursuant to Section 82 (1) of the Corporations Act (Act No. 90/2012 Coll., as amended).

The Report has been submitted for review to the Company's supervisory board in line with Section 83 (1) of the Corporations Act (Act No.90/2012 Coll., as amended) and the supervisory board's position will be communicated to the Company's general meeting which will decide on the approval of the Company's ordinary financial statements and the distribution of the Company's profit or the settlement of its loss.

The Report has been prepared for the 2014 accounting period.

II. STRUCTURE OF RELATIONS BETWEEN THE ENTITIES

CONTROLLED ENTITY
The controlled entity is Energetický a průmyslový holding, a.s. with its registered office at Příkop 843/4, Zábrdovice, Brno, postcode 602 00, ID No: 28356250 recorded in the Commercial Register maintained by the Regional Court in Brno, section B, insert 5924.

CONTROLLING ENTITIES
TIMEWORTH HOLDINGS LIMITED (until 20 June 2014)
Registered office: Spyrou Kyprianou 18, Flat/Office 301, Nicosia, P.C. 1075, Cyprus
Reg. No.: HE187475

MACKAREL ENTERPRISES LIMITED (until 4 December 2014)
Registered office: Akropoleos, 59-61, SAVVIDES CENTRE, 1st floor, Flat/Office 102, Nicosia, P.C. 2012, Cyprus
Reg. No.: HE238444

EP Investment S.a r.l. (since 4 December 2014)
Registered office: 46A, Avenue J.F. Kennedy, L – 1855 Luxembourg, Luxembourg
Reg. No.: B 184488

MILEES LIMITED
Registered office: Akropoleos, 59-61, SAVVIDES CENTRE, 1st floor, Flat/Office 102, Nicosia, P.C. 2012, Cyprus
Reg. No.: HE246283

BIQUES LIMITED
Registered office: Akropoleos, 59-61, SAVVIDES CENTRE, 1st floor, Flat/Office 102, Nicosia, P.C. 2012, Cyprus
Reg. No.: HE246282

OTHER CONTROLLED ENTITIES
The companies controlled by the same controlling entities are disclosed in note 38 to the consolidated financial statements of the controlled entity.

III. ROLE OF THE CONTROLLED ENTITY; METHOD AND MEANS OF CONTROL

Role of the controlled entity

- strategic management of the development of a group of directly or indirectly controlled entities
- providing financing and developing financing systems for group entities
- optimising the services utilised/provided in order to improve the entire group's performance
- managing, acquiring and disposing of the Company's ownership interests and other assets

Method and means of control

The controlling entities hold a majority share of voting rights in Energetický a průmyslový holding, a.s. and exercise a controlling influence over Energetický a průmyslový holding.

IV. OVERVIEW OF ACTS SPECIFIED BY SECTION 82 (2)(D) OF ACT NO. 90/2012 COLL., ON CORPORATIONS

In 2014 no act was carried out at the initiative or in the interest of the controlling entity that would relate to assets exceeding 10% of the controlled entity's equity as presented in the most recent financial statements.

V. AGREEMENTS CONCLUDED BETWEEN ENERGETICKÝ A PRŮMYSLOVÝ HOLDING, A.S. AND OTHER RELATED ENTITIES

V.1.1. In 2014 the following loan agreements were in operation:

On 27 October 2010 a loan agreement, including valid amendments, was signed by and between NIKARA EQUITY LIMITED as the creditor and Przedsiębiorstwo Górnicze "SILESIA" sp. z o.o. as the debtor. In 2013 Energetický a průmyslový holding, a.s. became the legal successor of NIKARA EQUITY LIMITED.

On 8 September 2011 a loan agreement, including valid amendments, was signed by and between Energetický a průmyslový holding, a.s. as the creditor and Alternative Energy, s.r.o. as the debtor.

On 20 June 2012 a loan agreement, including valid amendments, was signed by and between Energetický a průmyslový holding, a.s. as the debtor and EP Energy, a.s. as the creditor.

On 9 July 2012 a loan agreement, including valid amendments, was signed by and between Energetický a průmyslový holding, a.s. as the debtor and EP Energy, a.s. as the creditor.

On 25 September 2012 a loan agreement, including valid amendments, was signed by and between Energetický a průmyslový holding, a.s. as the debtor and SEDILAS ENTERPRISES LIMITED as the creditor.

On 12 December 2012 a loan agreement, including valid amendments, was signed by and between Energetický a průmyslový holding, a.s. as the creditor and EP Investment Advisors, s.r.o. as the debtor.

On 15 January 2013 a loan agreement, including valid amendments, was signed by and between Energetický a průmyslový holding, a.s. as the creditor and EPH Gas Holding B.V., a.s. as the debtor.

On 18 January 2013 a loan agreement, including valid amendments, was signed by and between Energetický a průmyslový holding, a.s. as the debtor and EP Energy, a.s. as the creditor.

On 1 July 2013 a loan agreement, including valid amendments, was signed by and between Energetický a průmyslový holding, a.s. as the creditor and MILEES LIMITED as the debtor.

On 1 July 2013 a loan agreement, including valid amendments, was signed by and between Energetický a průmyslový holding, a.s. as the creditor and MACKAREL ENTERPRISES LIMITED as the debtor.

On 1 July 2013 a loan agreement, including valid amendments, was signed by and between Energetický a průmyslový holding, a.s. as the creditor and BIQUES LIMITED as the debtor.

On 1 July 2013 a loan agreement, including valid amendments, was signed by and between Energetický a průmyslový holding, a.s. as the creditor and TIMEWORTH HOLDINGS LIMITED as the debtor.

On 17 September 2013 a loan agreement, including valid amendments, was signed by and between Energetický a průmyslový holding, a.s. as the creditor and EPH Gas Holding B.V. as the debtor.

On 17 September 2013 a loan agreement, including valid amendments, was signed by and between Energetický a průmyslový holding, a.s. as the creditor and Czech Gas Holding Investment B.V. as the debtor.

On 22 November 2013 a loan agreement was signed by and between Energetický a průmyslový holding, a.s. as the debtor and EP Energy, a.s. as the creditor.

On 11 December 2013 a loan agreement, including valid amendments, was signed by and between Energetický a průmyslový holding, a.s. as the creditor and Mining Services and Engineering Sp. z o.o. as the debtor.

On 20 December 2013 a loan agreement, including valid amendments, was signed by and between Energetický a průmyslový holding, a.s. as the debtor and CE Energy, a.s. as the creditor.

On 27 January 2014 a loan agreement was signed by and between Energetický a průmyslový holding, a.s. as the creditor and CE Energy, a.s. as the debtor.

On 4 April 2014 a loan agreement was signed by and between Energetický a průmyslový holding, a.s. as the creditor and Czech Gas Holding Investment B.V. as the debtor.

On 29 May 2014 a loan agreement was signed by and between Energetický a průmyslový holding, a.s. as the creditor and Slovak Gas Holding B.V. as the debtor.

On 25 September 2014 a loan agreement was signed by and between Energetický a průmyslový holding, a.s. as the creditor and EP Investment Advisors, s.r.o. as the debtor.

On 1 December 2014 a loan agreement was signed by and between Energetický a průmyslový holding, a.s. as the creditor and EP Fleet, k.s. as the debtor.

V.1.2. In 2014 the following agreements on the set-off of receivables and payables were concluded:

On 5 September 2014 an agreement on the set-off of receivables was signed by and between Energetický a průmyslový holding, a.s. and Przedsiębiorstwo Górnicze "SILESIA" sp. z o.o.

On 15 October 2014 an agreement on the set-off of receivables was signed by and between Energetický a průmyslový holding, a.s. and Przedsiębiorstwo Górnicze "SILESIA" sp. z o.o.

On 31 December 2014 an agreement on the set-off of receivables was signed by and between Energetický a průmyslový holding, a.s. and Przedsiębiorstwo Górnicze "SILESIA" sp. z o.o.

On 31 December 2014 an agreement on the set-off of receivables was signed by and between Energetický a průmyslový holding, a.s. and EP Investment Advisors, s.r.o.

V.1.3. Other agreements effective in 2014

On 14 February 2012 a contract on the provision of a guarantee, including valid amendments, was signed by and between Energetický a průmyslový holding, a.s. and PT-Holding Investment B.V.

On 1 August 2013 the ISDA 2002 Master Agreement and the Schedule to the 2002 Master Agreement were signed by and between Energetický a průmyslový holding, a.s. and EP Energy.

On 19 June 2014 a contract on the purchase of shares was signed by and between Energetický a průmyslový holding, a.s. as the seller and WOOGEL LIMITED as the purchaser.

On 1 December 2014 a contract on the provision of a contribution outside registered capital was signed by and between Energetický a průmyslový holding, a.s. and CE Energy, a.s.

V.1.4. In 2014 the following operating agreements were in operation:

On 3 January 2013 a mandate agreement was signed by and between EPH Financing II, a.s. and Energetický a průmyslový holding, a.s. In 2014 EP Energy, a.s. became the legal successor of EPH Financing II, a.s.

On 3 January 2013 a mandate agreement was signed by and between EPH Gas Holding B.V. and Energetický a průmyslový holding, a.s.

On 3 January 2014 a technical assistance agreement was signed by and between EP Investment Advisors, s.r.o. and Energetický a průmyslový holding, a.s.

On 10 June 2014 an agency agreement was signed by and between EP Investment Advisors, s.r.o. and Energetický a průmyslový holding, a.s.

On 16 October 2014 an agreement on a partial cession of an agency agreement was signed by and between EP UK INVESTMENTS LTD and Energetický a průmyslový holding, a.s.

On 27 October 2014 an agreement on the settlement of a share of expenses was signed by and between Przedsiębiorstwo Górnicze „SILESIA" sp. z o.o. and Energetický a průmyslový holding, a.s.

On 24 November 2014 a joint action agreement was signed by and between Energetický a průmyslový holding, a.s. and the following companies:

CE Energy, a.s.	NAFTA a.s.
Czech Gas Holding Investment B.V.	Seatlle Holding B.V.
DCR INVESTMENT a.s.	SEDILAS ENTERPRISES LIMITED
EPH Gas Holding B.V.	Slovak Gas Holding B.V.
EP Investment Advisors, s.r.o.	SPP Infrastructure, a. s.
Mining Services and Engineering Sp. z o.o.	WOOGEL LIMITED

On 31 December 2014 an agreement on the insurance billing was signed by and between SPP Infrastructure, a.s. and Energetický a průmyslový holding, a.s.

On 31 December 2014 an agreement on the settlement of certain mutual relations was signed by and between EP Investment Advisors, s.r.o. and Energetický a průmyslový holding, a.s.

V.2. Other juridical acts made between Energetický a průmyslový holding, a.s. and other related parties

Except for the above, no other agreements were concluded by and between Energetický a průmyslový holding, a.s. and related entities, and no supplies or considerations were provided between Energetický a průmyslový holding, a.s. and related entities.

Energetický a průmyslový holding, a.s. did not adopt or carry out any other juridical acts or measures in the interest or at the initiative of related entities.

V.3. Transactions, receivables, and payables of Energetický a průmyslový holding, a.s. vis-à-vis related parties

The receivables and payables of Energetický a průmyslový holding, a.s. from/to related entities as at 31 December 2014 are disclosed in the notes to the consolidated financial statements, which form part of the annual report.

VI.

We hereby confirm that we have included in this report on relations between related entities of Energetický a průmyslový holding, a.s., prepared pursuant to Section 82 (1) of the Corporations Act (Act No. 90/2012 Coll., as amended) for the accounting period from 1 January 2014 to 31 December 2014, all information regarding:

- agreements between related entities
- supplies and considerations provided to related entities
- other juridical acts carried out in the interest of related entities, and
- all measures adopted or implemented in the interest or at the initiative of related entities

that was known to us as at the date of this Report.

In addition, the board of directors of Energetický a průmyslový holding, a.s. certifies that Energetický a průmyslový holding, a.s. incurred no damage as a result of the actions of the controlling entity or of any entity controlled by the same entity. All transactions between the controlled entity and the controlling entity/entities controlled by the same controlling entity were concluded at arm's length. The contractual and other relations with related entities resulted in no loss or financial advantage or disadvantage to Energetický a průmyslový holding, a.s.

Prague, 30 March 2015

JUDr. Daniel Křetínský
Chairman of the board of directors

Pavel Horský
Member of the board of directors

ENERGETICKÝ A PRŮMYSLOVÝ HOLDING, A. S.

NOTES TO THE FINANCIAL STATEMENTS (NON-CONSOLIDATED)

Year ended 31 December 2014

Ident.		ASSETS	Line	Current period			Prior period
				Gross	Adjustment	Net	Net
a		b	c	1	2	3	4
		TOTAL ASSETS (L.02+03+31+63)	001	38 934 518	360	38 934 158	50 565 784
A.		**Receivables for subscribed registered capital**	002				
B.		**Fixed assets (L.04+13+23)**	003	20 471 096	360	20 470 736	18 289 548
B.I.		Intangible fixed assets (L.05 to 12)	004	377	360	17	72
	B.I.1.	Incorporation expenses	005	240	240		28
	2.	Research and development	006				
	3.	Software	007				
	4.	Intellectual property rights	008				
	5.	Goodwill	009				
	6.	Other intangible fixed assets	010	137	120	17	44
	7.	Intangible fixed assets under construction	011				
	8.	Advance payments for intangible fixed assets	012				
B.II.		Tangible fixed assets (L.14 to 22)	013				
	B.II.1.	Land	014				
	2.	Buildings	015				
	3.	Plant and equipment	016				
	4.	Cultivated areas	017				
	5.	Adult livestock	018				
	6.	Other tangible fixed assets	019				
	7.	Tangible fixed assets under construction	020				
	8.	Advance payments for tangible fixed assets	021				
	9.	Adjustments to acquired fixed assets	022				
B.III.		Long-term investments (L.24 to 30)	023	20 470 719		20 470 719	18 289 476
	B.III.1.	Equity investments – subsidiaries	024	19 382 417		19 382 417	18 289 476
	2.	Equity investments – associated companies	025	1 088 292		1 088 292	
	3.	Other long-term securities and ownership interests	026	10		10	
	4.	Loans – group undertakings, associated companies	027				
	5.	Other long-term investments	028				
	6.	Long-term investments (provisional value)	029				
	7.	Advance payments for long-term investments	030				

BALANCE SHEET
AS AT 31 DECEMBER 2014
(IN THOUSANDS OF CZECH CROWNS "TCZK")

Ident.		ASSETS	Line	Current period			Prior period
				Gross	Adjustment	Net	Net
a		b	c	1	2	3	4
C.		**Current assets (L.32+39+48+58)**	031	18 463 414		18 463 414	32 276 229
C.I.		Inventories (L.33 to 38)	032				
	C.I.1.	Raw materials	033				
	2.	Work-in-progress and semi-finished products	034				
	3.	Finished goods	035				
	4.	Young and other livestock	036				
	5.	Goods for resale	037				
	6.	Advance payments for inventories	038				
C.II.		Long-term receivables (L.40 to 47)	039	4 167 152		4 167 152	22 482 738
	C.II.1.	Trade receivables	040				
	2.	Receivables – group undertakings	041	3 087 918		3 087 918	22 482 738
	3.	Receivables – associated companies	042				
	4.	Receivables from shareholders/members	043				
	5.	Long-term advances paid	044				
	6.	Estimated receivables	045				
	7.	Other receivables	046	1 079 234		1 079 234	
	8.	Deferred tax asset	047				
C.III.		Short-term receivables (L.49 to 57)	048	14 000 780		14 000 780	2 101 164
	C.III.1.	Trade receivables	049	199 704		199 704	4 582
	2.	Receivables – group undertakings	050	13 449 902		13 449 902	1 745 568
	3.	Receivables – associated companies	051				
	4.	Receivables from shareholders/members	052				
	5.	Social security and health insurance	053				
	6.	Tax receivables	054	46 503		46 503	6 828
	7.	Short-term advances paid	055	1 298		1 298	1 079
	8.	Estimated receivables	056	14		14	212 655
	9.	Other receivables	057	303 359		303 359	130 452
C.IV.		Short-term financial assets (L.59 to 62)	058	295 482		295 482	7 692 327
	C.IV.1.	Cash	059	1		1	2
	2.	Bank accounts	060	295 481		295 481	1 549 073
	3.	Short-term securities and ownership interests	061				6 143 252
	4.	Short-term investments (provisional value)	062				
D.I.		**Deferrals (L. 64+65+66)**	063	8		8	7
	D.I.1.	Prepaid expenses	064				
	2.	Complex prepaid expenses	065				
	3.	Accrued revenues	066	8		8	7

(IN THOUSANDS OF CZECH CROWNS "TCZK")

Ident.	LIABILITIES	Line	Current period	Prior period
a	b	c	5	6
	TOTAL LIABILITIES AND EQUITY (L.68+89+122)	067	38 934 158	50 565 784
A.	**Equity (L.69+73+80+83+87+88)**	068	12 672 898	17 841 363
A.I.	Registered capital (L.70+71+72)	069	5 050 193	9 090 347
A.I.1.	Registered capital	070	9 090 347	9 090 347
2.	Own shares and ownership interests (-)	071	-4 040 154	
3.	Changes in registered capital	072		
A.II.	Capital contributions (L.74 to 79)	073	-23 925 130	1 770 236
A.II.1.	Premium	074	-23 978 859	1 599 591
2.	Other capital contributions	075		
3.	Revaluation of assets and liabilities	076	53 729	170 645
4.	Revaluation reserve on transformations	077		
5.	Differences resulting from transformations	078		
6.	Change in revaluation reserve on transformations	079		
A.III.	Funds from profit (L.81+82)	080	101 414	101 414
A.III.1.	Reserve fund	081	101 414	101 414
2.	Statutory and other funds	082		
A.IV.	Retained earnings (L.84+85+86)	083	6 879 365	36 457
A.IV.1.	Retained profits	084	6 879 365	36 457
2.	Accumulated losses	085		
3.	Other retained earnings	086		
A.V.1	Profit (loss) for the current period (+/-)	087	24 567 056	6 842 909
A.V.2	Approved advance profit distribution (-)	088		
B.	**Liabilities (L.90+95+106+118)**	089	26 237 314	32 719 076
B.I.	Provisions (L.91 to 94)	090		
B.I.1.	Tax-deductible provisions	091		
2.	Provision for pensions and other similar payables	092		
3.	Income tax provision	093		
4.	Other provisions	094		
B.II.	Long-term liabilities (L.96 to 105)	095	2 035 262	16 280 503
B.II.1.	Trade payables	096		
2.	Liabilities – group undertakings	097		14 248 771
3.	Liabilities – associated companies	098		
4.	Liabilities to shareholders/members	099		
5.	Long-term advances received	100		
6.	Debentures and bonds issued	101		
7.	Long-term bills of exchange payable	102	367 293	681 307
8.	Estimated payables	103		
9.	Other payables	104	1 667 969	1 350 425
10.	Deferred tax liability	105		

Ident.	LIABILITIES	Line	Current period	Prior period
a	b	c	5	6
B.III.	Short-term liabilities (L.107 to 117)	106	22 676 655	14 930 057
B.III.1.	Trade payables	107	59 100	12 148
2.	Liabilities – group undertakings	108	21 247 501	12 814 257
3.	Liabilities – associated companies	109		
4.	Liabilities to shareholders/members	110	10	
5.	Payables to employees	111	327	2
6.	Payables to social security and health insurance	112	32	1
7.	Tax liabilities and subsidies	113	31	1
8.	Short-term advances received	114		
9.	Debentures and bonds issued	115		
10.	Estimated payables	116	610	17 970
11.	Other payables	117	1 369 044	2 085 678
B.IV.	Bank loans and overdrafts (L.119 to 121)	118	1 525 397	1 508 516
B.IV.1.	Long-term bank loans	119	1 524 875	1 508 375
2.	Short-term bank loans	120	522	141
3.	Short-term financial liabilities	121		
C.I.	**Accruals (L.123+124)**	122	23 946	5 345
C.I.1.	Accrued expenses	123	23 946	5 345
2.	Deferred revenues	124		

(IN THOUSANDS OF CZECH CROWNS "TCZK")

Ident.	TEXT	Line	Current period	Prior period
a	b	c	1	2
I.	Revenue from goods	01		
A.	Cost of goods sold	02		
+	**Gross profit (L.01-02)**	03		
II.	Revenue from production (L.05+06+07)	04	4 571	
II.1.	Revenue from own products and services	05	4 571	
II.2.	Change in inventory of own production	06		
II.3.	Own work capitalised	07		
B.	Cost of sales (L.09+10)	08	40 367	23 826
B.1.	Materials and consumables	09	83	39
B.2.	Services	10	40 284	23 787
+	**Added value (L.03+04-08)**	11	- 35 796	- 23 826
C.	Personnel expenses (L.13 to 16)	12	1 944	203
C.1.	Wages and salaries	13	1 476	151
C.2.	Remuneration of board members	14		
C.3.	Social security and health insurance expenses	15	462	51
C.4.	Social expenses	16	6	1
D.	Taxes and charges	17		2
E.	Depreciation of intangible and tangible fixed assets	18	55	79
III.	Proceeds from disposals of fixed assets and raw material (L.20+21)	19		
III.1	Proceeds from disposals of fixed assets	20		
III.2	Proceeds from disposals of raw material	21		
F.	Net book value of fixed assets and raw material sold (L.23+24)	22		
F.1.	Net book value of fixed assets sold	23		
F.2.	Raw materials sold	24		
G.	Change in provisions and adjustments relating to operating activity and change in complex prepaid expenses	25		- 23
IV.	Other operating revenues	26	5 571 221	238 627
H.	Other operating expenses	27	5 600 127	234 444
V.	Transfer of operating revenues	28		
I.	Transfer of operating expenses	29		
*	**Operating profit (loss)** (L.11-12-17-18+19-22-25+26-27+28-29)	30	- 66 701	- 19 904

Ident.	TEXT	Line	Current period	Prior period
a	b	c	1	2
VI.	Proceeds from sale of securities and ownership interests	31	43 278 168	3 073
J.	Securities and ownership interests sold	32	17 241 530	4 041
VII.	Revenue from long-term investments (L.34+35+36)	33		6 842 443
VII.1.	Revenue from investments in group undertakings and associated companies	34		
VII.2.	Revenue from other long-term securities and ownership interests	35		6 842 443
VII.3.	Revenue from other long-term investments	36		
VIII.	Revenue from short-term financial investments	37	3 145	195
K.	Financial assets expenses	38	93 687	110 642
IX.	Revenue from revaluation of securities and derivatives	39	19 101	132 264
L.	Expenses for revaluation of securities and derivatives	40	329 712	205 357
M.	Change in provisions and adjustments relating to financial activity	41		
X.	Interest revenue	42	847 108	1 511 264
N.	Interest expense	43	1 434 758	1 667 551
XI.	Other financial revenues	44	126 056	1 987 939
O.	Other financial expenses	45	532 210	1 622 003
XII.	Transfer of financial revenues	46		
P.	Transfer of financial expenses	47		
*	**Profit (loss) from financial operations** (L.31-32+33+37-38+39-40-41+42-43+44-45+46-47)	48	24 641 681	6 867 584
Q.	Income tax on ordinary profit (loss) (L.50+51)	49	7 924	4 771
Q.1.	- current	50	7 924	4 771
Q.2.	- deferred	51		
**	**Profit (loss) on ordinary activities after tax** (L.30+48-49)	52	24 567 056	6 842 909
XIII.	Extraordinary revenues	53		
R.	Extraordinary expenses	54		
S.	Income tax on extraordinary profit (loss) (L.56+57)	55		
S.1.	- current	56		
S.2.	- deferred	57		
*	**Extraordinary profit (loss)** (L.53-54-55)	58		
T.	Transfer of profit or loss to shareholders/members	59		
***	**Profit (loss) for the accounting period** (L.52+58-59)	60	**24 567 056**	**6 842 909**
****	**Profit (loss) before tax** (L.30+48+53-54)	61	24 574 980	6 847 680

1. DESCRIPTION AND PRINCIPAL ACTIVITIES

Establishment and description of the company

Energetický a průmyslový holding, a.s. (the "Company") was incorporated on 10 August 2009 by subscription to the share capital in the form of a non-monetary contribution of 100% of shares of Bauliga, a.s., Honor Invest, a.s. and Masna Holding Limited.

The Company's core business activity consists in the management of its own assets.

Ownership structure

The shareholders of the Company as at 31 December 2014 are:

Shareholder	% share	% share in decision-making
EP Investment S.a r.l.	18,52 %	33,33%
BIQUESS LIMITED	18,52 %	33,33%
MILEES LIMITED	18,52 %	33,33%
Own shares	44,44 %	-

Registered office

Energetický a průmyslový holding, a.s.
Příkop 843/4, Zábrdovice
Brno
Czech Republic

Identification number

28356250

Members of the Management Board and Supervisory Board as at 31 December 2014

Members of the Management Board
Daniel Křetínský (Chairman)
Marek Spurný
Pavel Horský
Jan Špringl

Members of the Supervisory Board
Ivan Jakabovič (Chairman)
Miloš Badida
Martin Fedor

Changes in the Commercial Register during the accounting period

On 22 August 2014, a new member of the Management Board, Jan Špringl, was registered.

On 22 August 2014, changes were registered in the Supervisory Board as follows. Ivan Jakabovič was appointed a new chairman of the Supervisory Board. The existing chairman, Ladislav Bartoníček, and members of the Supervisory Board, Martin Štefunko and Robert Ševela, were deleted from the Commercial Register.

On 22 August 2014, a change in the way of acting on behalf of the Company was recorded. The Company is represented by the chairman of the Management Board jointly with one member of the Management Board.

Organisational structure

The Company has two employees.

2. SIGNIFICANT ACCOUNTING POLICIES APPLIED BY THE COMPANY

The attached financial statements were prepared pursuant to Act No 563/1991 Coll., the Accounting Act as amended, and related regulations for business accounting, in particular Decree No 500/2002 Coll., which implements certain provisions of Act No 563/1991 Coll., the Accounting Act.

The financial statements were prepared on a historical cost basis.

Data in the financial statements are in thousands of Czech crowns (TCZK), unless stated otherwise.

(a) Tangible and intangible fixed assets

Valuation method

Purchased assets are valued at prices pursuant to Section 47 of Decree No 500/2002. Tangible fixed assets costing up to CZK 40,000 and intangible fixed assets costing up to CZK 60,000 are not recognised in the balance sheet and are expensed in the year of acquisition.

Assets generated by the Company's own activity are valued at cost, which includes direct material and personnel expenses and overheads related to the production of assets. Interest and other financial expenses are capitalised during the period of acquisition of the assets, i.e. until the assets are put to use. Afterwards, they are part of financial costs.

Intangible and tangible fixed assets acquired free of charge are valued at their replacement cost and posted in the Other capital funds account (not depreciated) and in asset accounts against accumulated depreciation (depreciated).

The temporary devaluation of fixed intangible and tangible assets is expressed using adjustments which, together with depreciation, are stated in the adjustment column of the balance sheet.

Costs of improvements of intangible and tangible fixed assets increase their acquisition prices. Repairs and maintenance are expensed in the current accounting period.

Depreciation

Tangible and intangible fixed assets are depreciated based on their acquisition cost and expected service life on a straight-line monthly basis; the first depreciation applies to the month following the date on which the assets are put to use and the depreciation is ended in the month of discharge of the assets concerned. If the improvements become part of the depreciated assets, the depreciation period will start in the month when the improvements are put to use (except for improvements of other parties' assets).

The following table specifies the methods and periods of depreciation by asset groups:

Asset	Method	Period
Organization costs	Straight-line	5 years
Other intangible assets (know-how, licences) / trademark	Straight-line	1 – 6 years

Land, works of art and fixed assets in progress are not depreciated.

(b) Financial assets

Long-term financial assets comprise ownership interests in controlled and managed entities and group entities under substantial influence, debt securities that the Company can and intends to hold until maturity, and other long-term securities for which the Company's intention is usually not known at the time of acquisition.

Securities are valued upon acquisition at acquisition cost defined under Section 48 of Decree No 500/2002 Coll. The acquisition price of securities does not include interest on loans granted for their acquisition and the costs related to their holding.

Ownership interests are valued at acquisition cost at the balance sheet date. Where a particular ownership interest has been impaired, an adjustment is established based on performed tests. Impairment tests are carried out in the form of discounted operating cash flows.

Ownership interests contributed to the Company's share capital are valued based on an expert opinion of an independent expert appointed by court.

Should securities be held in foreign currencies, they will be re-valued at the end of the accounting period based on the current exchange rate declared by the CNB against gains or losses from revaluation of assets and liabilities in equity.

(c) Accounts receivable

Receivables are charged in their nominal amount, and assigned receivables are charged at acquisition cost, i.e. including costs related to their acquisition (Section 25 of Act No 563/1991 Coll.). As at the date of the financial statements, a temporary decrease in the value of doubtful receivables is charged as adjustments charged as costs recorded in the adjustments column of the balance sheet. The Company creates adjustments for receivables overdue for more than 180 days and based on its own analysis of its customers' solvency.

Receivables arising from loans granted are increased by outstanding interest (except for delay charges) as at the date of the financial statements.

(d) Derivatives

Trading derivatives

Financial derivatives held for trading are reported at fair value as Other receivables or Other liabilities at the balance sheet date, and gains (losses) from changes in their fair value are recorded in the profit and loss account.

(e) Loans received and granted

Short-term and long-term loans are carried in their nominal value upon receipt. In the preparation of the financial statements, the loan balance is increased by outstanding interest charged by the bank or the counterparty. Part of long-term loans due within one year from the balance sheet date is reported as a short-term loan.

(f) Foreign currency transactions

The Company applies current exchange rates of the Czech National Bank valid at the moment of acquisition of assets or the creation of a liability for the translation of assets and liabilities in a foreign currency to Czech crowns. Unrealized foreign exchange gains and losses are recognized in the profit and loss account.

As at the date of the financial statements, foreign currency assets and liabilities were translated based on the Czech National Bank exchange rate and all foreign exchange differences arising from gains or losses from assets and liabilities were carried in the profit and loss account.

(g) Costs and revenue

Costs and revenues are accrued, i.e. they are carried for the periods to which they are related materially and in terms of time. In accordance with the principle of prudence, the Company records the creation of provisions and adjustments for covering all risks, losses and devaluation known as at the financial statement date to expenses.

(h) Income tax

The current income tax is calculated based on the applicable tax rate from the accounting profit increased or reduced by permanently or temporarily tax non-deductible expenses and non-tax revenues (e.g. the creation and accounting of other provisions and adjustments, entertainment expenses, difference between accounting and tax depreciation), and is structured into a tax from standard and extraordinary activities.

The deferred income tax is established for companies that form a group of companies and for all accounting units subject to the obligation of having their financial statements audited. It is based on the balance sheet approach, i.e. the temporary differences between the tax base of assets and liabilities and their book value in the balance sheet, translated by the income tax rate expected for the subsequent accounting period.

A deferred tax asset is recognized only if it is probable that it will be applied in subsequent accounting periods.

The Company creates an income tax provision as the financial statements are prepared before the current year tax liability is determined. In the subsequent accounting period, the Company releases this provision and records the determined tax liability.

In the balance sheet, the income tax provision is reduced by income tax prepayments, the net receivable, if any, is recorded in the "Tax receivables" item.

(i) Consolidation

The Company prepares its consolidated financial statements in accordance with the International Financial Reporting Standards. The Czech translation of the consolidated financial statements along with the consolidated annual report is published in the Commercial Register.

(j) Costs for external financing

Costs for external funding including related charges are expensed in a one-off manner to expenses of the current accounting period.

3. CHANGES IN ACCOUNTING POLICIES AND PROCEDURES

The Company's accounting policies and procedures did not change in 2014.

(in thousands of CZK)

4. LONG-TERM INVESTMENTS

31 December 2014

Ownership interests – controlling influence	Ownership interest	Total profit (+) loss (-) for 2014 (in TCZK/EUR/PLN)	Equity as at 31.12.2014 (in TCZK/EUR/PLN)	Acquisition cost as at 31.12.2014 (in TCZK)
SEDILAS ENTERPRISES LIMITED*	100 %	-11 (EUR)	119 (EUR)	28
Mining Services and Engineering Sp. z o.o.*	100 %	917 (PLN)	883 (PLN)	333
EP Commodities, a.s. *	100 %	10 157 (CZK)	110 157 (CZK)	100 000
CE Energy, a.s.	100 %	1 754 486 (CZK)	21 214 515 (CZK)	19 159 975
EP United Kingdom, s.r.o.*	100 %	-72 (CZK)	128 (CZK)	200
EP Investment Advisors, s.r.o.*	100 %	-64 888 (CZK)	-173 727 (CZK)	65 000
Czech Gas Holding Investment B.V.*	100 %	51 008 (EUR)	51 036 (EUR)	1 247
EPH Gas Holding B.V.*	100 %	-37 953 (EUR)	-77 394 (EUR)	55 450
Nadácia EPH*	100 %	0 (EUR)	7 (EUR)	184
Total ownership interests				**19 382 417**

** Data from financial statements not subject to audit as at 31 December 2014.*

Ownership interests – substantial influence	Ownership interest	Total profit (+) loss (-) for 2014 (in TCZK/EUR/PLN)	Equity as at 31.12.2014 (in TCZK/EUR/PLN)	Acquisition cost as at 31.12.2014 (in TCZK)
Przedsiebiorstwo Górnicze Silesia Sp. z o.o.*	38,91 %	-151 941 (PLN)	-11 140 (PLN)	1 088 285
WOOGEL LIMITED*	25 %	-38 440 (CZK)	-38 412 (CZK)	7
Total ownership interests				**1 088 292**

** Data from the financial statements not subject to audit as at 31 December 2014.*

In 2014, there were changes in long-term investments as follows:
– On 24 January 2014, the 100% ownership interest in EP Energy, a.s. was sold to CE Energy, a.s.
– On 17 March 2014, a 25% ownership interest was purchased in WOOGEL LIMITED,
– On 19 June 2014, shares of DCR Investment, a.s. were sold to WOOGEL LIMITED,
– On 19 June 2014, a 61% ownership interest in Przedsiebiorstwo Górnicze Silesia Sp. z o.o. was sold to Braindour Development Limited,
– On 29 August 2014, the Company established a new company, EP Commodities, a.s.,
– On 5 September 2014 and on 15 October 2014, equity of Przedsiebiorstwo Górnicze Silesia Sp. z o.o. was increased by TPLN 19,364 and TPLN 108 by the capitalization of a loan,
– On 1 December 2014, equity of CE Energy, a.s. was increased by TCZK 19,157,975 by the capitalization of a loan,
– On 31 December 2014, share capital of Przedsiebiorstwo Górnicze Silesia Sp. z o.o. was increased by TPLN 23,290,
– On 3 October 2014, a 100% ownership interest was purchased in EP United Kingdom, s.r.o.

31 December 2013

Ownership interests	Ownership interest	Total profit (+) loss (-) for 2013 (in TCZK/EUR/PLN)	Equity as at 31.12.2013 (in TCZK/EUR/PLN)	Acquisition cost as at 31.12.2013 (in TCZK)
SEDILAS ENTERPRISES LIMITED*	100 %	-12 (EUR)	131 (EUR)	27
Mining Services and Engineering Sp. z o.o.*	100 %	-55 (PLN)	-40 (PLN)	106
Przedsiebiorstwo Górnicze Silesia Sp. z o.o.*	99,91 %	-115 186 (PLN)	33 596 (PLN)	2 119 483
EPH Financing I, a.s. *	100 %	142 944 (Kč)	670 758 (Kč)	2 000
CE Energy, a.s.*	100 %	-88 189 (Kč)	-86 189 (Kč)	2 000
EP Energy, a.s.*	100 %	2 859 721 (Kč)	28 831 956 (Kč)	16 044 775
EP Investment Advisors, s.r.o.*	100 %	-124 828 (Kč)	-107 701 (Kč)	65 000
Czech Gas Holding Investment B.V.*	100 %	-24 (EUR)	21 (EUR)	1 235
EPH Gas Holding B.V.*	100 %	-41 432 (EUR)	-39 437 (EUR)	54 850
Total ownership interests				**18 289 476**

** Data from the financial statements not subject to audit as at 31 December 2013.*

Registered offices of companies under controlling and substantial influence as at 31 December 2014 are as follows:

SEDILAS ENTERPRISES LIMITED, Akropoleos, 59 – 61, SAVVIDES CENTER, Flat/Office 102, P. C. 2012, Nicosia, Cyprus
WOOGEL LIMITED, Kyriakou Matsi, Agioi Omologities 16, Nicosia, Cyprus
EP Commodities, a.s., Klimentská 1216/46, Prague 1 – Nové Město, 110 00
EP United Kingdom, s.r.o., Pařížská 130/26, Prague 1 – Josefov, 110 00
CE Energy, a.s., Příkop 843/4, Zábrdovice, 602 00 Brno
EP Investment Advisors, s.r.o., Pařížská 130/26, Prague 1 – Josefov, pcn 110 00
Mining Services and Engineering Sp. z o.o., ul. Górnicza 60, Czechowice-Dziedzice, Poland
Przedsiebiorstwo Górnicze Silesia Sp. z o.o., ul. Górnicza 60, Czechowice-Dziedzice, Poland
EPH Gas Holding B.V., Weteringschans 26, 1017SG Amsterdam, Netherlands
Czech Gas Holding Investment B.V., Weteringschans 26, 1017SG Amsterdam, Netherlands
Nadácia EPH, Dvořákovo nábrežie 10, 811 02 Bratislava

(in thousands of CZK)

5. LONG-TERM RECEIVABLES

(a) Receivables – controlled or controlling entity

31 December 2014

Counterparty	Principal (in TCZK)	Outstanding interest as at 31.12.2014 (in TCZK)	Maturity	Interest rate
EPH Gas Holding B.V.	1 961 808	238 718	23.01.2019	fixed
Przedsiebiorstwo Górnicze Silesia Sp. z o.o.	204 795	682 597	31.12.2018	fixed
Total as at 31.12.2014	**2 166 603**	**921 315**		

31 December 2013

Counterparty	Principal (in TCZK)	Outstanding interest as at 31.12.2013 (in TCZK)	Maturity	Interest rate
EPH Gas Holding B.V.	16 215 921	992 953	23.01.2019	fixed
Przedsiebiorstwo Górnicze Silesia Sp. z o.o.	4 471 668	802 196	31.12.2018	fixed
Total as at 31.12.2013	**20 687 589**	**1 795 149**		

(b) Other receivables

Other receivables are formed by a loan including outstanding interest granted to a third party. The loan is due on 31 December 2024 and is subject to a fixed interest rate.

6. SHORT-TERM RECEIVABLES

(a) Receivables – controlled or controlling entity

31 December 2014

Counterparty	Principal (in TCZK)	Outstanding interest as at 31.12.2014 (in TCZK)	Maturity	Interest rate
EPH Gas Holding B.V.	5 545	185	31.12.2015	fixed
Czech Gas Holding Investment B.V.	970	37	31.12.2015	fixed
BIQUES LIMITED	138 625	18 698	31.8.2015	fixed
EP Investment Advisors, s.r.o.	63 000	347	30.9.2015	fixed
EP Investment Advisors, s.r.o.	183 106	11 461	31.12.2015	fixed
Alternative Energy, s.r.o.	48 534	19 761	31.12.2015	fixed
MILEES LIMITED	138 625	18 697	31.8.2015	fixed
Mining Services and Engineering Sp. z o.o.	29 214	2 096	11.12.2015	fixed
Czech Gas Holding Investment B.V.	65 608	0	15.4.2015	no interest
CE Energy, a.s.	12 705 393	0	*31.12.2022	no interest
Total as at 31.12.2014	**13 378 620**	**71 282**		

* On 5 February 2015, the loan was set off, see Note 18.

31 December 2013

Counterparty	Principal (in TCZK)	Outstanding interest as at 31.12.2013 (in TCZK)	Maturity	Interest rate
EPH Gas Holding B.V.	823	6	31.12.2014	fixed
Czech Gas Holding Investment B.V.	411	1	31.12.2014	fixed
EPH Financing I, a.s.	564 871	42 325	31.12.2014	fixed
BIQUES LIMITED	137 125	6 154	31.08.2014	fixed
EP Investment Advisors, s.r.o.	286 894	4 838	31.12.2014	fixed
Alternative Energy, s.r.o.	47 994	14 748	31.12.2014	fixed
MACKAREL ENTERPRISES LIMITED	137 125	6 154	31.08.2014	fixed
MILEES LIMITED	137 125	6 154	31.08.2014	fixed
Mining Services and Engineering Sp. z o.o.	8 914	37	11.12.2014	fixed
TIMEWORTH HOLDINGS LIMITED	329 100	14 769	31.08.2014	fixed
Total as t 31.12.2013	**1 650 382**	**95 186**		

(b) Trade receivables

As at 31 December 2014, trade receivables overdue amount to TCZK 627 (31.12.2013: TCZK 3,362). According to the internal analysis of return the Company thinks that no adjustments have to be created to those receivables.

(in thousands of CZK)

(c) Tax receivables

Tax receivables are formed in particular by corporate income tax prepayments.

In 2013, an income tax provision was reduced by paid income tax prepayments in the amount of TCZK 45,286. The final receivable is recorded in the Tax receivables item.

d) Estimated receivables

As at 31 December 2014, estimated receivables are formed in particular by non-invoiced services.

e) Other receivables

Other receivables are formed in particular by loans to non-related entities in the amount of TCZK 77,874 (31.12.2013: TCZK 75,406) and by loans granted to related entities given in the table below:

31 December 2014

Counterparty	Principal (in TCZK)	Outstanding interest as at 31.12.2014 (in TCZK)	Maturity	Interest rate
MACKAREL ENTERPRISES LIMITED	138 625	18 697	31.8.2015	fixed
Sparta	60 000	224	31.12.2015	fixed
Total as at 31.12.2014	**198 625**	**18 921**		

As at 31 December 2013, other receivables also include the below given derivatives:

31 December 2013 *in TCZK*

Term transaction reported in Other receivables	Counterparty	Due date	Fair value as at 31.12.2013
EUR forward purchase	The Royal Bank of Scotland plc	19.3.2014	1 043
EUR forward purchase	The Royal Bank of Scotland plc	19.3.2014	2 293
Total swaps and forwards as at 31.12.2013			**3 336**

7. SHORT-TERM SECURITIES AND OWNERSHIP INTERESTS

As at 31 December 2013, short-term securities and ownership interests are formed by bills of exchange, see the table below.

At 31 December 2014, the Company did not own any bills of exchange.

Bill holder	Nominal value (in TEUR)	Nominal value (in TCZK)	Capitalized interest (in TCZK)	Interest rate	Due date
UniCredit Bank CZ a.s.	98 000	2 687 650	29	0,20 %	8.1.2014
UniCredit Bank CZ a.s.	126 000	3 455 550	23	0,12 %	8.1.2014
Total as at 31.12.2013		**6 143 200**	**52**		

8. EQUITY

During 2014, the Company repurchased 44.44% of own shares from TIMEWORTH HOLDINGS LIMITED.

The Company prepares consolidated financial statements as 31 December 2014 in compliance with International Financial Reporting Standards in a version approved by the European Union. In the consolidated financial statements the nominal value of acquired own shares in the amount of TCZK 4,040,154 is reported in a negative value within the share capital and the difference between the nominal price and acquisition cost of TCZK 25,578,450 is reported within other capital funds.

The Company's management has decided that the same way of reporting will also be applied to non-consolidated financial statements.

A nominal value of shares amounting to TCZK 4,040,154 is reported in the line Own shares and own ownership interests are reported within the share capital. The difference between the acquisition cost and the nominal value of shares amounting to TZCK 25,578,450 is reported as part of the share premium. The Company's management thinks that the applied way of recognizing the acquisition of own shares and changes in the share capital, not corresponding to the requirements of Czech Accounting Standard 12, gives a true and fair picture of the subject of accounting.

In 2014, resp. 2013, the General Meeting approved the profit/loss and profit for 2013, resp. 2012, was transferred to the Retained earnings from previous years account.

A change in 2014/2013 in the Gains or losses from revaluation of assets and liabilities line is caused by an foreign exchange difference arising from revaluation of ownership interests.

(in thousands of CZK)

9. LONG-TERM LIABILITIES

(a) Liabilities – controlled or controlling person

Long-term liabilities – group undertakings as at 31 December 2013 consist of liabilities shown in the table below. As at 31 December 2014, the company recorded no long-term liabilities to group undertakings.

31 December 2013

Counterparty	Principal	Outstanding interest as at 31.12.2013	Maturity	Interest rate
TIMEWORTH HOLDINGS LIMITED	2 742 500	0	31.03.2016	fixed
TIMEWORTH HOLDINGS LIMITED	3 702 375	636 822	31.03.2016	fixed
CE Energy, a.s.	7 165 738	1 336	20.12.2016	*variable
Total as at 31.12.2013	**13 610 613**	**638 158**		

**The variable interest rate is derived as the EURIBOR plus a margin.*

b) Long-term bills of exchange to be paid

31 December 2014

Bill holder	Nominal value	Capitalized interest	Interest rate	Date of issue of the bill	Due date of the bill
Bill no. 1	120 000	12 990	6,50 %	05.04.2013	04.04.2016
Bill no. 2	40 000	1 923	5,40 %	10.2.2014	10.2.2016
Bill no. 3	20 000	577	5,40 %	20.6.2014	20.6.2016
Bill no. 4	25 000	513	5,90 %	27.8.2014	3.3.2017
Bill no. 5	20 000	359	5,90 %	12.9.2014	10.3.2017
Bill no. 6	25 000	212	4,90 %	30.10.2014	29.4.2016
Bill no. 7	11 090	79	5,40 %	14.11.2014	18.11.2016
Bill no. 8	40 000	310	5,90 %	14.11.2014	12.5.2017
Bill no. 9	14 000	100	5,40 %	14.11.2014	14.11.2016
Bill no. 10	20 000	110	5,90 %	28.11.2014	26.5.2017
Bill no. 11	15 000	30	4,90 %	17.12.2014	17.6.2016
Total as at 31.12.2014	**350 090**	**17 203**			

31 December 2013

Bill holder	Nominal value	Capitalized interest	Interest rate	Date of issue of the bill	Due date of the bill
Bill no. 1	120 000	5 791	6,50 %	05.04.2013	04.04.2016
Bill no. 2	25 000	497	4,10 %	08.07.2013	08.01.2015
Bill no. 3	20 000	100	4,10 %	15.11.2013	15.05.2015
Bill no. 4	128 334	2 053	4,50 %	26.08.2013	25.02.2015
Bill no. 5	373 294	6 238	4,70 %	26.08.2013	25.02.2015
Total as at 31.12.2013	**666 628**	**14 679**			

(c) Other liabilities

Other liabilities consist in a long-term loan in the amount of TCZK 1,244,250 (31.12.2013: TCZK 1,234,125) received from a non-related non-banking entity and liabilities arising from the revaluation of derivatives given below

Term transaction reported in Other liabilities	Counterparty	Due date	Fair value as at 31.12.2014
EUR forward sale	EP Energy, a.s.	1.12.2016	153 652
Interest swap	Komerční banka, a.s.	18.11.2019	97 610
Interest swap	The Royal Bank of Scotland	18.11.2019	163 997
Interest swap	The Royal Bank of Scotland	11.5.2015	3 705
EUR forward sale	The Royal Bank of Scotland	10.3.2015	4 755
Total swaps and forwards			**423 719**

31 December 2013

Term transaction reported in Other liabilities	Counterparty	Due date	Fair value as at 31.12.2013
EUR forward sale	EP Energy, a.s.	1.12.2016	116 300
Total swaps and forwards			**116 300**

10. SHORT-TERM LIABILITIES

(a) Liabilities – controlled or controlling entity

31 December 2014

Counterparty	Principal	Outstanding interest as at 31.12.2014	Maturity	Interest rate
SEDILAS ENTERPRISES LIMITED	3 554	27	25.09.2015	fixed
EP Energy, a. s.	3 093 351	202 775	31.12.2015	fixed
EP Energy, a.s.	4 481 547	386 756	31.1.2015	*variable
EP Energy, a.s.	5 006 746	307 080	31.12.2015	fixed
CE Energy, a.s.	7 244 124	521 541	**20.12.2016	*variable
Total as at 31.12.2013	**19 829 322**	**1 418 179**		

** The variable interest rate is derived as the EURIBOR plus a margin. All interest rates are market.*
*** On 5 February 2015, the loan was set off, see Note 18.*

31 December 2013

Counterparty	Principal	Outstanding interest as at 31.12.2013	Maturity	Interest rate
SEDILAS ENTERPRISES LIMITED	3 900	33	25.09.2014	fixed
EP Energy, a. s.	3 059 879	76 486	31.12.2014	fixed
EP Energy, a.s.	4 433 054	185 432	31.01.2014	*variable
EP Energy, a.s.	4 952 570	102 903	31.01.2014	fixed
Total as at 31.12.2013	**12 449 403**	**364 854**		

** The variable interest rate is derived as the EURIBOR plus a margin. All interest rates are market.*

(in thousands of CZK)

b) Other liabilities

Other liabilities are formed in particular by the fair value of a currency swap made with UniCredit Bank Czech Republic and Slovakia, a.s. in the amount of TCZK 2,075 (31.12.2013: TCZK 0) (settlement date – 6 January 2015) and by short-term bills of exchange including capitalized interest given below:

31 December 2014

Bill holder	Nominal value	Capitalized interest	Interest rate	Date of issue of the bill	Due date of the bill
Bill no. 12	100 000	4 800	fixed	20.1.2014	20.7.2015
Bill no. 13	26 000	988	fixed	20.1.2014	20.1.2015
Bill no. 14	20 000	826	fixed	31.1.2014	31.1.2015
Bill no. 15	38 310	1 467	fixed	18.2.2014	18.2.2015
Bill no. 16	20 000	880	fixed	20.2.2014	20.2.2015
Bill no. 17	373 293	24 027	fixed	26.8.2013	25.2.2015
Bill no. 18	25 000	1 522	fixed	8.7.2013	8.1.2015
Bill no. 19	20 000	670	fixed	26.3.2014	26.3.2015
Bill no. 20	20 000	603	fixed	23.4.2014	23.4.2015
Bill no. 21	20 000	601	fixed	24.4.2014	24.4.2015
Bill no. 22	21 073	639	fixed	25.4.2014	24.4.2015
Bill no. 23	21 000	576	fixed	16.5.2014	18.5.2015
Bill no. 24	20 000	920	fixed	15.11.2013	15.5.2015
Bill no. 25	20 000	618	fixed	19.5.2014	19.11.2015
Bill no. 26	20 000	359	fixed	5.8.2014	5.8.2015
Bill no. 27	20 342	210	fixed	12.9.2014	12.3.2015
Bill no. 28	35 000	329	fixed	22.9.2014	23.3.2015
Bill no. 29	14 000	154	fixed	2.10.2014	2.10.2015
Bill no. 30	10 600	51	fixed	10.11.2014	11.5.2015
Bill no. 31	10 000	46	fixed	24.11.2014	24.11.2015
Bill no. 32	20 000	72	fixed	2.12.2014	2.12.2015
Bill no. 33	10 000	33	fixed	5.12.2014	7.12.2015
Bill no. 34	63 590	159	fixed	12.12.2014	11.12.2015
Bill no. 35	27 725	972	fixed	13.3.2014	13.3.2015
Bill no. 36	11 090	15	fixed	17.12.2014	17.6.2015
Bill no. 37	128 779	7 958	fixed	26.8.2013	25.2.2015
Total as at 31.12.2014	**1 115 802**	**49 495**			

31 December 2013

Bill holder	Nominal value	Capitalized interest	Interest rate	Date of issue of the bill	Due date of the bill
Bill no. 6	20 000	88	fixed	22.11.2013	24.11.2014
Bill no. 7	280 869	8 764	fixed	07.05.2013	07.11.2014
Bill no. 8	18 643	882	fixed	11.01.2013	11.07.2014
Bill no. 9	200 000	13 197	fixed	12.10.2012	11.04.2014
Bill no. 10	200 000	13 197	fixed	12.10.2012	11.04.2014
Bill no. 11	100 000	6 598	fixed	12.10.2012	11.04.2014
Bill no. 12	60 500	126	fixed	12.12.2013	12.12.2014
Bill no. 13	21 437	1 120	fixed	13.12.2012	13.06.2014
Bill no. 14	21 000	503	fixed	16.05.2013	16.05.2014
Bill no. 15	20 000	621	fixed	24.04.2013	24.04.2014
Bill no. 16	233 308	6 031	fixed	17.06.2013	17.12.2014
Bill no. 17	100 000	4 672	fixed	18.01.2013	20.01.2014
Bill no. 18	323 326	25 753	fixed	19.07.2012	20.01.2014
Bill no. 19	20 000	1 031	fixed	05.12.2012	05.06.2014
Bill no. 20	20 000	861	fixed	17.01.2013	17.01.2014
Bill no. 21	128 334	3 175	fixed	17.06.2013	17.12.2014
Bill no. 22	28 796	1 375	fixed	03.01.2013	03.01.2014
Total as at 31.12.2013	**1 796 213**	**87 994**			

At 31 December 2014 and 31 December 2013, short-term liabilities include a short-term financial allowance of TCZK 201,411.

11. BANK LOANS

31 December 2014

Company	Principal	Outstanding loan as at 31.12.2014	Maturity	Interest rate
J&T BANKA, a.s.	1 524 875	522	31.3.2016	12,5%

31 December 2013

Company	Principal	Outstanding loan as at 31.12.2013	Maturity	Interest rate
J&T BANKA, a.s.	1 508 375	141	31.3.2016	12,5%

Outstanding interest is recognised in short-term bank loans.

(in thousands of CZK)

12. REVENUES AND COSTS

Services relate especially to costs for bookkeeping, audit, consolidation and legal services.
Other operating revenues, resp. other operating costs are formed in particular by revenues, resp. costs arising from assigned receivables in the amount of TCZK 4,952,644 from Przedsiebiorstwo Górnicze Silesia Sp. z o.o to BRAINDOUR DEVELOPMENT LIMITED and the assigned receivable in the amount of TCZK 615,043 from DCR INVESTMENT a.s. to WOOGEL LIMITED. Receivables were assigned in the nominal value including outstanding interest.

Revenues from the sale of securities, resp. Securities sold, are revenues, resp. costs for sold ownership interests in EP Energy, a.s., DCR INVESTMENT a.s. and Przedsiebiorstwo Górnicze Silesia Sp. z o.o., see Note 4.

Costs arising from financial assets are formed in particular by interest on bills of exchange.

Other financial expenses, resp. other financial revenues include in particular foreign exchange losses and fees to bank, resp. foreign exchange gains.

13. RELATED PARTIES (EXCEPT FOR BALANCES GIVEN ABOVE)

(a) Other short-term loans*

Counterparty	Balance as at 31.12.2014	Balance as at 31.12.2013
ČKD Blansko Wind, a.s.	535	535
SEDILAS ENTERPRISES LIMITED	105	106
Seattle Holding B.V.	128	44
EPH Financing II, a.s.	--	33 512
Slovak Gas Holding B.V.	106	36
EPH Gas Holding B.V.	181 943	179 681
EP ENERGY TRADING, a.s.	--	1 238
EP Investment Advisors, s.r.o.	9 632	48 384
CE Energy, a.s.	225	--
Czech Gas Holding Investment B.V.	130	--
EP Energy, a.s.	13 327	--
DCR INVESTMENT a.s.	124	--
MINING SERVICES AND ENGINEERING Sp. z. o. o.	45	--
Mitteldeutsche Braunkohlen Gesellschaft mbH	388	--
NAFTA a.s.	55	--
SPP Infrastructure, a.s.	276	--
SPP Infrastructure Financing B.V.	1	--
WOOGEL LIMITED	32	--
Total	**207 052**	**263 536**

** Balances are reported in various lines in short-term receivables except for the line Receivables – controlled or controlling person.*

(b) Other short-term liabilities*

Counterparty	Balance as at 31.12.2014	Balance as at 31.12.2013
EP ENERGY TRADING, a.s.	28	28
EP Investment Advisors, s.r.o.	--	14 144
SEDILAS ENTERPRISES LIMITED	28	27
EP Fleet, k.s.	10	--
Total	**66**	**14 199**

** Balances are reported in various lines in short-term receivables except for the line Liabilities – controlled or controlling person.*

(c) Costs

Counterparty	2014	2013
TIMEWORTH HOLDINGS LIMITED	33 137	764 542
CE Energy, a.s.	517 017	1 336
EP Energy, a.s.	524 493	658 146
SEDILAS ENTERPRISES LIMITED	109	114
Total	**1 074 756**	**1 424 138**

(d) Revenues

In addition to revenues from re-invoicing, the Company reported the following revenues from related parties:

Counterparty	2014	2013
BIQUES LIMITED	12 398	5 904
Tahoba Investment, Ltd.	27	--
Czech Gas Holding Investment B.V.	35	1
MACKAREL ENTERPRISES LIMITED	12 398	5 904
MILEES LIMITED	12 398	5 904
Przedsiebiorstwo Górnicze Silesia Sp. z o.o.	193 853	330 903
EPH Gas Holding B.V.	544 491	943 006
EP Investment Advisors, s.r.o.	11 825	4 772
Alternative Energy, s.r.o.	4 822	10 340
Mining Services and Engineering Sp. z o.o.	2 086	37
EP Energy, a.s.	--	6 889 349
PT Holding Investment B.V.	19	1 127
DCR INVESTMENT a.s.	7 846	16 946
TIMEWORTH HOLDINGS LIMITED	13 805	14 170
EP ENERGY TRADING, a.s.	237	2 796
EP Germany GmbH	--	123 454
Total	**817 558**	**8 354 613**

(in thousands of CZK)

14. EMPLOYEES AND EXECUTIVES

In 2014, the Company had two employees (one in 2013), and the members of governing and supervisory bodies received no remuneration or loans.

Liabilities arising from the social insurance (31.12.2014: TCZK 7, 31.12.2013: TCZK 1) and health insurance (31.12.2014: TCZK 25, 31.12.2013: TCZK 1) are not overdue.

15. FEES PAYABLE TO STATUTORY AUDITORS

The information is stated in the Notes to the consolidated financial statements that cover the Company.

16. INCOME TAX

(a) Current

The tax duty for 2014 amounts to TCZK 0. The income tax for standard activities reported in the profit and loss account adjusts the corporate income tax for 2013. In 2014, the Company paid income tax advances in the amount of TCZK 45,857 reported in the line Tax receivables.

A provision on the income tax from standard activities amounts to TCZK 0 at 31 December 2013. The accounted tax liability arising from the due income tax from standard activities amounts to TCZK 41,237 for 2013. The income tax provision is decreased by income tax prepayments of TCZK 45,286 and is recorded in Tax receivables. In 2013, the Company recorded the specification of the corporate income tax for the previous period in the amount of TCZK -36,466.

(b) Deferred

In accordance with the accounting principles outlined in Note 2 (h), the Company does not report deferred tax asset as at either 31 December 2014 or 31 January 2013.

17. CONTINGENCIES AND COMMITMENTS

(a) The Company guarantees for liabilities of PT Holding Investment B.V. in the amount of TCZK 18,819 (31.12.2013: TCZK 18,819).

(b) The Company provides commitments to EPH Gas Holding B.V. amounting to TCZK 17,168,442 (31.12.2013: TCZK 2,707,329) and to J&T Private Equity B.V. in the amount of TCZK 17,328 (31.12.2013: TCZK 17,141).

(c) The Company reports receivables of TCZK 14,098,298 (31.12.2013: TCZK 2,566,662) and liabilities of TCZK 14,280,658 (31.12.2013: TCZK 2,706,507) related to currency and interest derivatives in off-balance sheet accounts.

18. MATERIAL SUBSEQUENT EVENTS

On 2 February 2015, the Company established Italian companies Fuime Santo s.p.a. and EP Produzione s.p.a. with registered capital of TEUR 50 for each company.

On 5 February 2015, CE Energy, a.s. (CEE) assigned part of the receivable from the reduced registered capital of EP Energy, a.s. (EPE) in the amount of TCZK 5,061,245 to the Company. The assigned receivable was fully set off against the loan received from EPE, mentioned in Note 10 (a) above. The liability towards CEE arisen from the assigned receivable was fully set off against the loan granted to CEE mentioned in Note 6 (a) above and the residual part of the loan granted to CEE was fully set off against the received loan mentioned in Note 10 (a) above.

On 2 March 2015, registered capital of Przedsiebiorstwo Górnicze Silesia Sp. z o.o. was increased by TPLN 25,315. The liability arising from the increased registered capital was set off against the loan mentioned in Note 5 (a) on the same day.

In addition to the above mentioned, there were no events with a material impact on the financial statements after the date of the financial statements.

Prepared on 28 April 2015	Daniel Křetínský *Chairman of the Management Board*	Pavel Horský *Management Board member*

ENERGETICKÝ A PRŮMYSLOVÝ HOLDING, A. S.

CONSOLIDATED FINANCIAL STATEMENTS AS OF AND FOR THE YEAR ENDED 31 DECEMBER 2014

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

	Note	2014	2013	2012
			*Restated	*Restated
Continuing operations				
Sales: Energy	7	3,532,759	3,097,443	1,369,964
of which: Electricity		*1,491,679*	*983,214*	*854,154*
Gas		*1,435,027*	*1,453,222*	*147,795*
Coal		*334,724*	*339,878*	*193,056*
Heat		*271,329*	*321,129*	*174,959*
Sales: Other	7	118,888	93,286	51,903
Gain (loss) from commodity derivatives for trading with electricity and gas, net		13,217	(3,222)	(10,142)
Total sales		**3,664,864**	**3,187,507**	**1,411,725**
Cost of sales: Energy	8	(1,647,561)	(1,393,971)	(942,012)
Cost of sales: Other	8	(69,484)	(74,190)	(27,284)
Total cost of sales		**(1,717,045)**	**(1,468,161)**	**(969,296)**
		1,947,819	**1,719,346**	**442,429**
Personnel expenses	9	(397,680)	(343,536)	(149,942)
Depreciation and amortisation	16, 17	(548,422)	(501,463)	(180,527)
Repairs and maintenance		(16,091)	(19,250)	(15,750)
Emission rights, net	10	(18,944)	(31,108)	10,500
Negative goodwill	6	-	256,750	117,691
Taxes and charges	11	(20,164)	(17,479)	(13,920)
Other operating income	12	106,934	123,855	56,278
Other operating expenses	13	(207,408)	(230,346)	(20,085)
Profit (loss) from operations		**846,044**	**956,769**	**246,674**
Finance income	14	48,319	100,161	24,778
Finance expense	14	(259,646)	(222,530)	(90,005)
Profit (loss) from financial instruments	14	(20,882)	(629)	5,608
Net finance income (expense)		**(232,209)**	**(122,998)**	**(59,619)**
Share of profit (loss) of equity accounted investees, net of tax	19	(3,378)	(3,388)	138,289
Gain (loss) on disposal of subsidiaries, special purpose entities, joint-ventures and associates	5	108,681	(668)	74,179
Profit (loss) before income tax		**719,138**	**829,715**	**399,523**
Income tax expenses	15	(224,942)	(215,061)	(26,966)
Profit (loss) from continuing operations		**494,196**	**614,654**	**372,557**
Discontinued operations				
Profit (loss) from discontinued operations, net of tax	25	(22,758)	(90,591)	-
Profit (loss) for the year		**471,438**	**524,063**	**372,557**
Items that are or may be reclassified subsequently to profit or loss:				
Foreign currency translation differences for foreign operations	15	16,008	216,328	4,654
Foreign currency translation differences from presentation currency	15	(5,728)	(295,704)	24,052
Effective portion of changes in fair value of cash-flow hedges, net of tax	15	(5,885)	(78,466)	80
Fair value reserve included in other comprehensive income, net of tax	15	(9,843)	(288)	-
Other comprehensive income for the year, net of tax		**(5,448)**	**(158,130)**	**28,786**
Total comprehensive income for the year		**465,990**	**365,933**	**401,343**

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2014
In thousands of EUR ("TEUR")

	Note	2014	2013	2012
			*Restated	*Restated
Profit (loss) attributable to:				
Owners of the Company				
Profit (loss) for the year from continuing operations		198,195	389,004	373,433
Profit (loss) for the year from discontinued operations		(11,151)	(44,390)	-
Profit (loss) for the year attributable to owners of the company		**187,044**	**344,614**	**373,433**
Non-controlling interest				
Profit (loss) for the year from continuing operations		296,001	225,650	(876)
Profit (loss) for the year from discontinued operations		(11,607)	(46,201)	-
Profit (loss) for the year attributable to non-controlling interest		**284,394**	**179,449**	**(876)**
Profit (loss) for the year		**471,438**	**524,063**	**372,557**
Total comprehensive income attributable to:				
Owners of the Company		176,247	171,620	396,704
Non-controlling interest		289,743	194,313	4,639
Total comprehensive income for the year		**465,990**	**365,933**	**401,343**
Basic and diluted earnings per share from continuing operations in EUR	27	**0.03**	**0.04**	**0.04**
Total basic and diluted earnings per share in EUR	27	**0.03**	**0.04**	**0.04**

The notes presented on pages 11 to 154 form an integral part of these consolidated financial statements.
** For details refer to Appendix 3 – Consolidated statement of comprehensive income*

In thousands of EUR ("TEUR")
In millions of CZK ("MCZK")

	Note	2014	2013	2012
				*Restated
Assets				
Property, plant and equipment	16	7,705,769	8,208,605	1,793,039
Intangible assets	17	269,295	327,256	183,930
Goodwill	17	98,938	95,242	107,200
Mine property	16	53	2,698	2,864
Investment property	18	-	324	358
Participations with significant influence and joint-ventures	19	206,031	296,299	160,819
Financial instruments and other financial assets	32	159,376	9,152	62,212
Trade receivables and other assets	22	29,157	30,483	16,508
Deferred tax assets	20	9,681	34,275	10,700
Total non-current assets		**8,478,300**	**9,004,334**	**2,337,630**
Inventories	21	91,796	95,715	49,801
Extracted minerals and mineral products		185,741	170,757	4,177
Trade receivables and other assets	22	449,332	421,623	258,552
Financial instruments and other financial assets	32	82,443	165,542	94,153
Prepayments and other deferrals		5,240	31,176	16,030
Tax receivables	24	27,650	17,758	22,196
Cash and cash equivalents	23	910,087	994,676	437,231
Assets/disposal groups held for sale	25	26,131	1,533,747	10,302
Total current assets		**1,778,420**	**3,430,994**	**892,442**
Total assets		**10,256,720**	**12,435,328**	**3,230,072**
Equity				
Share capital	26	207,651	354,850	354,850
Share premium	26	63,694	63,694	63,694
Reserve for own shares	26	(932,382)	-	-
Other reserves	26	(189,789)	(103,899)	57,139
Retained earnings		1,149,534	904,715	580,523
Total equity attributable to equity holders		**298,708**	**1,219,360**	**1,056,206**
Non-controlling interest	28	2,241,468	3,042,005	283,890
Total equity		**2,540,176**	**4,261,365**	**1,340,096**
Liabilities				
Loans and borrowings	29	4,247,830	3,801,057	901,870
Financial instruments and financial liabilities	32	28,564	28,368	36,714
Provisions	30	479,427	474,202	254,733
Deferred income	31	85,688	89,298	14,161
Deferred tax liabilities	20	1,126,411	1,200,839	194,153
Trade payables and other liabilities	33	84,324	80,073	5,290
Total non-current liabilities		**6,052,244**	**5,673,837**	**1,406,921**

	Note	2014	2013	2012
				*Restated
Trade payables and other liabilities	33	550,351	652,069	350,358
Loans and borrowings	29	891,508	686,089	24,901
Financial instruments and financial liabilities	32	55,064	73,072	31,862
Provisions	30	116,688	118,104	64,240
Deferred income	31	4,294	11,522	4,256
Current income tax liability		29,980	68,149	5,648
Liabilities from disposal groups held for sale	25	16,415	891,121	1,790
Total current liabilities		**1,664,300**	**2,500,126**	**483,055**
Total liabilities		**7,716,544**	**8,173,963**	**1,889,976**
Total equity and liabilities		**10,256,720**	**12,435,328**	**3,230,072**

The notes presented on pages 11 to 154 form an integral part of these consolidated financial statements.
** For details refer to Appendix 4 – Restated Consolidated statement of financial position.*

In thousands of EUR ("TEUR")

	Attributable to owners of the Company												
	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 as at 1 January 2014 (A)	**354,850**	**63,694**	**-**	**22,538**	**80,962**	**(74,472)**	**(288)**	**(53,868)**	**(78,771)**	**904,715**	**1,219,360**	**3,042,005**	**4,261,365**
Total comprehensive income for the year: **Profit or loss** (B)	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**187,044**	**187,044**	**284,394**	**471,438**
Other comprehensive income:									**8,950**	**8,950**	**4,661**	**13,611**	
Foreign currency translation differences for foreign operations	-	-	-	-	-	10,650	-	-	-	-	10,650	5,358	**16,008**
Foreign currency translation differences from presentation currency	-	-	-	-	-	(6,199)	-	-	-	-	(6,199)	471	**(5,728)**
Revaluation reserve included in other comprehensive income, net of tax	-	-	-	-	-	-	(9,598)	-	-	-	(9,598)	(245)	**(9,843)**
Effective portion of changes in fair value of cash-flow hedges, net of tax	-	-	-	-	-	-	-	-	(5,650)	-	(5,650)	(235)	**(5,885)**
Total other comprehensive income (C)	**-**	**-**	**-**	**-**	**-**	**4,451**	**(9,598)**	**-**	**(5,650)**	**-**	**(10,797)**	**5,349**	**(5,448)**
Total comprehensive income for the year (D) = (B + C)	**-**	**-**	**-**	**-**	**-**	**4,451**	**(9,598)**	**-**	**(5,650)**	**187,044**	**176,247**	**289,743**	**465,990**
Transfers within equity:													
Transfer from non-distributable reserves – release of legal fund (Note 26)	-	-	-	-	(75,878)	-	-	-	-	75,878	-	-	**-**
Transfer to non-distributable reserves – creation of legal fund	-	-	-	-	785	-	-	-	-	(785)	-	-	**-**
Total transfers within equity (E)	**-**	**-**	**-**	**-**	**(75,093)**	**-**	**-**	**-**	**-**	**75,093**	**-**	**-**	**-**
Contributions by and distributions to owners: Own shares acquired (Note 26)	(147,199)	-	(932,382)	-	-	-	-	-	-	-	(1,079,581)	-	(1,079,581)
Decrease in share capital	-	-	-	-	-	-	-	-	-	-	-	(642,294)	(642,294)
Dividends to equity holders	-	-	-	-	-	-	-	-	-	-	-	(463,839)	(463,839)
Total contributions by and distributions to owners (F)	**(147,199)**	**-**	**(932,382)**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**(1,079,581)**	**(1,106,133)**	**(2,185,714)**
Changes in ownership interests in subsidiaries:									*(479)*	*(197)*	*(4,242)*	**(4,439)**	
Effect of changes in shareholding on non-controlling interest	-	-	-	-	-	-	-	-	-	*(17,318)*	*(17,318)*	*17,324*	**6**
Effect of disposals	-	-	-	-	-	-	-	-	-	-	-	(2,229)	**(2,229)**
Effects from acquisitions through business combinations (Note 6)	-	-	-	-	-	-	-	-	-	-	-	758	**758**
Total changes in ownership interests in subsidiaries (G)	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**(17,318)**	**(17,318)**	**15,853**	**(1,465)**
Total transactions with owners (H) = (F + G)	**(147,199)**	**-**	**(932,382)**	**-**	**-**	**-**	**-**	**-**	**-**	**(17,318)**	**(1,096,899)**	**(1,090,280)**	**(2,187,179)**
Balance as at 31 December 2014 (I) = (A + D + E + H)	**207,651**	**63,694**	**(932,382)**	**22,538**	**5,869**	**(70,021)**	**(9,886)**	**(53,868)**	**(84,421)**	**1,149,534**	**298,708**	**2,241,468**	**2,540,176**

The notes presented ı pages 11 to 154 for an integral part of t se consolidated fina cial statements.

In thousands of EUR ("TEUR")

	Attributable to owners of the Company											
	Share capital	**Share premium**	**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 as at 1 January 2013 (A)	**354,850**	**63,694**	**22,538**	**80,803**	**7,984**	**-**	**(54,613)**	**427**	**580,523**	**1,056,206**	**283,890**	**1,340,096**
Total comprehensive income for the year: **Profit or loss** (B)	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**344,614**	**344,614**	**179,449**	**524,063**
Other comprehensive income: Foreign currency translation differences for foreign operations	-	-	-	-	10,969	-	-	-	-	10,969	205,359	**216,328**
Foreign currency translation differences from presentation currency	-	-	-	-	(104,477)	-	-	-	-	(104,477)	(191,227)	**(295,704)**
Revaluation reserve included in other comprehensive income, net of tax	-	-	-	-	-	(288)	-	-	-	(288)	-	**(288)**
Effective portion of changes in fair value of cash-flow hedges, net of tax	-	-	-	-	-	-	-	(79,198)	-	(79,198)	732	**(78,466)**
Total other comprehensive income (C)	**-**	**-**	**-**	**-**	**(93,508)**	**(288)**	**-**	**(79,198)**	**-**	**(172,994)**	**14,864**	**(158,130)**
Total comprehensive income for the year (D) = (B + C)	**-**	**-**	**-**	**-**	**(93,508)**	**(288)**	**-**	**(79,198)**	**344,614**	**171,620**	**194,313**	**365,933**
Transfers within equity: Transfer to non-distributable reserves	-	-	-	159	-	-	-	-	(159)	-	-	**-**
Total transfers within equity (E)	**-**	**-**	**-**	**159**	**-**	**-**	**-**	**-**	**(159)**	**-**	**-**	**-**
Contributions by and distributions to owners: Dividends to equity holders	-	-	-	-	-	-	-	-	-	-	(389,146)	**(389,146)**
Total contributions by and distributions to owners (F)	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**(389,146)**	**(389,146)**
Changes in ownership interests in subsidiaries: Effect of changes in shareholding on non-controlling interest	-	-	-	-	*10,857*	-	-	-	*(18,471)*	*(7,614)*	*(165,764)*	**(173,378)**
Effect of merged entities	-	-	-	-	-	-	1,057	-	(1,909)	(852)	1,057	**205**
Effect of disposal through step acquisition	-	-	-	-	195	-	(312)	-	117	-	-	**-**
Effect from acquisitions through step acquisition (Note 6)	-	-	-	-	-	-	-	-	-	-	2,264	**2,264**
Effects from acquisitions through business combinations (Note 6)	-	-	-	-	-	-	-	-	-	-	3,115,391	**3,115,391**
Total changes in ownership interests in subsidiaries (G)	**-**	**-**	**-**	**-**	**11,052**	**-**	**745**	**-**	**(20,263)**	**(8,466)**	**2,952,948**	**2,944,482**
Total transactions with owners (H) = (F + G)	**-**	**-**	**-**	**-**	**11,052**	**-**	**745**	**-**	**(20,263)**	**(8,466)**	**2,563,802**	**2,555,336**
Balance as at 31 December 2013 (I) = (A + D + E + H)	**354,850**	**63,694**	**22,538**	**80,962**	**(74,472)**	**(288)**	**(53,868)**	**(78,771)**	**904,715**	**1,219,360**	**3,042,005**	**4,261,365**

The notes presented on pages 11 to 154 form an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2012
In thousands of EUR ("TEUR")

	Attributable to owners of the Company										
	Share capital	Share premium	Other capital funds from capital contributions	Non-distributable reserves	Translation reserve	Other capital reserves	Hedging reserve	Retained earnings	Total	Non-controlling interest	Total Equity
Balance as at 1 January 2012 (A)	**328,059**	**-**	**22,538**	**4,680**	**(11,268)**	**(54,613)**	**(1,057)**	**283,213**	**571,552**	**(156)**	**571,396**
Total comprehensive income for the year:											
Profit or loss (B)	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**373,433**	**373,433**	**(876)**	**372,557**
Other comprehensive income:											
Foreign currency translation differences for foreign operations	-	-	-	-	4,614	-	-	-	4,614	40	**4,654**
Foreign currency translation differences from presentation currency	-	-	-	-	18,577	-	-	-	18,577	5,475	**24,052**
Effective portion of changes in fair value of cash-flow hedges, net of tax	-	-	-	-	-	-	80	-	80	-	**80**
Total other comprehensive income (C)	**-**	**-**	**-**	**-**	**23,191**	**-**	**80**	**-**	**23,271**	**5,515**	**28,786**
Total comprehensive income for the year (D) = (B + C)	**-**	**-**	**-**	**-**	**23,191**	**-**	**80**	**373,433**	**396,704**	**4,639**	**401,343**
Transfers within equity:											
Transfer to non-distributable reserves	-	-	-	76,123	-	-	-	(76,123)	-	-	**-**
Total transfers within equity (E)	**-**	**-**	**-**	**76,123**	**-**	**-**	**-**	**(76,123)**	**-**	**-**	**-**
Contributions by and distributions to owners:											
Dividends to equity holders	-	-	-	-	-	-	-	-	-	(39)	**(39)**
Issue of own capital	26,791	63,694	-	-	-	-	-	-	90,485	-	**90,485**
Total contributions by and distributions to owners (F)	**26,791**	**63,694**	**-**	**-**	**-**	**-**	**-**	**-**	**90,485**	**(39)**	**90,446**
Changes in ownership interests in subsidiaries:											
Effect of changes in shareholding on non-controlling interest	-	-	-	-	-	-	-	-	-	6,747	**6,747**
Effect of disposal through step acquisition	-	-	-	-	(3,939)	-	1,404	-	(2,535)	(6,747)	**(9,282)**
Effect from acquisitions through step acquisition (Note 6)	-	-	-	-	-	-	-	-	-	279,446	**279,446**
Total changes in ownership interests in subsidiaries (G)	**-**	**-**	**-**	**-**	**(3,939)**	**-**	**1,404**	**-**	**(2,535)**	**279,446**	**276,911**
Total transactions with owners (H) = (F + G)	**26,791**	**63,694**	**-**	**-**	**(3,939)**	**-**	**1,404**	**-**	**87,950**	**279,407**	**367,357**
Balance as at 31 December 2012 (I) = (A + D + E + H)	**354,850**	**63,694**	**22,538**	**80,803**	**7,984**	**(54,613)**	**427**	**580,523**	**1,056,206**	**283,890**	**1,340,096**

The notes presented on pages 11 to 154 form an integral part of these consolidated financial statements.

In thousands of EUR ("TEUR")

	Note	2014	2013	2012
OPERATING ACTIVITIES				
Profit (loss) for the year		471,438	524,063	372,557
Adjustments for:				
Income taxes	15	224,942	215,061	26,966
Depreciation and amortisation	16, 17	548,422	501,463	180,527
Dividend income		(9,865)	(7,469)	(6,960)
Impairment losses on property, plant and equipment, intangible assets and financial assets		5,502	29,856	3,142
Loss on disposal of property, plant and equipment, investment property and intangible assets	13	6,492	7,700	1,790
Gain on disposal of inventories	12	(1,909)	(1,347)	(358)
Emission rights	10	18,944	31,108	(10,500)
Gain on disposal of subsidiaries, special purpose entities, joint-ventures, associates and non-controlling interests	6	(108,681)	668	(74,179)
Share of (profit) loss of equity accounted investees	19	3,378	3,388	(138,289)
Loss on financial instruments	14	20,882	629	(5,608)
Net interest expense	14	205,554	188,303	79,108
Change in allowance for impairment to trade receivables and other assets, write-offs		3,412	17,287	2,148
Change in provisions		5,340	(51,860)	(61,528)
Negative goodwill	6	-	(256,750)	(117,691)
Unrealised foreign exchange (gains) losses, net		47,557	(83,738)	25,530
Operating profit before changes in working capital		**1,441,408**	**1,118,362**	**276,655**
Change in financial instruments in other than fair value		(401,314)	285,773	38,023
Change in trade receivables and other assets		(32,432)	(603,411)	(95,136)
Change in inventories (including proceeds from sale)		(11,756)	358,820	(20,483)
Change in extracted minerals and mineral products		(14,984)	(174,367)	-
Change in assets held for sale and related liabilities		19,254	(441,133)	(1,233)
Change in trade payables and other liabilities		(136,959)	369,292	(694,746)
Cash generated from (used in) operations		**863,217**	**913,336**	**(496,920)**
Interest paid		(193,148)	(158,466)	(55,204)
Income taxes paid		(305,576)	(230,962)	(20,841)
Cash flows generated from (used in) operating activities		**364,493**	**523,908**	**(572,965)**

	Note	2014	2013	2012
INVESTING ACTIVITIES				
Dividends received from associates and joint-ventures		3,949	25,449	73,221
Dividends received, other		9,865	7,469	6,960
Proceeds from sale of financial instruments		(10,604)	4,928	(1,352)
Acquisition of property, plant and equipment, investment property and intangible assets	16, 17, 18	(237,170)	(271,464)	(122,340)
Purchase of emission rights	17	(17,544)	(12,551)	(8,432)
Proceeds from sale of emission rights		7,161	1,155	15,193
Proceeds from sale of property, plant and equipment, investment property and other intangible assets		18,476	25,295	1,511
Acquisition of subsidiaries, special purpose entities, joint-ventures and associates, net of cash acquired	6	3,477	(692,567)	692,718
Net cash inflow from disposal of subsidiaries, special purpose entities, joint-ventures and associates	6	43,193	7,052	-
Increase (decrease) in participation in existing subsidiaries, special purpose entities, joint-ventures and associates		6	(170,902)	-
Capital contribution paid to associates and joint ventures		(10,092)	-	-
Interest received		1,340	2,156	3,460
Cash flows from (used in) investing activities		**(187,943)**	**(1,073,980)**	**660,939**
FINANCING ACTIVITIES				
Purchase of own shares	26	(1,079,581)	-	-
Decrease in share capital in not wholly owned subsidiaries		(4,548)	-	-
Proceeds from loans received		2,319,351	1,007,893	462,395
Repayment of borrowings		(2,406,204)	(692,269)	(654,974)
Proceeds from bonds issue, net of transaction fees		987,523	1,341,689	488,247
Payment of finance lease liabilities		-	(77)	(119)
Dividends paid		(68,130)	(530,685)	(39)
Cash flows from (used in) financing activities		**(251,589)**	**1,126,551**	**295,510**
Net increase (decrease) in cash and cash equivalents		*(75,039)*	*576,479*	*383,484*
Cash and cash equivalents at beginning of the year		**994,676**	**437,231**	**54,264**
Effect of exchange rate fluctuations on cash held		(9,550)	(19,034)	(517)
Cash and cash equivalents at end of the year		**910,087**	**994,676**	**437,231**

NOTES TO THE CONSOLIDATED 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 Příkop 843/4, 602 00 Brno, 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 consolidated financial statements of the Company for the year ended 31 December 2014 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 and joint-ventures. The Group entities are listed in Note 38 – Group entities.

The shareholders of the Company as at 31 December 2014 were as follows:

In thousands of EUR	Interest in share capital		Voting rights
	MCZK	%	%
BIQUES LIMITED (part of J&T PARTNERS I L.P.)	65,718	18.52	33.33
MILEES LIMITED (part of J&T PARTNERS II L.P.)	65,718	18.52	33.33
EP Investment S.à r.l. (owned by Daniel Křetínský)[1]	65,718	18.52	33.33
Own shares[2]	10,497	44.44	-
Total	**207,651**	**100.00**	**100.00**

(1) *In 2013 shares in EPH were owned by MACKAREL ENTERPRISES LIMITED.*

(2) *In 2014 EPH acquired 44.44% of its own shares from TIMEWORTH HOLDINGS LIMITED. As at 31 December 2014 these shares were reported within EPH's equity as the shares were not yet cancelled.*

The shareholders of the Company as at 31 December 2013 were as follows:

In thousands of EUR	Interest in share capital		Voting rights
	MCZK	%	%
TIMEWORTH HOLDINGS LIMITED (owned by PPF Group N.V.)	157,696	44.44	44.44
BIQUES LIMITED (part of J&T PARTNERS I L.P.)	65,718	18.52	18.52
MILEES LIMITED (part of J&T PARTNERS II L.P.)	65,718	18.52	18.52
MACKAREL ENTERPRISES LIMITED (owned by Daniel Křetínský)	65,718	18.52	18.52
Total	**354,85**	**100.00**	**100.00**

The shareholders of the Company as at 31 December 2012 were as follows:

In thousands of EUR	Interest in share capital		Voting rights
	MCZK	%	%
TIMEWORTH HOLDINGS LIMITED (owned by PPF Group N.V.)	157,696	44.44	44.44
BIQUES LIMITED (part of J&T PARTNERS I L.P.)	65,718	18.52	18.52
MILEES LIMITED (part of J&T PARTNERS II L.P.)	65,718	18.52	18.52
MACKAREL ENTERPRISES LIMITED (owned by Daniel Křetínský)	65,718	18.52	18.52
Total	**354,85**	**100.00**	**100.00**

The members of the Board of Directors as at 31 December 2014 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 321,059 thousand 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 109,266 thousand). 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 430,325 thousand. 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 14,820 thousand.
Shares at nominal value of CZK 1 were assigned as follows:
- BIQUES LIMITED EUR 2,964 thousand
- MILEES LIMITED EUR 2,964 thousand
- MACKAREL ENTERPRISES LIMITED EUR 2,964 thousand
- TIMEWORTH HOLDINGS LIMITED EUR 5,928 thousand

Subsequently, on 30 June 2010 the general meeting decided on an additional increase in the share capital of EUR 2,724 thousand.

Shares at nominal value of CZK 1 were assigned as follows:
- BIQUES LIMITED EUR 545 thousand
- MILEES LIMITED EUR 545 thousand
- MACKAREL ENTERPRISES LIMITED EUR 545 thousand
- TIMEWORTH HOLDINGS LIMITED EUR 1,089 thousand

In 2010 the Company also carried out several acquisitions, established subsidiaries and special purpose entities, and sold subsidiaries and associates. The transactions were described in the Notes to Consolidated Financial Statements as at 31 December 2010.

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 119,810 thousand to EUR 328,059 thousand.

Changes in 2012

On 7 August 2012 the general meeting decided on an increase in the share capital of EUR 26,791 thousand. 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 63,694 thousand.

In 2012 the Company also carried out several acquisitions, step acquisitions and sold a subsidiary. The transactions are described in Note 6 – Acquisition and contribution of subsidiaries, special purpose entities, joint-ventures and associates.

Changes in 2013

První energetická a.s. merged with EP ENERGY TRADING, a.s. as at 1 January 2013. EP ENERGY TRADING, a.s. is the successor company.

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.

In 2013 the Company also carried out several acquisitions, step acquisitions and sold a subsidiary. The transactions are described in Note 6 – Acquisition and contribution of subsidiaries, special purpose entities, joint-ventures and associates.

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 24,450 thousand 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 147,199 thousand to final amount of EUR 207,651 thousand and the difference between the nominal value and purchase price in excess over the nominal value of EUR 932,382 thousand is 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.

EPH Financing II, a.s. merged with EP Energy, a.s. as at 25 August 2014. EP Energy, a.s. is the successor company.

In 2014 the Company also carried out several acquisitions, step acquisitions and sold a subsidiary. The transactions are described in Note 6 – Acquisition and contribution of subsidiaries, special purpose entities, joint-ventures and associates.

2. BASIS OF PREPARATION

(a) Statement of compliance

The consolidated financial statements have been prepared in accordance with international accounting standards (International Accounting Standards – IAS and International Financial Reporting Standards – IFRS) issued by International Accounting Standards Board (IASB), as adopted by the European Union.

The consolidated financial statements were approved by the board of directors on 28 April 2015.

(b) Basis of measurement

The consolidated financial statements have been prepared on a going-concern basis using the historical cost method, except for the following material items in the statement of financial position, which are measured at fair value:
- derivative financial instruments
- available-for-sale financial instruments

Non-current assets and disposal groups held for sale are stated at the lower of their carrying amount and fair value less costs to sell.

The accounting policies described in the following paragraphs have been consistently applied by the Group entities and between accounting periods except for accounting policies as described in Note 2(e) – Changes in accounting policies.

(c) Functional and presentation currency

The consolidated financial statements are presented in Euro ("EUR"). The Company's functional currency is the Czech crown ("CZK"). All financial information presented in Euros has been rounded to the nearest thousand (for more details refer to Note 2(e) ii. – Change in presentation currency).

(d) Use of estimates and judgements

The preparation of financial statements in accordance with International Financial Reporting Standards requires the use of certain critical accounting estimates that affect the reported amounts of assets, liabilities, income and expenses. 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.

I. Assumptions and estimation uncertainties

Information about assumptions and estimation uncertainties that have a significant risk resulting in a material adjustment in the year ending 31 December 2015 is included in the following notes:
- Notes 6 and 17 – accounting for business combinations, recognition of goodwill/negative goodwill, impairment testing of goodwill,
- Note 7 – Revenues,
- Note 30 – measurement of defined benefit obligations, recognition and measurement of provisions,
- Notes 32 and 36 – valuation of financial instruments
- Note 39 – litigations.

Measurement of fair values

A number of the Group's accounting policies and disclosures require the measurement of fair values, for both financial and non-financial assets and liabilities.

The Group has an established control Framework with respect to the measurement of fair values. This includes a valuation team that has overall responsibility for overseeing all significant fair value measurements, including Level 3 fair values.

The valuation team regularly reviews significant unobservable inputs and valuation adjustments. If third party information, such as broker quotes or pricing services, is used to measure fair values, then the valuation team assesses the evidence obtained from the third parties to support the conclusion that such valuations meet the requirements of IFRS, including the level in the fair value hierarchy in which such valuation should be classified.

When measuring the fair value of an asset or a liability, the Group uses market observable data as far as possible. Fair values are categorised into different levels in a fair value hierarchy based on the inputs used in the valuation techniques 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).

If the inputs used to measure the fair value of an asset or a liability might be categorised in different level of the fair value hierarchy, then the fair value measurement is categorised in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement.

The Group recognises transfers between levels of the fair value hierarchy at the end of the reporting period during which the change has occurred.

II. Judgements

Information about judgements made in the application of accounting policies that have the most significant effects on the amounts recognised in the consolidated financial statements is included in the following notes:
- Notes 6 and 17 – accounting for business combinations, recognition of goodwill/negative goodwill, impairment testing of goodwill,
- Note 30 – measurement of defined benefit obligations, recognition and measurement of provisions

(e) Changes in accounting policies

Except as described below, the accounting policies applied in these consolidated financial statements are the same as those applied in the consolidated financial statements as at and for the year ended 31 December 2013.

I. Derivatives where the underlying asset is a commodity

Cash-settled contracts and contracts that do not qualify for the application of the own-use exemption are regarded as trading derivatives.

The following procedure applies to other commodity and financial derivatives that are not designated as hedging derivatives and are not intended for the sale of electricity from the Group's Sources or for delivery to end customers (the own-use exemption is not applied).

At the date of the financial statements, trading derivatives are measured at fair value. The change in fair value is recognised in profit or loss. In the separate accounts, the measurement is recognised in profit or loss from financial operations. For the purposes of Group reporting, where trading in commodity derivatives forms a significant part of the Group's total trading activities, the measurement effect is recognised in "Gain (loss) from commodity derivatives for trading with electricity and gas, net", a separate line item under "Total sales".

Summary of quantitative impact

Under the previous accounting policy change in fair value of all commodity derivatives was recognised as profit or loss from financial operations.

The current accounting policy valid since 1 January 2014 presents change in fair value of trading derivatives as part of Total Sales. The Company believes that the current accounting policy better depicts the overall financial position and results in respect of trading derivatives.

For the original and restated consolidated statement of comprehensive income refer to Appendix 3.

II. Change in presentation currency

The reason for the change in presentation currency is that by currency, EPH Group revenues and operating profit generated in Euro for the year ended 31 December 2014 represent a significant share of the total revenues and operating profit. As a result, the EPH Group changed its presentation currency from Czech crowns to Euro. This presentation currency was used for the first time for consolidated financial statements for the year ending 31 December 2014. The change allowed the EPH Group's financial statements to be presented in the currency that most closely represents the main operating currency of the operations of the EPH Group.

(f) Recently issued accounting standards

I. Newly adopted Standards, Amendments to standards and Interpretations effective for the year ended 31 December 2014 that have been applied in preparing the Group's financial statements

The following paragraphs provide a summary of the key requirements of IFRSs that are effective for annual periods beginning on or after 1 January 2014 and that have thus been applied by the Group for the first time.

IFRS 10 Consolidated Financial Statements and IAS 27 (2011) Separate Financial Statements (effective for annual periods beginning on or after 1 January 2014)

This standard is to be applied retrospectively when there is a change in control conclusion.

IFRS 10 provides a single model to be applied in the control analysis for all investees, including entities that are currently SPEs in the scope of SIC-12. IFRS 10 introduces new requirements to assess control that differ from the existing requirements in IAS 27 (2008). Under the new single control model, an investor controls an investee when:
- it is exposed or has rights to variable returns from its involvement with the investee;

- it has the ability to affect those returns through its power over that investee; and
- there is a link between power and returns.

The application of new standard also includes disclosure requirements and requirements relating to the preparation of consolidated financial statements. These requirements are carried forward from IAS 27 (2008).

This standard does not have any impact on the consolidated financial statements, since the assessment of control over its current investees under the new standard did not result in a change of previous conclusions regarding the Group's control over its investees.

IFRS 11 Joint Arrangements (effective for annual periods beginning on or after 1 January 2014)

IFRS 11, Joint Arrangements, supersedes and replaces IAS 31, Interest in Joint Ventures. IFRS 11 does not introduce substantive changes to the overall definition of an arrangement subject to joint control, although the definition of control, and therefore indirectly of joint control, has changed due to IFRS 10.

Under the new standard, joint arrangements are divided into two types, each having its own accounting model defined as follows:
- a joint operation is one whereby the jointly controlling parties, known as the joint operators, have rights to the assets, and obligations for the liabilities, relating to the arrangement.
- a joint venture is one whereby the jointly controlling parties, known as joint venturers, have rights to the net assets of the arrangement.

IFRS 11 effectively carves out, from IAS 31, jointly controlled entities those cases in which, although there is a separate vehicle for the joint arrangement, separation is ineffective in certain ways. These arrangements are treated similarly to jointly controlled assets/operations under IAS 31, and are now called joint operations. The remainder of IAS 31 jointly controlled entities, now called joint ventures, are stripped of the free choice of equity accounting or proportionate consolidation; they must now always use the equity method in the consolidated financial statements.

This standard does not have any impact on the financial statements, since the assessment of the joint arrangements under the new standard did not result in a change in the accounting treatment of existing or historical joint arrangements.

IFRS 12 Disclosure of Interests in Other Entities (effective for annual periods beginning on or after 1 January 2014)

IFRS 12 requires additional disclosures relating to significant judgements and assumptions made in determining the nature of interests in an entity or arrangement, interests in subsidiaries, joint arrangements and associates and unconsolidated structured entities.

The Group adopted this standard in the consolidated statement of financial position as of 31 December 2014 as required and disclosed more extensive disclosure in the consolidated financial statements for the period beginning on 1 January 2014. For detail refer to Note 28 – Non-controlling interest.

IAS 27 (2011) Separate Financial Statements (effective for annual periods beginning on or after 1 January 2014)

IAS 27 (2011) carries forward the existing accounting and disclosure requirements of IAS 27 (2008) for separate financial statements, with some minor clarifications. Also, the existing requirements of IAS 28 (2008) and IAS 31 for separate financial statements have been incorporated into IAS 27 (2011). The standard no longer addresses the principle of control and requirements relating to the preparation of consolidated financial statements; these have been incorporated into IFRS 10, Consolidated Financial Statements.

In consolidated financial statements there is no need to separately disclose the change in IAS 27 since the remaining portion of IAS 27 relates only to separate financial statements and the portion of IAS 27 that relates to the consolidated financial statements is addressed as part of the IFRS 10 discussion.

IAS 28 (2011) Investments in Associates and Joint Ventures (effective for annual periods beginning on or after 1 January 2014)

Limited amendments are made to IAS 28 (2008):

Associates and joint ventures held for sale. IFRS 5, Non-current Assets Held for Sale and Discontinued Operations, applies to an investment, or a portion of an investment, in an associate or a joint venture that meets the criteria to be classified as held for sale. For any retained portion of the investment that has not been classified as held for sale, the equity method is applied until disposal of the portion held for sale. After disposal, any retained interest is accounted for using the equity method if the retained interest continues to be an associate or a joint venture.

Changes in interests held in associates and joint ventures:
Previously, IAS 28 (2008) and IAS 31 specified that the cessation of significant influence or joint control

triggered re-measurement of any retained stake in all cases, even if significant influence was succeeded by joint control. IAS 28 (2011) now requires that in such scenarios the retained interest in the investment not be re-measured.

The amendment does not have any material impact on the consolidated financial statements.

Amendments to IAS 32 – Offsetting Financial Assets and Financial Liabilities (effective for annual periods beginning on or after 1 January 2014)

The amendments do not introduce new rules for offsetting financial assets and liabilities; rather they clarify the offsetting criteria to address inconsistencies in their application.

The amendments clarify that an entity currently has a legally enforceable right to set-off if that right is:
- not contingent on a future event; and
- enforceable both in the normal course of business and in the event of default, insolvency or bankruptcy of the entity and all counterparties.

The amendment does not have any impact on the consolidated financial statements since the Group does not apply offsetting to any of its financial assets and financial liabilities and it has not entered into master netting arrangements.

II. Standards adopted by the EU but not yet effective

At the date of authorisation of these consolidated financial statements, the following significant Standards, Amendments to Standards and Interpretations have been issued but are not yet effective for the period ended 31 December 2014 and thus have not been adopted by the Group:

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

IFRIC 21 Levies (effective for annual periods beginning on or after 1 January 2015)

The Interpretation provides guidance as to the identification of the obligating event giving rise to a liability, and to the timing of recognising a liability to pay a levy imposed by government.

In accordance with the Interpretation, the obligating event is the activity that triggers the payment of that levy, as identified in the relevant legislation and as a consequence, the liability for paying the levy is recognised when this event occurs.

The liability to pay a levy is recognised progressively if the obligating event occurs over a period of time. If the obligating event is the reaching of a minimum activity threshold, the corresponding liability is recognised when that minimum activity threshold is reached.

The Interpretation sets out that an entity cannot have a constructive obligation to pay a levy that will be triggered by operating in a future period as a result of the entity being economically compelled to continue to operate in that future period.

It is expected that the interpretation, when initially applied, will not have a material impact on the financial statements, since it does not results in a change in the Group's accounting policy regarding levies imposed by governments.

III. Other International Financial Reporting Standards

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.

SIGNIFICANT ACCOUNTING POLICIES

3. SIGNIFICANT ACCOUNTING POLICIES

Except for the changes explained in Note 2(e) – Changes in accounting policies, the EPH Group has consistently applied the following accounting policies to all periods presented in these consolidated financial statements.

Certain comparative amounts have been regrouped or reclassified, where necessary, on a basis consistent with the current period.

(a) Basis of consolidation

I. Subsidiaries

Subsidiaries are entities controlled by the Company. Control exists when the Company has the power, directly or indirectly, to govern the financial and operating policies of an enterprise, so as to obtain benefits from its activities. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Group controls another entity. The consolidated financial statements include the Group's interests in other entities based on the Group's ability to control such entities regardless of whether control is actually exercised or not.
The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases.

II. Equity accounted investees

Associates are enterprises in which the Group has significant influence, but not control, over financial and operating policies. Investments in associates are accounted for under the equity method and are initially recognised at cost. The consolidated financial statements include the Group's share of the total profit or loss and other comprehensive income of associates from the date that the significant influence commences until the date that the significant influence ceases. When the Group's share of losses exceeds the carrying amount of the associate, the carrying amount is reduced to nil and the recognition of further losses is discontinued, except to the extent that the Group has incurred obligations in respect of or has made payments on behalf of the associate.

III. Special purpose entities ("SPEs")

The Group has established a number of special purpose entities (SPEs) for trading and investment purposes. An SPE is consolidated if, based on an evaluation of the substance of its relationship with the Group and the SPE's risks and rewards, the Group concludes that it controls the SPE.

IV. Accounting for business combinations

The Group acquired its subsidiaries in two ways:
- As a business combination transaction within the scope of IFRS 3 which requires initial measurement of assets and liabilities at fair value.
- As a business combination under common control which is a business combination in which all of the combining entities or businesses are ultimately controlled by the same party or parties both before and after the business combination, and that control is not transitory. Such acquisitions are excluded from the scope of IFRS 3. The assets and liabilities acquired were recognised at the carrying amounts recognised previously in the Group's controlling shareholder's consolidated financial statements (i.e. value at cost as at the date of acquisition less accumulated depreciation and/or potential impairment). No new goodwill or negative goodwill was recognised on these acquisitions.

V. Non-controlling interests

The Group acquired its subsidiaries in two ways:

Acquisitions of non-controlling interest are accounted for as transactions with equity holders in their capacity as equity holders and therefore no goodwill and no gain or loss is recognised as a result of such transactions.

Non-controlling interests are measured at their proportionate share of the acquiree's identifiable net assets at the acquisition date.

Changes in the Group's interest in subsidiary that do not result in a loss of control are accounted for as equity transaction.

VI. Transactions eliminated on consolidation

Intra-group balances and transactions, and any unrealised income and expenses arising from intra-group transactions, are eliminated in preparing the consolidated financial statements. Unrealised gains arising from transactions with associates and jointly controlled entities are eliminated against the investment to the extent of the Group's interest in the enterprise.

Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment.

VII. Unification of accounting policies

The accounting policies and procedures applied by the consolidated companies in their financial statements were unified in the consolidation, and agree with the accounting policies applied by the Parent Company.

VIII. Pricing differences

The Group accounted for pricing differences which arose from establishment of the Group and acquisition of certain new subsidiaries in the subsequent period. Such subsidiaries were acquired under common control of J&T Finance Group, and therefore excluded from the scope of IFRS 3, which defines recognition of goodwill raised from a 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 treated under the net book value presented in the consolidated financial statements of J&T Finance Group, a.s. (i.e. including historical goodwill less potential impairment).
The difference between the cost of acquisition and carrying values of net assets of the acquiree and original goodwill carried forward as at the acquisition date were recorded to consolidated equity as pricing differences presented within other capital reserves.

IX. Reversal of accumulated amortisation, depreciation and bad debt allowances in common control acquisitions

Accumulated amortisation and depreciation of intangible and tangible assets acquired as part of a common control transaction were reversed against the gross carrying amount of the underlying intangible and tangible assets, i.e. the intangible and tangible assets were recognised at their net book values as at the acquisition date.

Similarly, in acquisitions involving common control transactions, any bad debt allowances were reversed against gross amounts of purchased receivables as at the acquisition date.

X. Disposal of subsidiaries and equity accounted investees

Gain or loss from the sale of investments in subsidiaries and equity accounted investees is recognised in profit or loss when the significant risks and rewards of ownership have been transferred to the buyer.

If the assets and liabilities are sold by selling the interest in a subsidiary or an associate the profit or loss on sale is recognised in total under Gain (loss) on disposal of subsidiaries, special purpose entities, joint-ventures and associates in the statement of comprehensive income.

If the Group disposes of a subsidiary that was acquired under a common control transaction and pricing differences were recognised on the acquisition (refer to Note 3a viii – Pricing differences), the pricing differences are reclassified from other capital reserves to retained earnings at the date of the subsidiary's disposal.

(b) Foreign currency

I. Foreign currency transactions

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates (the functional currency). The consolidated financial statements are presented in Euro, which is the Group's presentation currency. Company's functional currency is Czech crown. Transactions in foreign currencies are translated to the respective functional currencies of Group entities at the foreign exchange rate at the transaction date.

Monetary assets and liabilities denominated in foreign currencies are retranslated to the respective functional currencies of Group entities at the exchange rate at the reporting date; where the functional currency is Czech crowns, at the exchange rate of the Czech National Bank.

Non-monetary assets and liabilities denominated in foreign currencies, which are stated at historical cost, are translated to the respective functional currencies of Group entities at the foreign exchange rate at the date of the transaction. Non-monetary assets and liabilities denominated in foreign currencies that are stated at fair value are translated to the respective functional currencies at the foreign exchange rates at the dates the fair values are determined.

Foreign exchange differences arising on retranslation are recognised in profit or loss, except for differences arising on the retranslation of available-for-sale equity instruments (except for impairment in which case foreign currency differences that have been recognised in other comprehensive income are reclassified to profit or loss), a financial liability designated as a hedge of the net investment in a foreign operation, or qualifying cash flow hedges to the extent that the hedge is effective, in which case foreign exchange differences arising on retranslation are recognised in other comprehensive income.

SIGNIFICANT ACCOUNTING POLICIES

A summary of the main foreign exchange rates applicable for the reporting period is presented in Note 36 – Risk management policies and disclosures.

II. Financial statements of foreign operations

The assets and liabilities of foreign operations, including goodwill and fair value adjustments arising on consolidation, 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.

III. Translation to presentation currency

These consolidated 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.

(c) Non-derivative financial assets

The Group has the following non-derivative financial instruments: financial assets at fair value through profit or loss, loans and receivables, held-to-maturity assets and available-for-sale financial assets.

I. Classification

Financial instruments at fair value through profit or loss are those that the Group principally holds for trading, that is, with the purpose of short-term profit taking. They include investments and contracts that are not designated as hedging instruments.

Loans and receivables are non-derivative financial assets with fixed or determinable payments, not quoted in an active market, which are not classified as available for sale or held to maturity or at fair value through profit or loss. Loans and receivables mainly comprise loans to other than credit institutions and trade and other receivables.

Held-to-maturity assets are non-derivative financial assets with fixed or determinable payments and fixed maturity that the Group has the positive intent and ability to hold to maturity.

Available-for-sale financial assets are non-derivative financial assets that are not designated as fair value through profit or loss, loans and receivables, cash and cash equivalents or as held to maturity.

II. Recognition

Financial assets at fair value through profit or loss and available-for-sale assets are recognised on the date the Group becomes a party to the contractual provisions of the instrument. Regular way purchases and sales of financial assets including held-to-maturity assets are initially recognised on the trade date, when the Group becomes a party to the contractual provisions of the instrument.

Loans and receivables are recognised on the day they are originated.

III. Measurement

Upon initial recognition, financial assets are measured at fair value plus, in the case of a financial instrument not at fair value through profit or loss, transaction costs directly attributable to the acquisition of the financial instrument. Attributable transaction costs relating to financial assets measured at fair value through profit or loss are recognised in profit or loss as incurred. For the methods used to estimate fair value, refer to Note 4 – Determination of fair values.

Subsequent to initial recognition, financial assets are measured at their fair value, except for loans and receivables and held-to-maturity instruments, which are measured at amortised cost, less any impairment loss.

In measuring the amortised cost, any difference between cost and redemption value is recognised in profit or loss over the period of the asset or liability on an effective interest rate basis.

IV. Gains and losses on subsequent measurement

For financial assets at fair value through profit or loss, gains and losses arising from a change in fair value are recognised in profit or loss.

For assets available for sale, changes in fair value, other than impairment losses and foreign currency differences on available-for-sale equity instruments, are recognised in other comprehensive income and presented within equity in the fair value reserve. When an available-for-sale asset is derecognised, the cumulative gains and losses in other comprehensive income are transferred to profit or loss. Interest income and expense from available-for-sale securities are recorded in profit or loss by applying the effective interest rate method.

V. De-recognition

A financial asset is derecognised when the contractual rights to the cash flows from the asset expire, or when the rights to receive the contractual cash flows are transferred in a transaction in which substantially all the risks and rewards of ownership of the financial asset are transferred. Any interest in transferred financial assets that is created or retained by the Group is recognised as a separate asset or liability.

VI. Offsetting of financial assets and liabilities

Financial assets and liabilities are offset and the net amount is reported in the statement of financial position when the Group has a legally enforceable right to offset the recognised amounts and the transactions are intended to be settled on a net basis.

(d) Non-derivative financial liabilities

The Group has the following non-derivative financial liabilities: loans and borrowings, debt securities issued, bank overdrafts, and trade and other payables. Such financial liabilities are initially recognised at the settlement date at fair value plus any directly attributable transaction costs except for financial liabilities at fair value through profit and loss, where transaction costs are recognised in profit or loss as incurred. Financial liabilities are subsequently measured at amortised cost using the effective interest rate, except for financial liabilities at fair value through profit or loss. For the methods used to estimate fair value, refer to Note 4 – Determination of fair values.

The Group derecognises a financial liability when its contractual obligations are discharged, cancelled or expire.

(e) Derivative financial instruments

The Group holds derivative financial instruments to hedge its foreign currency, interest rate and commodity risk exposures.

Derivatives are recognised initially at fair value, with attributable transaction costs recognised in profit or loss as incurred. Subsequent to initial recognition, derivatives are measured at fair value, and changes therein are accounted for as described below.

Other non-trading derivatives

When a derivative financial instrument is not held for trading and is not designated in a qualifying hedge relationship, all changes in its fair value are recognised immediately in profit or loss.

Separable embedded derivatives

Financial and non-financial contracts (where they have not already been measured at fair value through profit or loss) are assessed to determine whether they contain any embedded derivatives.

Embedded derivatives are separated from the host contract and accounted for separately if the economic characteristics and risks of the host contract and the embedded derivative are not closely related, a separate instrument with the same terms as the embedded derivative would meet the definition of a derivative, and the combined instrument is not measured at fair value through profit or loss.

Changes in the fair value of separable embedded derivatives are recognised immediately in profit or loss.

Cash flow hedges and fair value hedges

The majority of financial derivatives are held for hedging purposes but do not meet the criteria for hedge accounting as stated by IAS 39. These derivatives are designated for trading, and related profit and loss from changes in fair value is recognised in profit and loss.

Hedging instruments which consist of derivatives associated with a currency risk are classified either as cash-flow hedges or fair value hedges.

From the inception of the hedge, the Group maintains a formal documentation of the hedging relationship and the Group's risk management objective and strategy for undertaking the hedge. The Group also periodically assesses the hedging instrument's effectiveness in offsetting exposure to changes in the hedged item's fair value or cash flows attributable to the hedged risk.

In the case of a cash flow hedge, the portion of the gain or loss on the hedging instrument that is determined to be an effective hedge is recognised in other comprehensive income and the ineffective portion of the gain or loss on the hedging instrument is recognised in profit or loss. If the hedging instrument no longer meets the criteria for hedge accounting, expires or is sold, terminated or exercised, or the designation is revoked, then the hedge accounting is discontinued prospectively.

If the forecast transaction is no longer expected to occur, then the balance in equity is reclassified to profit or loss.

In the case of a fair value hedge, the gain or loss from re-measuring the hedging instrument at fair value is recognised in profit or loss.

Transactions with emission rights and energy

According to IAS 39, certain contracts for emission rights and energy fall into the scope of the standard. Most purchase and sales contracts entered into by the Group provide for physical delivery of quantities intended for consumption or sale as part of its ordinary business. Such contracts are thus excluded from the scope of IAS 39.

In particular, swaps and forward purchases and sales for physical delivery are considered to fall outside the scope of application of IAS 39, when the contract concerned is considered to have been entered into as part of the Group's normal business activity. This is demonstrated to be the case when all the following conditions are fulfilled:
– a physical delivery takes place under such contracts;
– the volumes purchased or sold under the contracts correspond to the Group's operating requirements; and
– the contract cannot be considered a written option as defined by IAS 39.

The Group thus considers that transactions negotiated with a view to balancing the volumes between emission rights and energy purchases and sale commitments are part of its ordinary business and do not therefore fall under the scope of IAS 39.

Contracts which fall under the scope of IAS 39 are carried at fair value with changes in the fair value recognised in profit or loss. The Group presents revenues and expenses related to emission rights trading net in the line Emission rights, net.

(f) Cash and cash equivalents

Cash and cash equivalents comprise cash balances on hand and in banks, and short-term highly liquid investments with original maturities of three months or less.

(g) Inventories

Inventories are measured at the lower of cost and net realisable value. Net realisable value is the estimated selling price in the ordinary course of business, less the estimated cost of completion and selling expenses.

Purchased inventory and inventory in transit are initially stated at cost, which includes the purchase price and other directly attributable expenses incurred in acquiring the inventories and bringing them to their current location and condition. Inventories of a similar nature are valued using the weighted average method except for the energy production segment, where the first-in, first-out principle is used.

Internally manufactured inventory and work in progress are initially stated at production costs. Production costs include direct costs (direct material, direct labour and other direct costs) and part of overhead directly attributable to inventory production (production overhead). The valuation is written down to net realisable value if the net realisable value is lower than production costs.

(h) Impairment

I. Non-financial assets

The carrying amounts of the Group's assets, other than inventories (refer to accounting policy (g) – Inventories), investment properties (refer to accounting policy (k) – Investment property) and deferred tax assets (refer to accounting policy (o) – Income taxes) are reviewed at each reporting date to determine whether there is objective evidence of impairment. If any such indication exists, the asset's recoverable amount is estimated. For goodwill and intangible assets that have an indefinite useful life or that are not yet available for use, the recoverable amount is estimated at least each year at the same time.

The recoverable amount of an asset or cash-generating unit (CGU) is the greater of its fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessment of the time value of money and the risks specific to the asset or CGU.

For the purpose of impairment testing, assets that cannot be tested individually are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or groups of assets (the "cash-generating unit", or "CGU"). For the purposes of goodwill impairment testing, CGUs to which goodwill has been allocated are aggregated so that the level at which impairment is tested reflects the lowest level at which goodwill is monitored for internal reporting purposes. Goodwill acquired in a business combination is allocated to groups of CGUs that are expected to benefit from the synergies of the combination.

An impairment loss is recognised whenever the carrying amount of an asset or its cash generating unit exceeds its recoverable amount. Impairment losses are recognised in profit or loss.

Impairment losses recognised in respect of CGUs are allocated first to reduce the carrying amount of any goodwill allocated to the CGU or CGUs, and then to reduce the carrying amounts of the other assets in the CGU (or group of CGUs) on a *pro rata* basis.

An impairment loss in respect of goodwill is not reversed. In respect of other assets, impairment losses recognised in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

Goodwill that forms part of the carrying amount of an investment in an associate is not recognised separately, and therefore is not tested for impairment separately. Instead, the entire amount of the investment in an associate is tested for impairment as a single asset when there is objective evidence that the investment in an associate may be impaired.

II. Financial assets (including trade and other receivables)

A financial asset not carried at fair value through profit or loss is assessed at each reporting date to determine whether there is objective evidence that it is impaired. A financial asset is impaired if objective evidence indicates that a loss event has occurred after the initial recognition of the asset, and that the loss event had a negative effect on the estimated future cash flows of that asset that can be estimated reliably.

Objective evidence that financial assets are impaired can include default or delinquency by a debtor, restructuring of an amount due to the Group on terms that the Group would not consider otherwise, indications that a debtor or issuer will enter bankruptcy, or the disappearance of an active market for a security. In addition, for an investment in an equity security, a significant or prolonged decline in its fair value below its cost is objective evidence of impairment. IAS 39 does not provide clear guidance on what is significant relative to cost or what is a prolonged decline in the fair value. As such, the Group policy states that impairment should be considered if declines in equity markets have been, and continue to be, severe with many equity global indices down by nearly 50% from their 12-month highs for a period longer than 6 months (impairment criteria).

The recoverable amount of the Group's investment in held-to-maturity securities and receivables carried at amortised cost is calculated as the present value of estimated future cash flows, discounted at the original effective interest rate (i.e. the effective interest rate computed at initial recognition of these financial assets). Receivables with a short duration are not discounted. In determining the recoverable amount for loans and receivables consideration is also given to the credit standing and performance of the borrower and the value of any collateral or third-party guarantee.

An impairment loss in respect of a held-to-maturity security or receivable carried at amortised cost is reversed if the subsequent increase in recoverable amount can be related objectively to an event occurring after the impairment loss was recognised.

Impairment losses on available-for-sale investment securities are recognised by transferring the cumulative loss that has been recognised in other comprehensive income, and presented in the fair value reserve in equity, to profit or loss. The cumulative loss that is reclassified from equity to profit or loss and recognised in profit or loss is the difference between the acquisition cost, net of any principal repayment and amortisation, and the current fair value, less any impairment loss previously recognised in profit or loss. Changes in cumulative impairment losses attributable to application of the effective interest method are reflected as a component of interest income.

If, in a subsequent period, the fair value of an impaired available-for-sale debt security increases and the increase can be related objectively to an event occurring after the impairment loss was recognised in profit or loss, then the impairment loss is reversed, with the amount of the reversal recognised in profit or loss. However, any subsequent recovery in the fair value of an impaired available-for-sale equity security is recognised in other comprehensive income.

(i) Property, plant and equipment

I. Owned assets

Items of property, plant and equipment are stated at cost less accumulated depreciation (see below) and impairment losses (refer to accounting policy (h) – Impairment). Opening balances are presented at net book values, which include adjustments from revaluation within the Purchase Price Allocation process.

Cost includes expenditures that are directly attributable to the acquisition of the asset. The cost of self-constructed assets includes the cost of materials and direct labour, any other costs directly attributable to bringing the asset to a working condition for its intended use, and capitalised borrowing costs (refer to accounting policy (n) – Finance income and costs). The cost also includes costs of dismantling and removing the items and restoring the site on which they are located.

Property that is being constructed or developed for future use as investment property is classified as property, plant and equipment and stated at fair value until construction or development is complete, at which time it is reclassified as investment property.

When parts of an item of property, plant and equipment have different useful lives, those components are accounted for as separate items (major components) of property, plant and equipment.

II. Leased assets

Leases in terms of which the Group assumes substantially all of the risks and rewards of ownership are classified as finance leases. Under finance leases, leased assets are stated at an amount equal to the lower of their fair value and the present value of the minimum lease payments at inception of the lease, less accumulated depreciation (see below) and impairment losses (refer to accounting policy (h) – Impairment).

Minimum lease payments for finance leases are apportioned between the finance charge and the reduction of the outstanding liability. The finance charge is allocated to each period during the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability.

Other leases are operating leases and, except for investment property, the leased assets are not recognised in the Group's statement of financial position.

Payments made under operating leases are recognised in profit or loss on a straight-line basis over the term of the lease.

In identifying lease agreements, the Group also considers the additional criteria defined in IFRIC 4 – Determining Whether an Arrangement Contains a Lease, as to whether an agreement that conveys a right to use an asset meets the definition of a lease. Certain purchase and supply contracts in the energy business (electricity and gas) may be classified as leases if the criteria are met.

III. Free-of-charge received property

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.

IV. Subsequent costs

Subsequent costs are capitalised only if it is probable that the future economic benefits embodied in an item of property, plant and equipment will flow to the Group and its cost can be measured reliably. All other expenditures, including the costs of the day-to-day servicing of property, plant and equipment, are recognised in profit or loss as incurred.

V. Depreciation

Depreciation is recognised in profit or loss on a straight-line basis over the estimated useful lives of items of property, plant and equipment. Land is not depreciated. Leased assets are depreciated over the shorter of the lease term and their useful lives unless it is reasonably certain that the Group will obtain ownership by the end of the lease term.

The estimated useful lives are as follows:

• Power plant buildings and structures	50–100 years
• Buildings and structures	20–80 years
• Machinery, electric generators, gas producers, turbines and boilers	20–50 years
• Mines and mine property	15–30 years
• Distribution network	10–60 years
• Machinery and equipment	4–40 years
• Fixtures, fittings and others	3–20 years

Depreciation methods and useful lives, as well as residual values, are reassessed annually at the reporting date. For companies acquired under IFRS 3 for which a purchase price allocation was prepared, the useful lives are reassessed based on the purchase price allocation process.

(j) Intangible assets

I. Goodwill and intangible assets acquired in a business combination

Goodwill represents the excess of the cost of an acquisition over the fair value of the Group's share of the net identifiable assets of the acquired subsidiary/associate/joint-venture at the date of acquisition. Goodwill on acquisitions of subsidiaries/joint-ventures is included under intangible assets. Goodwill on acquisitions of associates is included in the carrying amount of investments in associates.

If the Group's share in the fair value of identifiable assets and liabilities of a subsidiary or equity accounted investees as at the acquisition date exceeds the acquisition cost, the Group shall reconsider identification

and measurement of identifiable assets and liabilities, and the acquisition cost. Any excess arising on the re-measurement (negative goodwill) is recognised in profit and loss account in the period of acquisition.

Upon acquisition of non-controlling interests (while maintaining control), no goodwill is recognised.

Subsequent to initial recognition, goodwill is measured at cost less accumulated impairment losses (refer to accounting policy (h) – Impairment) and is tested annually for impairment.

Gains and losses on the disposal of an entity include the carrying amount of goodwill relating to the entity sold.

Intangible assets acquired in a business combination are recorded at fair value on the acquisition date if the intangible asset is separable or arises from contractual or other legal rights. Intangible assets with an indefinite useful life are not subject to amortisation and are recorded at cost less any impairment losses (refer to accounting policy (h) – Impairment). Intangible assets with a definite useful life are amortised over their useful lives and are recorded at cost less accumulated amortisation (see below) and impairment losses (refer to accounting policy (h) – Impairment).

II. Research and development

Expenditure on research activities, undertaken with the prospect of gaining new scientific or technical knowledge and understanding, is recognised in profit or loss as incurred.

Development activities involve a plan or design for the production of new or substantially improved products and processes. Development expenditure is capitalised only if development costs can be measured reliably, the product or process is technically and commercially feasible, future economic benefits are probable, and the Group intends to and has sufficient resources to complete development and to use or sell the asset.

In 2014, 2013 and 2012, expenditures incurred by the Group did not meet these recognition criteria. Development expenditure has thus been recognised in profit or loss.

III. Emission rights

Recognition and measurement

Emission rights (purchased or issued by a government) are initially recognised at fair values. Where an active market exists fair value should be based on the market price in accordance with IFRS 13 (for allocated emission rights the fair value is determined as the price at the date of allocation; for purchased emission rights the fair value typically equals the purchase price). If it is determined that an active market does not exist then alternative valuation techniques are applied to estimate the fair value in accordance with IFRS 13.

Subsequently, emission rights are accounted for under the cost method under intangible assets.

The Group's accounting policy is to use the first-in, first-out principle ("FIFO") for emission rights disposal (consumption or sale).

Impairment of emission rights

At each reporting date, the Group assesses whether there is any indication that emission rights may be impaired.

Where an impairment indicator exists, the Group reviews the recoverable amounts of the cash generating unit, to which the emission rights were allocated, to determine whether such amounts continue to exceed the assets' carrying values. In case the carrying value of a cash generating unit is greater than its recoverable value, impairment exists.

Any identified emission rights impairment is recognised directly as a debit to a profit or loss account and a credit to a valuation adjustment.

Recognition of grants

A grant is initially recognised as deferred income and recognised in profit on a systematic basis over the compliance period, which is the relevant calendar year, regardless of whether the allowance received continues to be held by the entity. The pattern for the systematic recognition of the deferred income in profit is assessed based on estimated pollutants emitted in the current month, taking into account the estimated coverage of the estimated total annually emitted pollutants by allocated emission allowances. The release of deferred income to a profit and loss account is performed on a quarterly basis; any subsequent update to the estimate of total annual pollutants is taken into account during the following monthly or quarterly assessment. Any disposals of certificates or changes in their carrying amount do not affect the manner in which grant income is recognised.

Recognition, measurement of provision

A provision is recognised regularly during the year based on the estimated number of tonnes of CO_2 emitted.

It is measured at the best estimate of the expenditure required to settle the present obligation at the end of the reporting period. It means that the provision is measured based on the current carrying amount of the certificates on hand if sufficient certificates are owned to settle the current obligation, by using a FIFO method. The group companies identify (in each provision measurement period) which of the certificates are "marked for settling" the provision and this allocation is consistently applied.

Otherwise, if a shortfall of emission allowances on hand as compared to the estimated need exists at the reporting date, then the provision for the shortfall is recorded based on the current market value of the emission certificates at the end of the reporting period.

The current accounting policy is valid since 1 January 2013. The Company believes that the current accounting policy better depicts the overall financial position in respect of emission allowances giving the user of the consolidated financial statements overview of emission allowances physically held at the end of the period and simultaneously presenting an estimated liability relating to the emitted pollutants. As there is no impact on the statement of comprehensive income, the Company decided not to present the restated statement of financial position as at 1 January 2012 on the face of the consolidated financial statements as the Company assessed that it would not have a significant impact on the decisions made by the users of these consolidated financial statements. For restated consolidated statement of financial position as at 31 December 2012 refer to Appendix 4.

IV. Software and other intangible assets

Software and other intangible assets acquired by the Group that have definite useful lives are stated at cost less accumulated amortisation (see below) and impairment losses (refer to accounting policy (h) – Impairment).

Intangible assets that have an indefinite useful life are not amortised and are instead tested annually for impairment. Their useful life is reviewed at each period-end to assess whether events and circumstances continue to support an indefinite useful life.

V. Amortisation

Amortisation is recognised in profit or loss on a straight-line basis over the estimated useful lives of intangible assets other than goodwill, from the date the asset is available for use. The estimated useful lives are as follows:

• Software	2–4 years
• Other intangible assets	2–6 years

Amortisation methods, useful lives and residual values are reviewed at each financial year-end and adjusted if appropriate.

(k) Investment property

Investment property is property held by the Group either to earn rental income or for capital appreciation or for both, but not for sale in the ordinary course of business, use in production or supply of goods or services or for administrative purposes.

Investment property is measured at fair value, as determined by an independent registered valuer. Fair value is assessed based on current prices in an active market for similar properties in the same location and condition, or where not available, by applying generally applicable valuation methodologies. Any gain or loss arising from a change in fair value is recognised in profit or loss.

When the use of a property changes such that it is reclassified as property, plant and equipment, its fair value at the date of reclassification becomes its cost for subsequent accounting.

Rental income from investment property is accounted for as described in the accounting policy (m) – Revenue.

(l) Provisions

A provision is recognised in the statement of financial position when the Group has a present legal or constructive obligation as a result of a past event, when it is probable that an outflow of economic benefits will be required to settle the obligation and when a reliable estimate of the amount can be made.

Provisions are recognised at the expected settlement amount. Long-term obligations are reported as liabilities at the present value of their expected settlement amounts, if the effect of discount is material, using as a discount rate the pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The periodic unwinding of the discount is recognised in profit or loss in finance costs.

The effects of changes in interest rates, inflation rates and other factors are recognised in profit or loss in operating income or expenses. Changes in estimates of provisions can arise in particular from deviations from originally estimated costs, from changes in the settlement date or in the scope of the relevant obligation. Changes in estimates are generally recognised in profit or loss at the date of the change in estimate (see below).

I. Employee benefits

Long-term employee benefits

Liability relating to long-term employee benefits and service awards excluding pension plans is defined as an amount of the future payments, to which employees will be entitled in return for their service in the current and prior periods. Future liability which is calculated using the projected unit credit method is discounted to its present value. The discount rate used is based on yields of high quality corporate bonds as at the end of the reporting period, which maturity approximately corresponds with the maturity of the future obligation. The revaluation of the net liability from defined benefit plans (including actuarial gains and losses) shall be recognised in full immediately in other comprehensive income.

Contributions for pension insurance resulting from Collective agreement are expensed when incurred.

Employee benefits provision is presented separately both long and short-term part (if possible to distinguish, otherwise as non-current, if not IFRS 5). The benefit could be classified as short-term, if and only if the whole benefit category will be settled within 1 year; otherwise, it must be disclosed as long-term.

Pension plans

In accordance with IAS 19, the projected unit credit method is the only permitted actuarial method. The benchmark (target value) applied to measure defined benefit pension obligations is the present value of vested pension rights of active and former employees and beneficiaries (present value of the defined benefit obligation). It must in general be assumed that each partial benefit of the pension commitment is earned evenly from commencement of service until the respective due date.

If specific plan assets are established to cover the pension payments, these plan assets can be netted against the pension obligations and only the net liability is shown. The valuation of existing plan assets is based on the fair value at the balance sheet date in accordance with IAS 19.

Assets used to cover pension obligations that do not fully meet the requirement of plan assets have to be carried as assets on the balance sheet. Any netting off against the liability to be covered will not apply in this respect.

The Group recognises all actuarial gains and losses arising from benefit plans immediately in other comprehensive income and all expenses related to the defined benefit plan in profit or loss.

The Group recognises gains and losses on the curtailment or settlement of a benefit plan when the curtailment or settlement occurs. The gain or loss on curtailment or settlement comprises any resulting change in the fair value of plan assets, any change in the present value of the defined benefit obligation, any related actuarial gains and losses and past service costs that had not been previously recognised.

Short-term employee benefits

Short-term employee benefit obligations are measured on an undiscounted basis and are expensed as the related service is provided. A provision is recognised for the amount expected to be paid under short-term cash bonus or profit-sharing plans if the Group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

II. Warranties

A provision for warranties is recognised when the underlying products or services are sold. The provision is based on historical warranty data and weighting of all possible outcomes against associated probabilities.

III. Provision for lawsuits and litigations

Settlement of a lawsuit represents an individual potential obligation. Determining the best estimate either involves expected value calculations, where possible outcomes, stated based on a legal study, are weighted by their likely probabilities or it is the single most likely outcome, adjusted as appropriate to consider risk and uncertainty.

IV. Provision for emission rights

A provision for emission rights is recognised regularly during the year based on the estimated number of tonnes of CO_2 emitted. It is measured at the best estimate of the expenditure required to settle the present obligation at the reporting date.

V. Restructuring

A provision for restructuring is recognised when the Group has approved a detailed and formal restructuring plan, and the restructuring either has commenced or has been announced publicly. Future operating costs are not provided for.

VI. Provision for restoration and decommissioning

Obligations arising from the decommissioning or dismantling of property, plant and equipment are recognised in connection with the initial recognition of the related assets, provided that the obligation can be reliably estimated. The carrying amounts of the related items of property, plant and equipment are increased by the same amount that is subsequently amortised as part of the depreciation process of the related assets.

SIGNIFICANT ACCOUNTING POLICIES

A change in the estimate of a provision for the decommissioning and restoration of property, plant and equipment is generally recognised against a corresponding adjustment to the related assets, with no effect on profit or loss. If the related items of property, plant and equipment have already been fully depreciated, changes in the estimate are recognised in profit or loss.

No provisions are recognised for contingent asset retirement obligations where the type, scope, timing and associated probabilities cannot be determined reliably.

Provisions for environmental remediation in respect of contaminated sites are recognised when the site is contaminated and when there is a legal or constructive obligation to remediate the related site.

Rehabilitation provisions are recognised for the following restoration activities:
• dismantling and removing structures;
• rehabilitating mines and tailings dams;
• dismantling operating facilities;
• closure of plant and waste sites; and
• restoration and reclamation of affected areas.

The entity records the present value of the provision in the period in which the obligation is incurred. The obligation generally arises when the asset is installed or the environment is disturbed at the production location. When the liability is initially recognised, the present value of the estimated costs is capitalised by increasing the carrying amount of the related mining assets. Over time, the discounted liability is increased to reflect the change in the present value based on the discount rates that reflect current market assessments and the risks specific to the liability. The periodic unwinding of the discount is recognised in profit or loss as a finance cost.

All the provisions for environmental remediation and asset retirement obligation are presented under Provision for restoration and decommissioning.

VII. Onerous contracts

A provision for onerous contracts is recognised when the expected benefits to be derived by the Group from a contract are lower than the unavoidable costs of meeting its obligations under the contract. The provision is measured at the present value of the lower of the expected cost of terminating the contract and the expected net cost of continuing with the contract. Before a provision is established, the Group recognises any impairment loss on the assets associated with that contract.

(m) Revenue

I. Revenues from own products and goods sold and services rendered

Revenue is recognised when persuasive evidence exists, usually in the form of an executed sales agreement, that the significant risks and rewards of ownership have been transferred to the buyer, recovery of the consideration is probable, the associated costs and possible return of goods can be estimated reliably, there is no continuing management involvement with the goods, and the amount of revenue can be measured reliably.

Revenue from the sale of own products and goods in the course of ordinary activities is measured at the fair value of the consideration received or receivable, net of trade discounts and volume rebates. Discounts are recognised as a reduction of revenue as the sales are recognised, if it is probable that discounts will be granted and the amount can be measured reliably.

Revenue from services rendered is recognised in profit or loss in proportion to the stage of completion of the transaction at the reporting date. The stage of completion is assessed by reference to surveys of work performed. No revenue is recognised if there are significant uncertainties regarding the recovery of the consideration due, associated costs or the possible return of goods.

Revenues from the sale of energy comprise mainly revenues relating to production and sale of electricity, heat energy and its distribution and sale of gas and coal.

Other revenues represent revenues from non-energy activities.

Revenues from sale of electricity, heat and gas

Revenues from sales of electricity, heat and gas to retail customers are recognised at the time the electricity, heat or gas is supplied on the basis of periodic meter readings and also include an estimate of the value of electricity and consumption after the date of the last meter reading of the year. Revenues between the date of the meter reading and the end of the year are based on estimates of the daily consumption record, adjusted to take account of weather conditions and other factors that may affect estimated consumption such as:
– inputs to the distribution companies system (measured value)
– supply of high and very high voltage levels (measured value)
– estimation of network losses
– estimation of low voltage level supply

Revenues from sale of coal

Sales of coal are measured at the fair value of the consideration received, excluding any applicable taxes, excise duties, charges, discounts and rebates. Most of the sales are priced as carriage paid to (CPT), delivered at place (DAP) or delivered duty paid (DDP). The Group has concluded that it is acting as a principal in all of its sales arrangements, delivering complete supplies to specified places including responsibility for transportation, handling and potentially solving duty, tax issues and insurance. A significant proportion of Group production is sold under long-term contracts, which contain automatic price escalation formulae and/or are updated from time to time by amendments specifying pricing for the next period. However, the sales revenue is only recognised on an individual sale when all of the following criteria are met:
– the significant risks and rewards of ownership of the product have been transferred to the customer;
– the Group has retained neither continuing managerial involvement to the degree usually associated with ownership, nor effective control over the goods sold;
– the amount of revenue can be measured reliably;
– it is probable that the economic benefits associated with the sale will flow to the Group; and
– the costs incurred or to be incurred in respect of the sale can be measured reliably.

All these conditions are generally satisfied when the product is delivered to the destination specified by the customer and as such, the title passes to the customer. Sales revenue is commonly subject to adjustments based on an inspection of the product by the customer. Where there are agreed differences in volume or quality of delivered products, this is reflected as reduction or increase (usually for better qualities of coal) in sales revenue recognised on the sale transaction.

Energy trading

Revenues from energy trading comprise both realised (settled) and unrealised (change in fair value) net gains and losses from trading in physical and financial energy contracts.

II. Government grants

Government grants are recognised initially at fair value as deferred income when there is reasonable assurance that they will be received and that the Company will comply with the conditions associated with the grant. Grants that compensate the Company for expenses incurred are recognised in profit or loss on a systematic basis in the same periods in which the expenses the grant is intended to compensate are recognised. Grants that compensate the Company for the cost of an asset are recognised in profit or loss on a systematic basis over the useful life of the asset.

Government grants and subsidies provided by the European Union

Grants and subsidies are not recognised unless there is reasonable assurance that:
– the company will comply with the conditions related to the receipt of grants and subsidies, and
– the grants and subsidies will be received.

Grants and subsidies are recognised in the income statement on a systematic basis over the periods in which the company recognises expenses that were to offset the grants and subsidies. Specifically, grants and subsidies whose primary purpose is to enable the company to purchase, construct or otherwise acquire non-current assets are recognised as deferred income in the balance sheet, and are recognised in the income statement on a systematic and rational basis during the useful life of the related assets.

III. Rental income

Rental income from investment property is recognised in profit or loss on a straight-line basis over the term of the lease.

(n) Finance income and costs

I. Finance income

Finance income comprises interest income on funds invested, dividend income, changes in the fair value of financial assets at fair value through profit or loss, foreign currency gains, gains on sale of investments in securities and gains on hedging instruments that are recognised in profit or loss. Interest income is recognised in profit or loss as it accrues, using the effective interest method. Dividend income is recognised in profit or loss on the date that the Group's right to receive payment is established.

II. Finance costs

Finance costs comprise interest expense on borrowings, unwinding of the discount on provisions, foreign currency losses, changes in the fair value of financial assets at fair value through profit or loss, fees and commissions expense for payment transactions and guarantees, impairment losses recognised on financial assets, and losses on hedging instruments that are recognised in profit or loss.

III. Borrowing costs

Borrowing costs that arise in connection with the acquisition, construction or production of a qualifying asset, from the time of acquisition or from the beginning of construction or production until entry into service, are capitalised and subsequently amortised alongside the related asset. In the case of a specific financing arrangement, the respective borrowing costs for that arrangement are used. For non-specific financing arrangements, borrowing costs to be capitalised are determined based on a weighted average of the borrowing costs.

(o) Income taxes

Income taxes comprise current and deferred tax. Income taxes are recognised in profit or loss, except to the extent that they relate to a business combination or to items recognised directly in equity or in other comprehensive income.

Current tax is the expected tax payable or receivable on the taxable income or loss for the reporting period, using tax rates enacted at the reporting date, and any adjustment to tax payable in respect of previous years.

Deferred tax is measured using the balance sheet method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. No deferred tax is recognised on the following temporary differences: temporary differences arising from the initial recognition of assets or liabilities that is not a business combination and that affects neither accounting nor taxable profit or loss, and temporary differences relating to investments in subsidiaries and jointly controlled entities to the extent that it is probable that they will not reverse in the foreseeable future. No deferred tax is recognised on the initial recognition of goodwill.

The amount of deferred tax is based on the expected manner of realisation or settlement of the temporary differences, using tax rates enacted or substantively enacted at the reporting date.

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but there is an intention to settle current tax liabilities and assets on a net basis, or the tax assets and liabilities will be realised simultaneously.

A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the unused tax losses, tax credits and deductible temporary differences can be utilised. Deferred tax assets are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

(p) Dividends

Dividends are recognised as distributions within equity upon approval by the Company's shareholders.

(q) Non-current assets held for sale and disposal groups and discontinued operations

Non-current assets (or disposal groups comprising assets and liabilities) which are expected to be recovered primarily through sale rather than through continuing use are classified as held for sale. Immediately before classification as held for sale, the assets (and all assets and liabilities in a disposal group) are re-measured in accordance with the Group's relevant accounting policies. Then, on initial classification as held for sale, non-current assets and disposal groups are recognised at the lower of their carrying amount and fair value less costs to sell.

Any impairment loss on a disposal group is first allocated to goodwill, and then to remaining assets and liabilities on a pro rata basis, except that no loss is allocated to inventories, financial assets, deferred tax assets, and investment property, which continue to be measured in accordance with the Group's accounting policies.

Impairment losses on initial classification as held for sale are included in profit or loss. The same applies to gains and losses on subsequent re-measurement. Gains are not recognised in excess of any cumulative impairment loss.

Any gain or loss on the re-measurement of a non-current asset (or disposal group) classified as held for sale that does not meet the definition of a discontinued operation is included in profit or loss from continuing operations.

Any separate major line of business or geographical area of operations or significant part of business, which is decided to be sold, is classified as discontinued operations and is presented in profit or loss under separate line Profit (loss) from discontinued operations, net of tax.

4. DETERMINATION OF FAIR VALUES

A number of the Group's accounting policies and disclosures require the determination of fair value, for both financial and non-financial assets and liabilities. Fair values have been determined for measurement and/or disclosure purposes based on the following methods. When applicable, further information about the assumptions made in determining fair values is disclosed in the notes specific to that asset or liability.

(a) Property, plant and equipment

The fair value of property, plant and equipment recognised as a result of a business combination is based on market values or the income approach method. The market value of property is the estimated amount for which a property could be exchanged on the date of valuation between a willing buyer and a willing seller in an arm's length transaction after proper marketing wherein the parties had each acted knowledgeably and willingly. The income approach method determines the value of property based on its ability to generate desired economic benefit for the owners. The key objective of the income based method is to determine the property value as a function of the economic benefit.

(b) Intangible assets

The fair value of intangible assets recognised as a result of a business combination is based on the discounted cash flows expected to be derived from the use or eventual sale of the assets.

(c) Investment property

The fair value of investment property is determined by an independent registered valuer. The fair value is assessed based on current prices in an active market for similar properties in the same location and condition, or where not available, by applying generally applicable valuation methodologies that consider the aggregate of the estimated cash flows expected to be received from renting out the property. A yield that reflects the specific risks inherent in the net cash flows is then applied to the net annual cash flows to arrive at the property valuation (discounting).

Valuations reflect, when appropriate, the type of tenants actually in occupation or responsible for meeting lease commitments or likely to be in occupation after letting vacant accommodation, the allocation of maintenance and insurance responsibilities between the Group and the lessee, and the remaining economic life of the property. When rent reviews or lease renewals are pending with anticipated reversionary increases, it is assumed that all notices, and when appropriate counter-notices, have been served validly and within the appropriate time.

(d) Inventories

The fair value of inventories acquired in a business combination is determined based on the estimated selling price in the ordinary course of business less the estimated costs of completion and sale, and a reasonable profit margin based on the effort required to complete and sell the inventories.

(e) Non-derivative financial assets

The fair value of financial assets at fair value through profit or loss, held-to-maturity investments and available-for-sale financial assets is based on their quoted market price at the reporting date without any deduction for transaction costs. If a quoted market price is not available, the fair value of the instrument is estimated by management using pricing models or discounted cash flows techniques.

Where discounted cash flow techniques are used, estimated future cash flows are based on management's best estimates and the discount rate is a market-related rate at the reporting date for an instrument with similar terms and conditions. Where pricing models are used, inputs are based on market-related measures at the reporting date.

The fair value of trade and other receivables, excluding construction work in progress, but including service concession receivables, is estimated as the present value of future cash flows, discounted at the market rate of interest at the reporting date.

The fair value of trade and other receivables and of held-to-maturity investments is determined for disclosure purposes only.

(f) Non-derivative financial liabilities

Fair value, which is determined for disclosure purposes, is calculated based on the present value of future principal and interest cash flows, discounted at the market rate of interest at the reporting date. For finance leases the market rate of interest is determined by reference to similar lease agreements

(g) Derivatives

The fair value of forward electricity and gas contracts is based on their listed market price, if available. If a listed market price is not available, then fair value is estimated by discounting the difference between the contractual forward price and the current forward price for the residual maturity of the contract using a risk-free interest rate (based on government bonds).

The fair value of interest rate swaps is based on broker quotes. Those quotes are tested for reasonableness by discounting estimated future cash flows based on the terms and maturity of each contract and using market interest rates for a similar instrument at the measurement date.

The fair value of other derivatives (exchange rate, commodity, foreign CPI indices) embedded in a contract is estimated by discounting the difference between the forward values and the current values for the residual maturity of the contract using a risk-free interest rate (based on zero coupon).

Fair values reflect the credit risk of the instrument and include adjustments to take account of the credit risk of the Group entity and counterparty when appropriate.

5. OPERATING SEGMENTS

The Group operates in three reportable segments: Heat and Power, Gas and Other. Heat and Power and Gas are the core segments of the Group.

I. Heat and Power

The Heat and Power segment consists of five sub-segments for the purpose of CEE reporting (for detailed analysis of the sub-segments refer to the Notes to Consolidated financial statements of CEE Group for the corresponding period).

The five sub-segments are Mining, Heat and Power, Renewables, Power distribution and Supply and Other.

The Mining sub-segment, represented by Mitteldeutsche Braunkohlengesellschaft GmbH (MIBRAG), produces lignite, 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.

The Heat and Power sub-segment owns and operates four large-scale combined heat and power plants (CHPs) in the Czech Republic operated in highly efficient cogeneration 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 cogeneration power plants is supplied mainly to retail customers through well maintained and robust district heating systems that the EPH Group owns in most of the cases. The sub-segment also includes Saale Energie GmbH purchased in 2012, which owns 41.9% of the Schkopau-power plant representing a beneficial use right over 400MW of the plant's total capacity of 900MW. In December 2013, the EPH Group acquired a 100% share in Helmstedter Revier GmbH which operates a condensation mode power plant in Lippendorf with an installed capacity of 390MW.

The Renewables sub-segment 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 owns one wind farm in Germany at MIBRAG, two solar power plants in Slovakia, and a biogas facility in Slovakia.

The Power Distribution and Supply sub-segment consists of a Power Distribution division and a Supply division. The Supply division primarily supplies power and natural gas to end-consumers in the Czech Republic and Slovakia. The Power Distribution division distributes electricity in the central Slovakia region. This sub-segment is mainly represented by Stredoslovenská energetika, a.s., EP Coal Trading, a.s., EP Cargo a.s. and EP ENERGY TRADING, a.s.

The Other sub-segment mainly represents CE Energy, a.s. and EP Energy, a.s. The sub-segment profit therefore primarily represents dividends received from its subsidiaries, finance expense and results from acquisition accounting.

II. Gas

The Gas segment represents mainly SPP Infrastructure, a.s. and its subsidiaries (SPPI Group) and Czech Gas Holding Investment B.V holding additional 40.45% share in NAFTA a.s. (in addition to 56.15% share in NAFTA a.s. held by SPP Infrastructure, a.s.). This segment operates in transmission of natural gas from the Ukrainian border to the Slovakia (eustream, a.s.), gas storage in underground storage facilities located in the Czech Republic and Slovakia (NAFTA a.s. with its associate POZAGAS a.s. and SPP Storage, s.r.o.) and distribution of natural gas covering whole Slovakia.

III. Other

The Other segment mainly represents Energetický a průmyslový holding, a.s. and EP Investment Advisors, s.r.o. In addition, this segment includes Przedsiebiorstwo Górnicze Silesia Sp. z o.o., a Polish hard coal mining company.

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

Profit or loss

For the year ended 31 December 2014

In thousands of EUR

	Heat and Power	Gas	Other	Total segments	Inter-segment eliminations	Consolidated Financial Information
Sales: Energy	2,266,647	1,234,155	39,764	3,540,566	(7,807)	3,532,759
external revenues	*2,261,899*	*1,231,096*	*39,764*	*3,532,759*	-	*3,532,759*
inter-segment revenues	*4,748*	*3,059*	-	*7,807*	*(7,807)*	-
Sales: Other	117,486	-	7,364	124,850	(5,962)	118,888
external revenues	*117,486*	-	*1,402*	*118,888*	-	*118,888*
inter-segment revenues	-	-	*5,962*	*5,962*	*(5,962)*	-
Gain (loss) from commodity derivatives for trading with electricity and gas, net	13,217	-	-	13,217	-	13,217
Cost of sales: Energy	(1,512,937)	(141,806)	(4)	(1,654,747)	7,186	(1,647,561)
external cost of sales	*(1,509,591)*	*(137,966)*	*(4)*	*(1,647,561)*	-	*(1,647,561)*
inter-segment cost of sales	*(3,346)*	*(3,840)*	-	*(7,186)*	*7,186*	-
Cost of sales: Other	(50,402)	(303)	(24,980)	(75,685)	6,201	(69,484)
external cost of sales	*(44,440)*	*(303)*	*(24,741)*	*(69,484)*	-	*(69,484)*
inter-segment cost of sales	*(5,962)*	-	*(239)*	*(6,201)*	*6,201*	-
Personnel expenses	(259,551)	(109,216)	(28,913)	(397,680)	-	(397,680)
Depreciation and amortisation	(297,883)	(240,015)	(10,524)	(548,422)	-	(548 422)
Repairs and maintenance	(12,652)	(2,213)	(1,226)	(16,091)	-	(16,091)
Emission rights, net	(20,306)	1,362	-	(18,944)	-	(18,944)
Taxes and charges	(13,590)	(4,808)	(1,766)	(20,164)	-	(20,164)
Other operating income	71,237	17,899	18,620	107,756	(822)	106,934
Other operating expenses	(144,869)	(53,064)	(10,663)	(208,596)	1,188	(207,408)
Finance income	53,329	33,212	72,333	158,874	(110,555)	48,319
external finance revenues	*6,423*	*33,212*	*8,684*	*48,319*	-	*48,319*
inter-segment finance revenues	*46,906*	-	*63,649*	*110,555*	*(110,555)*	-
Finance expense	(170,341)	(120,678)	(79,198)	(370,217)	110,571	(259,646)
Profit (loss) from derivative financial instruments	704	(10,685)	(10,901)	(20,882)	-	(20,882)
Share of profit (loss) of equity accounted investees, net of tax	(830)	5,763	(8,311)	(3,378)	-	(3,378)
Gain (loss) on disposal of subsidiaries, special purpose entities, joint ventures and associates	-	19,460	89,221	108,681	-	108,681
Profit (loss) before income tax	**39,259**	**629,063**	**50,816**	**719,138**	**-**	**719,138**
Income tax expenses	(35,936)	(192,576)	3,570	(224,942)	-	(224,942)
Profit (loss) for the year before discontinued operations	**3,323**	**436,487**	**54,386**	**494,196**	**-**	**494,196**

For the year ended 31 December 2013

In thousands of EUR

	Heat and Power	Gas	Other	Total segments	Inter-segment eliminations	Consolidated Financial Information
Sales: Energy	1,779,206	1,260,799	62,255	3,102,260	(4,817)	3,097,443
external revenues	*1,774,697*	*1,260,491*	*62,255*	*3,097,443*	-	*3,097,443*
inter-segment revenues	*4,509*	*308*	-	*4,817*	*(4,817)*	-
Sales: Other	94,735	-	886	95,621	(2,335)	93,286
external revenues	*92,400*	-	*886*	*93,286*	-	*93,286*
inter-segment revenues	*2,335*	-	-	*2,335*	*(2,335)*	-
Gain (loss) from commodity derivatives for trading with electricity and gas, net	(3,222)	-	-	(3,222)	-	(3,222)
Cost of sales: Energy	(1,155,177)	(243,611)	-	(1,398,788)	4,817	(1,393,971)
external cost of sales	*(1,154,869)*	*(239,102)*	-	*(1,393,971)*	-	*(1,393,971)*
inter-segment cost of sales	*(308)*	*(4,509)*	-	*(4,817)*	*4,817*	-
Cost of sales: Other	(25,485)	(501)	(50,539)	(76,525)	2,335	(74,190)
external cost of sales	*(25,485)*	*(501)*	*(48,204)*	*(74,190)*	-	*(74,190)*
inter-segment cost of sales	-	-	*(2,335)*	*(2,335)*	*2,335*	-
Personnel expenses	(184,246)	(119,504)	(39,786)	(343,536)	-	(343,536)
Depreciation and amortisation	(239,662)	(248,518)	(13,283)	(501,463)	-	(501,463)
Repairs and maintenance	(12,184)	(4,582)	(2,484)	(19,250)	-	(19,250)
Emission rights, net	(32,616)	1,508	-	(31,108)	-	(31,108)
Negative goodwill	17,800	238,950	-	256,750	-	256,750
Taxes and charges	(11,648)	(3,619)	(2,212)	(17,479)	-	(17,479)
Other operating income	80,990	21,406	31,084	133,480	(9,625)	123,855
Other operating expenses	(150,105)	(66,875)	(14,829)	(231,809)	1,463	(230,346)
Finance income	88,321	11,589	*328,040	*427,950	*(327,789)	100,161
external finance revenues	*67,416*	*11,589*	*21,156*	*100,161*	-	*100,161*
inter-segment finance revenues	*20,905*	-	**306,884*	**327,789*	**(327,789)*	-
Finance expense	(97,707)	(131,554)	(65,803)	(295,064)	72,534	(222,530)
Profit (loss) from derivative financial instruments	1,057	847	(2,533)	(629)	-	(629)
Share of profit (loss) of equity accounted investees, net of tax	(5,377)	1,989	-	(3,388)	-	(3,388)
Gain (loss) on disposal of subsidiaries, special purpose entities, joint ventures and associates	(668)	-	-	(668)	-	(668)
Profit (loss) before income tax	**144,012**	**718,324**	**230,796**	**1,093,132**	**(263,417)**	**829,715**
Income tax expenses	(21,245)	(200,393)	6,577	(215,061)	-	(215,061)
Profit (loss) for the year before discontinued operations	**122,767**	**517,931**	**237,373**	**878,071**	**(263,417)**	**614,654**

** EUR 263,417 thousand is attributable to intra-group dividends primarily recognised by Energetický a průmyslový holding, a.s.*

For the year ended 31 December 2012

In thousands of EUR

	Heat and Power	Other	Total segments	Inter-segment eliminations	Consolidated Financial Information
Sales: Energy	1,354,612	15,352	1,369,964	-	1,369,964
external revenues	*1,354,612*	*15,352*	*1,369,964*	-	*1,369,964*
inter-segment revenues	-	-	-	-	-
Sales: Other	51,545	358	51,903	-	51,903
external revenues	*51,545*	*358*	*51,903*	-	*51,903*
inter-segment revenues	-	-	-	-	-
Gain (loss) from commodity derivatives for trading with electricity and gas, net	(10,142)	-	(10,142)	-	(10,142)
Cost of sales: Energy	(941,853)	(159)	(942,012)	-	(942,012)
external cost of sales	*(941,853)*	*(159)*	*(942,012)*	-	*(942,012)*
inter-segment cost of sales	-	-	-	-	-
Cost of sales: Other	(12,369)	(14,915)	(27,284)	-	(27,284)
external cost of sales	*(12,369)*	*(14,915)*	*(27,284)*	-	*(27,284)*
inter-segment cost of sales	-	-	-	-	-
Personnel expenses	(109,016)	(40,926)	(149,942)	-	(149,942)
Depreciation and amortisation	(167,482)	(13,045)	(180,527)	-	(180,527)
Repairs and maintenance	(14,239)	(1,511)	(15,750)	(15,750)	-
Emission rights, net	10,500	-	10,500	-	10,500
Negative goodwill	117,691	-	117,691	-	117,691
Taxes and charges	(12,011)	(1,909)	(13,920)	-	(13,920)
Other operating income	25,972	33,528	59,500	(3,222)	56,278
Other operating expenses	(12,131)	(11,176)	(23,307)	3,222	(20,085)
Finance income	21,119	42,318	63,437	(38,659)	24,778
external finance revenues	*6,522*	*18,256*	*24,778*	-	*24,778*
inter-segment finance revenues	*14,597*	*24,062*	*38,659*	*(38,659)*	-
Finance expense	(75,369)	(53,295)	(128,664)	38,659	(90,005)
Profit (loss) from derivative financial instruments	5,688	(80)	5,608	-	5,608
Share of profit (loss) of equity accounted investees, net of tax	138,289	-	138,289	-	138,289
Gain (loss) on disposal of subsidiaries, special purpose entities, joint ventures and associates	73,869	310	74,179	-	74,179
Profit (loss) before income tax	**444,673**	**(45,150)**	**399,523**	**-**	**399,523**
Income tax expenses	(31,818)	4,852	(26,966)	-	(26,966)
Profit (loss) for the year	**412,855**	**(40,298)**	**372,557**	**-**	**372,557**

Non-current assets and liabilities

For the year ended 31 December 2014

In thousands of EUR

	Heat and Power	Gas	Other	Total segments	Inter-segment eliminations	Consolidated Financial Information
Reportable segment assets	4,204,903	6,601,811	771,225	11,577,939	(1,321,219)	10,256,720
Reportable segment liabilities	(3,561,229)	(4,454,667)	(1,021,867)	(9,037,763)	1,321,219	(7,716,544)
Additions to tangible and intangible assets	161,729	94,174	12,367	268,270	-	268,270
Equity accounted investees	127,376	41,217	37,438	206,031	-	206,031

For the year ended 31 December 2013

In thousands of EUR

	Heat and Power	Gas	Other	Total segments	Inter-segment eliminations	Consolidated Financial Information
Reportable segment assets	4,501,732	8,033,734	1,280,865	13,816,331	(1,381,003)	12,435,328
Reportable segment liabilities	(3,048,715)	(5,238,102)	(1,268,149)	(9,554,966)	1,381,003	(8,173,963)
Additions to tangible and intangible assets	139,506	125,100	54,016	318,622	-	318,622
Equity accounted investees	260,784	35,515	-	296,299	-	296,299

For the year ended 31 December 2012

In thousands of EUR

	Heat and Power	Other	Total segments	Inter-segment eliminations	Consolidated Financial Information
Reportable segment assets	3,328,959	897,772	4,226,731	(996,659)	3,230,072
Reportable segment liabilities	(1,890,653)	(995,982)	(2,886,635)	996,659	(1,889,976)
Additions to tangible and intangible assets	67,399	126,207	193,606	-	193,606
Equity accounted investees	160,819	-	160,819	-	160,819

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.

For the year ended 31 December 2014

In thousands of EUR

	Czech Republic	Slovakia	Germany	Other	Total segments	Consolidated Financial Information
Property, plant and equipment	674,527	6,320,075	710,129	1,091	7,705,822	7,705,822
Intangible assets	137,921	140,170	90,094	48	368,233	368,233
Investment property	-	-	-	-	-	-
Total	**812,448**	**6,460,245**	**800,223**	**1,139**	**8,074,055**	**8,074,055**

In thousands of EUR

	Czech Republic	Slovakia	Germany	Other	Total segments	Consolidated Financial Information
Sales: Electricity	324,139	913,033	221,199	33,308	1,491,679	1,491,679
Sales: Gas	306,853	1,100,927	4,195	23,052	1,435,027	1,435,027
Sales: Coal	25,351	574	269,632	39,167	334,724	334,724
Sales: Heat	268,966	-	2,363	-	271,329	271,329
Sales: Other	29,196	5,948	63,653	20,091	118,888	118,888
Gain (loss) from commodity derivatives for trading with electricity and gas, net	13,217	-	-	-	13,217	13,217
Total	**967,722**	**2,020,482**	**561,042**	**115,618**	**3,664,864**	**3,664,864**

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

For the year ended 31 December 2013

In thousands of EUR

	Czech Republic	Slovakia	Germany	Other	Total segments	Consolidated Financial Information
Property, plant and equipment	725,281	6,536,591	775,641	173,790	8,211,303	8,211,303
Intangible assets	151,430	167,329	100,602	3,137	422,498	422,498
Investment property	324	-	-	-	324	324
Total	**877,035**	**6,703,920**	**876,243**	**176,927**	**8,634,125**	**8,634,125**

In thousands of EUR

	Czech Republic	Slovakia	Germany	Other	Total segments	Consolidated Financial Information
Sales: Electricity	435,552	377,109	165,008	5,545	983,214	983,214
Sales: Gas	366,518	1,074,190	4,389	8,125	1,453,222	1,453,222
Sales: Coal	3,504	385	270,423	65,566	339,878	339,878
Sales: Heat	315,123	-	6,006	-	321,129	321,129
Sales: Other	32,533	770	59,983	-	93,286	93,286
Gain (loss) from commodity derivativesfor trading with electricity and gas, net	(3,222)	-	-	-	(3,222)	(3,222)
Total	**1,150,008**	**1,452,454**	**505,809**	**79,236**	**3,187,507**	**3,187,507**

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

For the year ended 31 December 2012

In thousands of EUR

	Czech Republic	Slovakia	Germany	Other	Total segments	Consolidated Financial Information
Property, plant and equipment	861,894	20,207	778,600	135,202	1,795,903	1,795,903
Intangible assets	198,806	1,273	87,709	3,342	291,130	291,130
Investment property	358	-	-	-	358	358
Total	**1,061,058**	**21,480**	**866,309**	**138,544**	**2,087,391**	**2,087,391**

In thousands of EUR

	Czech Republic	Slovakia	Germany	Other	Total segments	Consolidated Financial Information
Sales: Electricity	351,032	362,168	95,892	45,062	854,154	854,154
Sales: Gas	146,363	1,233	-	199	147,795	147,795
Sales: Coal	12,886	80	163,385	16,705	193,056	193,056
Sales: Heat	171,579	-	3,380	-	174,959	174,959
Sales: Other	15,790	477	34,880	756	51,903	51,903
Gain (loss) from commodity derivatives for trading with electricity and gas, net	(10,142)	-	-	-	(10,142)	(10,142)
Total	**687,508**	**363,958**	**297,537**	**62,722**	**1,411,725**	**1,411,725**

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

6. ACQUISITIONS AND CONTRIBUTIONS OF SUBSIDIARIES, SPECIAL PURPOSE ENTITIES, JOINT-VENTURES AND ASSOCIATES

(a) Acquisitions and step-acquisitions

I. 31 December 2014

In thousands of EUR

	Date of acquisition	Purchase price	Cash paid	Other consideration	Equity interest acquired %	Equity interest after acquisition %
New subsidiaries						
WOOGEL LIMITED	18/03/2014	-	-	-	25	25
EP Cargo a.s.	31/07/2014	5,803	(5,803)	-	60	60
Total		**5,803**	**(5,803)**	**-**	**-**	**-**

On 18 March 2014 EPH Group acquired 25% share (associated with management control) in WOOGEL LIMITED. WOOGEL LIMITED acquired DCR INVESTMENT a.s. (former EPH Financing I, a.s.) from EPH. As a result of this transaction financial interest in DCR INVESTMENT a.s. (former EPH Financing I, a.s.) decreased to 25%.

On 31 July 2014 the Group acquired 60% share in EP Cargo a.s. for EUR 5,803 thousand. The purchase price liability has not yet been settled as at 31 December 2014.

On 11 December 2014 EP Energy, a.s. purchased EP Cargo Deutschland GmbH and on 30 September 2014 the Group acquired 60% share in PGP Terminal, a.s. Both these investments are held at cost as they are immaterial.

Partial disposals – loss of control

In thousands of EUR

	Date of disposal/ acquisition	Purchase price	Cash paid	Other consideration[1]	Equity interest before the sale %	Equity interest after the sale %
New associate						
Przedsiebiorstwo Górnicze Silesia Sp. z o.o.	25/08/2014	-	-	29,826	99.91	38.91
Total		**-**	**-**	**29,826**	**-**	**-**

(1) Fair value of interest acquired as at the date of acquisition.

On 25 August 2014 the Group sold its 61% share in Przedsiebiorstwo Górnicze Silesia Sp. z o.o. As the Group lost control over this entity, the transaction was recorded as disposal of subsidiary in the first step and as an acquisition of 38.91% share in associate in the second step.

Acquisition of non-controlling interest

On 3 July 2014 Severočeská teplárenská, a.s., a subsidiary of United Energy, a.s., acquired a 8.68% share in PRVNÍ MOSTECKÁ a.s., which resulted in change of ownership interest from 91.32% to 100% share. The 2.37% share was acquired from third parties, remaining 6.31% share acquisition was classified as transfer within the Group.

II. 31 December 2013

In thousands of EUR

	Date of acquisition	Purchase price	Cash paid	Other consideration	Equity interest acquired %	Equity interest after acquisition %
New subsidiaries						
PRVNÍ MOSTECKÁ a.s. and its subsidiary	14/01/2013	2,341	(2,341)	[1]6,026	[2]82.35	82.35
Slovenský plynárenský priemysel, a.s. and its subsidiaries and associates	23/01/2013	735,310	(735,310)	-	49	49
Stredoslovenská energetika, a.s. and its subsidiaries	27/11/2013	[3]339,052	[3](359,052)	(20,000)	49	49
Helmstedter Revier GmbH and its subsidiaries	20/12/2013	[4](2,083)	8,142	6,059	100	100
Total		**1,074,620**	**(1,088,561)**	**(7,915)**	**-**	**-**

(1) *Fair value of interest already held as at the date of step acquisition.*
(2) *Percentages presented in the table are equity interests after step acquisition.*
(3) *The purchase price equals the cash paid to the seller (EUR 359,052 thousand) reduced by a contingent consideration receivable of EUR 20,000 thousand which represents a probable earn-out to be received from the seller in 2014.*
(4) *For more details for the negative purchase price see below.*

On 23 January 2013 EPH Group acquired a 49% share (associated with management control) in Slovenský plynárenský priemysel, a.s. and its subsidiaries and associates. The acquisition took place through the purchase of Seattle Holding B.V. which owns 100% of Slovak Gas Holding B.V., which holds 49% share of Slovenský plynárenský priemysel, a.s. (associated with management control). In relation with the completion of the transaction Slovak Gas Holding B.V. and EPH agreed with the National Property Fund of the Slovak Republic (the 51% shareholder of Slovenský plynárenský priemysel, a.s.) and the Ministry of Economy of the Slovak Republic on a new Shareholders'Agreement ("SHA") which grants the acquirer specific rights and obligations and governs the relationship of the acquirer with the other 51% shareholder. As a result of the concluded SHA and based on the other relevant facts and circumstances, the acquirer concluded that it controls Slovenský plynárenský priemysel, a.s. because it has the power to govern the financial and operating activities of the acquiree so as to obtain benefits from its activities and thus the Slovenský plynárenský priemysel, a.s. subgroup shall be consolidated in the EPH Group financial statements for the period ended 31 December 2013.

Net identifiable assets and liabilities presented in Appendix 1 – Business combinations under Slovenský plynárenský priemysel, a.s. are attributable to Slovenský plynárenský priemysel, a.s., Slovak Gas Holding B.V. and Seattle Holding B.V.

On 27 November 2013 EPH Group acquired a 49% share (associated with management control) in Stredoslovenská energetika, a.s. and its subsidiaries. In relation with the completion of the transaction the acquirer EPH Financing II, a.s.[1] and EPH agreed with the National Property Fund of the Slovak Republic (the 51% shareholder of Stredoslovenská energetika, a.s.) and the Ministry of Economy of the Slovak Republic on a new Shareholders'Agreement ("SHA") which grants the acquirer specific rights and obligations and governs the relationship of the acquirer with the other 51% shareholder. As a result of the concluded SHA and based on the other relevant facts and circumstances, the acquirer concluded that it controls Stredoslovenská energetika, a.s. because it has the power to govern the financial and operating activities of the acquiree so as to obtain benefits from its activities and thus the Stredoslovenská energetika, a.s. subgroup shall be consolidated in the EPH Group financial statements for the period ended 31 December 2013.

(1) EPH Financing II, a.s. merged with EP Energy, a.s. as at 25 August 2014. EP Energy, a.s. is the successor company.

On 20 December 2013 the EPH Group acquired a 100% share in Helmstedter Revier GmbH and its subsidiaries with the transfer of shares on 31 December 2013. The EPH Group received a consideration from the seller for the transfer of shares, i.e. EPH Group reported a negative purchase price of EUR 2,083 thousand. Negative purchase price reflects the fact that the EPH Group took over, together with the acquisition of assets, all liabilities relating to the mine recultivation and employees' related matters such as employee benefits obligations. The EPH Group believes that the acquisition of Helmstedter Revier GmbH fits into the EPH Group broad strategy of vertical integration, among other things, by enabling utilization of the spare mining capacity in MIBRAG mines.

Step acquisition

On 14 January 2013 Severočeská teplárenská, a.s, a subsidiary of United Energy, a.s., acquired a 35.29% share in PRVNÍ MOSTECKÁ a.s. for EUR 2,341 thousand. The total share in PRVNÍ MOSTECKÁ a.s. thus increased to 82.35% and EPH Group obtained control of this entity.

Acquisition of non-controlling interest

On 29 July 2013 Pražská teplárenská a.s. acquired a 10% share in Energotrans SERVIS a.s., which resulted in the change in ownership interest from a 85% to a 95% share.

On 27 September 2013 the Group acquired an additional 0.06% share in Przedsiebiorstwo Górnicze Silesia Sp. z o.o. This transaction resulted in the change in ownership interest from a 99.85% to a 99.91% share.

On 19 December 2013 Severočeská teplárenská, a.s, acquired a 15.28% share in PRVNÍ MOSTECKÁ a.s. This transaction resulted in the change in ownership interest from 82.35% to 97.63% share.

On 30 December 2013 Czech Gas Holding Investment B.V. acquired a 40.45% share in NAFTA a.s. This transaction resulted in a change in effective ownership interest from 27.51% to 67.96%.

III. 31 December 2012

In thousands of EUR

	Date of acquisition	Purchase price	Cash paid	Other consideration	Equity interest acquired %	Equity interest after acquisition %
New subsidiaries						
JTSD Braunkohlebergbau GmbH and its subsidiaries and associates	29/06/2012	26,755	(26,755)	125,819	[2]100.00	100.00
Pražská teplárenská a.s. and its subsidiaries	29/06/2012	-	-	740,134	[2]73.26	73.26
Przedsiebiorstwo Górnicze Silesia Sp. z o.o.	11/07/2012	43,661	(43,661)	-	0.07	99.85
Saale Energie GmbH and its associates	17/07/2012	91,080	(91,080)	-	100.00	100.00
EP Investment Advisors, s.r.o.	01/10/2012	2,592	(2,592)	-	100.00	100.00
Total		**164,088**	**(164,088)**	**865,953**	**-**	**-**

(1) *Fair value of interest already held as at the date of step acquisition.*
(2) *Percentages presented in the table are equity interests after step acquisitions.*

In thousands of EUR

		Date of acquisition	Purchase price	Cash paid	Equity interest acquired %	Equity interest after acquisition %
New associates						
COOP ENERGY, a.s.		15/06/2012	39	(39)	40	40
Total			**39**	**(39)**	**-**	**-**

Acquisitions

On 17 July 2012 the Group acquired a 41.9% share in the German power plant Kraftwerk Schkopau GbR and a 44.4% share in Kraftwerk Schkopau Betriebsgesellschaft GmbH through the acquisition of a 100% share in Saale Energie GmbH (SEG) by EP Germany GmbH from NRG Energy, Inc. for a consideration of EUR 141,366 thousand. The purchase price was reduced by an acquired loan of EUR 50,286 thousand and the remaining part was paid at the date of acquisition. EP Germany GmbH was acquired by EP Energy, a.s. in 2011 but was not consolidated until 31 December 2012 as it was acquired only as a shell company.

On 1 October 2012 the Group acquired a 100% share in EP Investment Advisors, s.r.o. for EUR 2,592 thousand from EP Industries, a.s. As a result of this transaction the Group recognised goodwill of EUR 2,911 thousand.

Step acquisitions

On 29 June 2012 LIGNITE INVESTMENTS 1 LIMITED acquired the remaining 50% share in JTSD Braunkohlebergbau GmbH for EUR 26,755 thousand. The total share in JTSD Braunkohlebergbau GmbH, thus increased to 100% and EPH Group obtained control of this entity.

On 29 June 2012 Pražská teplárenská Holding a.s. and PT Holding Investment B.V. signed a new shareholders' agreement. As a result of this contract, EPH Group obtained control of Pražská teplárenská a.s. which resulted in full consolidation from 29 June 2012 (with respective non-controlling interest) as opposed to equity consolidation until 28 June 2012. The total share in Pražská teplárenská a.s. remained unchanged (73.26%).

On 11 July 2012 the Group acquired an additional 0.07% share in Przedsiebiorstwo Górnicze Silesia Sp. z o.o. for EUR 43,661 thousand and increased its total share in the subsidiary to 99.85% share.

(b) Effect of acquisitions and step acquisitions

I. 31 December 2014

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

In thousands of EUR

	Carrying amount(1)	Fair value adjustment(1)	2014 Total(1)
Property, plant, equipment, land, buildings	129	-	129
Trade receivables and other assets	3,687	-	3,687
Financial instruments – assets	300	-	300
Cash and cash equivalents	3,477	-	3,477
Trade payables and other liabilities	(5,698)	-	(5,698)
Net identifiable assets and liabilities	**1,895**	**-**	**1,895**
Non-controlling interest			(758)
Goodwill on acquisitions of a subsidiary			4,666
Pricing differences in equity			-
Cost of acquisition			**5,803**
Consideration paid, satisfied in cash (A)			-
Purchase price liability, not yet settled			5,803
New shares issued			-
Total consideration transferred			**5,803**
Less: Cash acquired (B)			3,477
Net cash inflow (outflow) (C) = (B – A)			**3,477**

(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 2014.

The table above does not include the effect from the acquisition of 25% share in WOOGEL LIMITED and the acquisition of a non-controlling interest in PRVNÍ MOSTECKÁ a.s. as the effects are immaterial.

In 2014, the EPH Group completed the Purchase Price Allocation ("PPA") process for SSE which did not result in any change of fair value of acquired net assets, however classification of certain fixed assets was updated. For details on the restated opening balances of fixed assets please refer to the Note 16 – Property, plant and equipment.

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

II. 31 December 2013

The fair value of the consideration transferred and the amounts recognised for assets acquired and liabilities assumed as at the acquisition date of PRVNÍ MOSTECKÁ a.s. including its subsidiary, Helmstedter Revier GmbH, including its subsidiaries, Stredoslovenská energetika, a.s. including its subsidiaries and associates and Slovenský plynárenský priemysel, a.s. including its subsidiaries, associates and joint-ventures are provided in the following table.

In thousands of EUR

	Carrying amount(1)	Fair value adjustment(1)	2013 Total(1)
Property, plant, equipment, land, buildings	7,081,407	(206,135)	6,875,272
Intangible assets	140,331	139,677	280,008
Participations with significant influence	93,257	(54,300)	38,957
Deferred tax assets	1,729	4,124	5,853
Inventories	460,034	(38,100)	421,934
Trade receivables and other assets	597,312	(23,000)	574,312
Financial instruments – assets	250,890	-	250,890
Assets held for sale, net	222	-	222
Cash and cash equivalents	395,994	-	395,994
Provisions	(367,475)	(14,245)	(381,720)
Deferred tax liabilities	(1,062,096)	7,181	(1,054,915)
Loans and borrowings	(2,269,106)	-	(2,269,106)
Financial instruments – liabilities	(39,569)	-	(39,569)
Trade payables and other liabilities	(648,134)	-	(648,134)
Net identifiable assets and liabilities	**4,634,796**	**(184,798)**	**4,449,998**
Non-controlling interest			(3,117,655)
Goodwill on acquisition of subsidiaries			5,053
Negative goodwill on acquisition and step acquisition of subsidiaries			(256,750)
Pricing differences in equity			-
Cost of acquisition			**1,080,646**
Consideration paid, satisfied in cash (A)			1,088,561
Consideration, contingent			(20,000)
Consideration, other			12,085
Total consideration transferred			**1,080,646**
Less: Cash acquired (B)			395,994
Net cash inflow (outflow) (C) = (B – A)			**(692,567)**

(1) Represents values at 100% share.

The table above does not include the effect from the acquisition of a non-controlling interest in PRVNÍ MOSTECKÁ a.s., Energotrans SERVIS a.s. and NAFTA a.s.

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

III. 31 December 2012

The fair value of the consideration transferred and the amounts recognised for assets acquired and liabilities assumed as at the step acquisition date of JTSD Braunkohlebergbau GmbH and Pražská teplárenská a.s. and acquisition date of Saale Energie GmbH and EP Investments Advisors, s.r.o. are provided in the following table.

In thousands of EUR

	Carrying amount[1]	Fair value adjustment[1]	2012 Total[1]
Property, plant, equipment, land, buildings	1,001,025	232,020	1,233,045
Intangible assets	20,086	91,645	111,731
Participations with significant influence	102,707	31,969	134,676
Inventories	17,120	-	17,120
Trade receivables and other assets	154,694	-	154,694
Financial instruments – assets	486,733	-	486,733
Assets held for sale, net	6,396	2,496	8,892
Cash and cash equivalents	419,486	-	419,486
Provisions	(245,983)	(57,995)	(303,978)
Deferred tax liabilities	(54,916)	(68,175)	(123,091)
Loans and borrowings	(319,813)	-	(319,813)
Financial instruments – liabilities	(4,149)	-	(4,149)
Trade payables and other liabilities	(413,952)	(20,788)	(434,740)
Net identifiable assets and liabilities	**1,169,434**	**211,172**	**1,380,606**
Non-controlling interest			(279,446)
Goodwill on acquisition of subsidiaries			2,911
Negative goodwill on acquisition and step acquisition of subsidiaries			(117,691)
Pricing differences in equity			-
Cost of acquisition			**986,380**
Consideration paid, satisfied in cash (A)			120,427
Consideration, other			865,953
Total consideration transferred			**986,380**
Less: Cash acquired (B)			419,486
Net cash inflow (outflow) (C) = (B – A)			**299,059**

(1) Represents values at 100% share.

The intangible assets recognised during the Purchase Price Allocation process are represented by two customer contracts of Saale Energie GmbH. The first contract is a long-term energy supply agreement in which the electricity price is calculated on a cost-plus basis and is on better than market terms. The second one stipulates a right to use a power-plant of Kraftwerk Schkopau GbR (an associate of Saale Energie GmbH) under better than market terms.

Consideration paid represents cost paid by the direct parent company LIGNITE INVESTMENTS 1 LIMITED for the acquisition of the remaining 50% share in JTSD Braunkohlebergbau GmbH, costs paid by EP Germany GmbH for Saale Energie GmbH and consideration paid by EPH for EP Investments Advisors, s.r.o. No consideration was paid to obtain control of Pražská teplárenská a.s.

In 2012, EPH Group also acquired a 40% share in COOP ENERGY, a.s., for which it paid EUR 39 thousand, and additional 0.07% share in Przedsiebiorstwo Górnicze Silesia Sp. z o.o. for EUR 43,661 thousand. This is not included in the effect of the acquisition presented above.

ACQUISITIONS AND CONTRIBUTIONS OF SUBSIDIARIES, SPECIAL PURPOSE ENTITIES, JOINT-VENTURES AND ASSOCIATES

IV. 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 Heat and Power segment with the Mining segment, i.e. securing coal supplies for own coal heating 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.

The Group's view is that there is long-term strategic value in these investments due to the development of the market and this resulted in historical goodwill in the total amount of EUR 98,938 thousand. For the development of historical goodwill, please refer to Note 17 – Intangible assets (including goodwill).

In 2014 no negative goodwill arose upon the acquisitions (2013: EUR 256,750 thousand from the step acquisition of PRVNÍ MOSTECKÁ a.s. and acquisitions of Slovenský plynárenský priemysel, a.s. and Stredoslovenská energetika, a.s.; 2012: EUR 117,691 thousand from the acquisition of JTSD Braunkohlebergbau GmbH and acquisition of Saale Energie GmbH). The Group reconsidered the identification and measurement of all identified assets and liabilities acquired in these business combinations; consistent results were obtained in respect of negative goodwill.

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

In thousands of EUR	**2014 Total**
Revenue of the acquirees recognised since the acquisition date (subsidiaries)	9,689
Profit (loss) of the acquirees recognised since the acquisition date (subsidiaries)	894

In thousands of EUR	**2013 Total**
Revenue of the acquirees recognised since the acquisition date (subsidiaries)	3,654,905
Profit (loss) of the acquirees recognised since the acquisition date (subsidiaries)	480,340

In thousands of EUR	**2012 Total**
Revenue of the acquirees recognised since the acquisition date (subsidiaries)	611,742
Profit (loss) of the acquirees recognised since the acquisition date (subsidiaries)	106,270

The following table provides information on 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 2014 or as at 1 January 2013 or as at 1 January 2012); this financial information was derived from the statutory or IFRS financial statements of the acquired entities.

In thousands of EUR	**2014 Total**
Revenue of the acquirees recognised in the year ended 31 December 2013 (subsidiaries)*	29,340
Profit (loss) of the acquires recognised in the year ended 31 December 2013 (subsidiaries)*	3,084

In thousands of EUR	**2013 Total**
Revenue of the acquirees recognised in the year ended 31 December 2013 (subsidiaries)*	2,752,996
Profit (loss) of the acquires recognised in the year ended 31 December 2013 (subsidiaries)*	405,987

In thousands of EUR	**2012 Total**
Revenue of the acquirees recognised in the year ended 31 December 2012 (subsidiaries)*	999,484
Profit (loss) of the acquires recognised in the year ended 31 December 2012 (subsidiaries)*	235,175

** Before intercompany eliminations*

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

(c) Business combinations – acquisition accounting 2014, 2013 and 2012

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 consolidated 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.

The fair value adjustments resulting from the purchase price allocation for EP Cargo a.s. were not significant and therefore management of the Group decided not to recognise any fair value adjustment resulting from this business combinations in 2014.

Fair value adjustments resulting from business combinations in 2013 are presented in the following table:

In thousands of EUR

	Intangible assets	Property, plant and equipment (including mine property)	Other	Deferred tax asset/ (liability)	Total net effect on financial position
Subsidiary					
Slovenský plynárenský priemysel, a.s. and its subsidiaries and associates	132,500	(637,300)	(115,400)	108,000	**(512,200)**
Stredoslovenská energetika, a.s. and its subsidiaries	7,177	431,165	-	(100,819)	**337,523**
Helmstedter Revier GmbH and its subsidiaries	-	-	(14,245)	4,124	**(10,121)**
Total	**139,677**	**(206,135)**	**(129,645)**	**11,305**	**(184,798)**

The fair value adjustments resulting from the purchase price allocation of PRVNÍ MOSTECKÁ a.s. were not significant and therefore management of the Group decided not to recognise any fair value adjustment resulting from this business combination in 2013.

Fair value adjustments resulting from business combinations in 2012 are presented in the following table:

In thousands of EUR

	Intangible assets	Property, plant and equipment (including mine property)	Other	Deferred tax asset/ (liability)	Total net effect on financial position
JTSD Braunkohlebergbau GmbH	(975)	182,098	(73,635)	(27,301)	**80,187**
Pražská teplárenská a.s.	3,315	49,922	3,666	(10,803)	**46,100**
Saale Energie GmbH	89,305	-	25,651	(30,071)	**84,885**
Total	**91,645**	**232,020**	**(44,318)**	**(68,175)**	**211,172**

ACQUISITIONS AND CONTRIBUTIONS OF SUBSIDIARIES, SPECIAL PURPOSE ENTITIES, JOINT-VENTURES AND ASSOCIATES

(d) Disposal of investments in 2014, 2013 and 2012

I. 31 December 2014

On 4 June 2014 the Group accounted for disposal of its 49% investment in Slovenský plynárenský priemysel, a.s. The effects of disposal are provided in the following table:

In thousands of EUR

	Net assets sold in 2014
Assets/disposal groups held for sale	1,187,460
Liabilities from assets/disposal groups held for sale	1,183,088
Net identifiable assets and liabilities[1]	**4,372**
Non-controlling interest	(2,230)
Total	**2,142**
Sales price	21,602
Gain (loss) on disposal	**19,460**

(1) Represents values at 100% share.

On 25 August 2014 the Group accounted for a disposal of its 61% investment in Przedsiebiorstwo Górnicze Silesia Sp. z o.o. The effects of the disposals are provided in the following table:

In thousands of EUR

	Net assets disposed in 2014
Property, plant, equipment, land, buildings	173,099
Intangible assets	3,152
Deferred tax assets	20,141
Inventories	15,185
Trade receivables and other assets	37,718
Cash and cash equivalents	2,409
Provisions	(16,471)
Loans and borrowings	(170,266)
Trade payables and other liabilities	(20,018)
Total	**44,949**
Non-controlling interest	1
Net identifiable assets and liabilities disposed at carrying value	**44,950**
Associates recognised after the sale[1]	29,826
Sales price[2]	104,345
Gain (loss) on disposal	**89,221**

(1) *As a result of the transaction the Company recognised 38.91% share in Przedsiebiorstwo Górnicze Silesia Sp. z o.o. in a fair value of EUR 29,826 thousand.*
(2) *Sales price includes sales price received in cash and a loan provided to Przedsieborstwo Górnicze Silesia Sp. z o.o. firstly recognized after disposal*

II. 31 December 2013

On 14 January 2013 the Group accounted for a disposal of its 47.06% investment in PRVNÍ MOSTECKÁ a.s. as a part of the step acquisition process. The effects of the disposal are provided in the following table:

In thousands of EUR

	Net assets disposed in 2013
Participation with significant influence	6,026
Net identifiable assets and liabilities disposed at carrying value	**6,026**
Fair value of disposed net identifiable assets and liabilities	6,026
Gain (loss) on disposal	**-**

On 28 June 2013 the Group accounted for disposal of its 85% investment in Areál Třeboradice, a.s. The effects of disposal are provided in the following table:

In thousands of EUR

	Net assets sold in 2013
Assets/disposal groups held for sale[1]	8,819
Liabilities from assets/disposal groups held for sale[1]	(1,099)
Net identifiable assets and liabilities[1]	**7,720**
Sales price	7,052
Gain (loss) on disposal[1]	**(668)**

(1) Represents values at 85% share.

As of 28 June 2013 the Group lost its control of this entity and remaining 15% share in Areál Třeboradice, a.s. is therefore reported as equity instrument under Financial instruments and other financial assets.

III. 31 December 2012

In 2012 the Group disposed of its investment in Energotrans, a.s. (a former subsidiary of Pražská teplárenská a.s., classified as Assets/disposal groups held for sale as at 31 December 2011). The effects of the disposals are provided in the following table:

In thousands of EUR

	Net assets sold in 2012
Participations with significant influence[1]	411,817
Net identifiable assets and liabilities[1]	**411,817**
Sales price[1]	512,166
Gain (loss) on disposal[1]	**[2]100,349**

(1) *Represents values at a 73.26% share.*
(2) *The gain is included in Share of profit (loss) of equity accounted investees, net of tax.*

ACQUISITIONS AND CONTRIBUTIONS OF SUBSIDIARIES, SPECIAL PURPOSE ENTITIES, JOINT-VENTURES AND ASSOCIATES

On 29 June 2012 the Group accounted for a disposal of its 50% investment in JTSD Braunkohlebergbau GmbH and its 73.26% investment in Pražská teplárenská a.s. as part of the step acquisition process. The effects of the disposals are provided in the following table:

In thousands of EUR

	Net assets disposed in 2012
Participations with significant influence	792,084
Net identifiable assets and liabilities disposed at carrying value	**792,084**
Fair value of disposed net identifiable assets and liabilities	865,953
Gain (loss) on disposal	**73,869**

Net identifiable assets and liabilities disposed at carrying value are attributable to JTSD Braunkohlebergbau GmbH in the amount of EUR 85,726 thousand, and to Pražská teplárenská a.s. in the amount of EUR 706,358 thousand. The fair values of disposed net identifiable assets and liabilities attributable to JTSD Braunkohlebergbau GmbH and Pražská teplárenská a.s. are EUR 125,819 thousand and EUR 740,134 thousand, respectively.

On 25 June 2012 the Group disposed of its investment in Tahoba Investment, Ltd. The effects of the disposal are provided in the following tables:

In thousands of EUR

	Net assets sold in 2012
Trade receivables and other assets	39
Trade payables and other liabilities	(349)
Net identifiable assets and liabilities	**(310)**
Sales price	-
Gain (loss) on disposal	**310**
Consideration received, satisfied in cash	**-**
Less: Cash disposed	-
Net cash inflow (outflow)	**310**

7. SALES

In thousands of EUR

	2014	2013 Restated	2012 Restated
Sales: Energy			
of which: Electricity	1,491,679	983,214	854,154
Gas	1,435,027	1,453,222	147,795
Coal	334,724	339,878	193,056
Heat	271,329	321,129	174,959
Total Energy	**3,532,759**	**3,097,443**	**1,369,964**
Sales: Other	**118,888**	**93,286**	**51,903**
Gain (loss) from commodity derivatives for trading with electricity and gas, net	**13,217**	**(3,222)**	**(10,142)**
Total for continuing operations	**3,664,864**	**3,187,507**	**1,411,725**
Domestic revenues	964,287	1,148,160	687,547
Foreign sales	2,700,577	2,039,347	724,178
Total for continuing operations	**3,664,864**	**3,187,507**	**1,411,725**

Revenues are recognised based on accounting policies described in the Note 3 (m) – Revenue.

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.

8. COST OF SALES

In thousands of EUR

	2014	2013 Restated	2012 Restated
Cost of Sales: Energy			
Cost of sold electricity	948,747	608,570	555,542
Cost of sold gas and other energy products	334,093	370,255	149,664
Consumption of coal and other material	229,207	216,640	170,584
Consumption of energy	107,688	170,401	42,755
Changes in WIP, semi-finished products and finished goods	83	(270)	1,074
Other cost of sales	27,743	28,375	22,393
Total Energy	**1,647,561**	**1,393,971**	**942,012**
Cost of Sales: Other			
Other cost of goods sold	25,888	14,168	5,449
Consumption of material	22,990	24,910	23,386
Consumption of energy	9,900	7,700	4,892
Other cost of sales	15,245	18,018	10,381
Changes in WIP, semi-finished products and finished goods	(4,539)	9,394	(16,824)
Total Other	**69,484**	**74,190**	**27,284**
Total for continuing operations	**1,717,045**	**1,468,161**	**969,296**

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.).

9. PERSONNEL EXPENSES

In thousands of EUR

	2014	2013 Restated	2012 Restated
Wages and salaries	279,106	241,787	102,828
Compulsory social security contributions	91,331	71,495	28,954
Board members' remuneration (including boards of subsidiaries)	14,544	10,626	12,131
Expenses and revenues related to employee benefits (IAS 19)	1,655	2,457	2,291
Creation and reversal of provisions for personnel costs	-	-	(199)
Other social expenses	11,044	17,171	3,937
Total for continuing operations	**397,680**	**343,536**	**149,942**

The average number of employees during 2014 was 10,860 (2013: 11,947; 2012: 4,166), of which 344 were executives (2013: 358; 2012: 95).

10. EMISSION RIGHTS

In thousands of EUR

	2014	2013 Restated	2012 Restated
Deferred income (grant) released to profit and loss	17,723	16,170	44,824
Profit from sale of emission rights	1,470	732	13,602
Creation of provision for emission rights	*(38,137)*	*(48,010)*	*(47,926)*
Use of provision for emission rights	*42,541*	*49,935*	*94,460*
Consumption of emission rights	(42,541)	(49,935)	(94,460)
Total for continuing operations	**(18,944)**	**(31,108)**	**10,500**

The Ministries of the Environment of the Czech Republic, Slovakia and Germany 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. and eustream, a.s.

11. TAXES AND CHARGES

In thousands of EUR

	2014	2013 Restated	2012 Restated
Electricity tax	*8,584*	*7,854*	*4,017*
Property tax and real estate transfer tax	*2,106*	*808*	*3,898*
Gift tax on emission rights	-	-	*7,398*
Other taxes and charges expenses (revenues)	*9,474*	*8,817*	*(1,393)*
Total for continuing operations	**20,164**	**17,479**	**13,920**

A gift tax (32 %) on emission rights was applicable in the Czech Republic for 2011 and 2012. From 2013, this tax no longer applies.

12. OTHER OPERATING INCOME

In thousands of EUR

	2014	2013 Restated	2012 Restated
Own work capitalised to fixed assets[1]	44,975	70,301	37,625
Consulting fees	17,376	6,507	199
Compensation from insurance companies	12,125	24,409	6,881
Ecological tax reimbursement	7,465	6,815	3,023
Rental income	6,316	3,889	2,347
Property acquired free-of-charge and fees from customers	4,283	-	-
Inventories surplus	2,692	2,002	1,989
Profit from sale of material	1,909	1,347	358
Contractual penalties	1,399	1,656	1,153
Decentralisation and cogeneration fee	338	808	-
Other	8,056	6,121	2,703
Total for continuing operations	**106,934**	**123,855**	**56,278**

(1) This position is mainly represented by own work capitalised in mines (primarily labour cost) and stripping cost.

13. OTHER OPERATING EXPENSES

In thousands of EUR

	2014	2013 Restated	2012 Restated
Outsourcing and other administration fees	41,411	30,454	10,977
Office equipment and other material	33,874	22,792	10,778
Consulting expenses	27,359	28,760	12,966
Rent expenses	22,582	25,025	5,449
Transport expenses	8,860	26,411	13,443
Impairment losses	8,822	36,922	5,528
Information technologies costs	7,537	3,118	994
Insurance expenses	7,113	7,238	3,062
Net loss on disposal of property, plant and equipment, investment property and intangible assets	6,492	7,700	1,790
Gifts and sponsorship	3,910	4,427	1,909
Advertising expenses	3,685	3,003	2,625
Training, courses, conferences	3,062	2,772	1,034
Shortages and damages	2,839	1,656	2,506
Disposal costs for unrealised investments[1]	2,829	-	-
Change in provisions (continuing operations), net	2,781	(7,662)	(61,329)
Fees and commissions expense – intermediation	2,490	1,348	1,233
Contractual penalties	2,181	4,697	1,591
Loss from receivables written-off	1,983	9,933	1,153
Communication expenses	1,826	2,541	716
Security services	1,612	1,809	-
Investment property income	31	39	40
Other	14,129	17,363	3,620
Total for continuing operations	**207,408**	**230,346**	**20,085**

(1) EKY III, a.s., a subsidiary of United energy, a.s., was involved in project Modernisation of electric energy production ("Modernizace výroby elektrické energie"). In 2014 management of United Energy, a.s. decided not to realise this project.

The increase in other operating expenses in 2013 was caused primarily by the acquisition of Slovenský plynárenský priemysel, a.s. and Stredoslovenská energetika, a.s.

No material research and development expenses were recognised in profit and loss for the year ended 31 December 2014, 31 December 2013 and 31 December 2012.

Fees payable to statutory auditors

In thousands of EUR

	2014	2013	2012
Statutory audits	938	1,040	1,432
Other attestation services	755	1,424	994
Tax advisory	128	501	80
Total	**1,821**	**2,695**	**2,506**

The figures presented above include expenses recorded by all subsidiaries and also associates and joint-ventures consolidated using the equity method in 100% amount. The figures include all audit engagements such as audits of entry/exit reporting packages, extraordinary statutory audits, half-year reviews, audits of valuations, etc.

14. FINANCE INCOME AND EXPENSE, PROFIT (LOSS) FROM FINANCIAL INSTRUMENTS

Recognised in profit or loss

In thousands of EUR

	2014	2013 Restated	2012 Restated
Interest income	38,422	22,677	8,829
Dividend income	9,865	7,469	6,960
Net foreign exchange gain	-	69,707	8,989
Other finance income	32	308	-
Finance income	**48,319**	**100,161**	**24,778**
Interest expense	(224,193)	(200,506)	(82,647)
Interest expense from unwind of provision discounting	(19,783)	(10,474)	(5,290)
Net foreign exchange loss	(5,089)	-	-
Fees and commissions expense for payment transactions	(467)	(308)	(358)
Fees and commissions expense for guarantees	(135)	(308)	(159)
Fees and commissions expense for other services	(9,979)	(10,934)	(1,551)
Finance costs	**(259,646)**	**(222,530)**	**(90,005)**
Profit (loss) from commodity derivatives for trading	2,024	(3,979)	(119)
Profit (loss) from other non-derivative liabilities	1,345	4,659	-
Profit (loss) from securities	-	2,195	-
Profit (loss) from other derivatives for trading	-	308	159
Profit (loss) from hedging derivatives	(120)	(116)	(80)
Profit (loss) from currency derivatives for trading	(10,060)	(3,119)	7,239
Profit (loss) from interest rate derivatives for trading	(14,071)	(577)	(1,591)
Profit (loss) from financial instruments	**(20,882)**	**(629)**	**5,608**
Net finance income (expense) recognised in profit or loss for continuing operations	**(232,209)**	**(122,998)**	**(59,619)**

15. INCOME TAX EXPENSES

Income taxes recognised in profit or loss

In thousands of EUR

	2014	2013	2012
Current taxes:			
Current year	(253,425)	(283,745)	(29,273)
Withholding tax	(4,986)	(193)	-
Adjustment for prior periods	(1,608)	(9,086)	1,830
Total current taxes	**(260,019)**	**(293,024)**	**(27,443)**
Deferred taxes:			
Origination and reversal of temporary differences	35,077	77,963	477
Total deferred taxes	**35,077**	**77,963**	**477**
Total income taxes (expense) benefit recognised in profit or loss for continuing operations	**(224,942)**	**(215,061)**	**(26,966)**

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 2014, 2013 and 2012. The Slovak corporate income tax rate is 22% for fiscal year 2014 (2013: 23%; 2012: 19%). The German federal income tax rate for 2014 is 27.62% (2013: 26.98%; 2012: 26.98%) and Poland income tax rate for fiscal years 2014, 2013 and 2012 is 19%.

Income tax recognised in other comprehensive income

In thousands of EUR

	2014		
	Gross	Income tax	Net of income tax
Foreign currency translation differences for foreign operations	16,008	-	16,008
Foreign currency translation differences from presentation currency	(5,728)	-	(5,728)
Effective portion of changes in fair value of cash-flow hedges	(5,793)	(92)	(5,885)
Fair value reserve included in other comprehensive income	(13,389)	3,546	(9,843)
Total	**(8,902)**	**3,454**	**(5,448)**

In thousands of EUR

	2013		
	Gross	Income tax	Net of income tax
Foreign currency translation differences for foreign operations	216,328	-	216,328
Foreign currency translation differences from presentation currency	(295,704)	-	(295,704)
Effective portion of changes in fair value of cash-flow hedges	(78,659)	193	(78,466)
Fair value reserve included in other comprehensive income	(326)	38	(288)
Total	**(158,361)**	**231**	**(158,130)**

In thousands of EUR

	2012		
	Gross	Income tax	Net of income tax
Foreign currency translation differences for foreign operations	4,654	-	4,654
Foreign currency translation differences from presentation currency	24,052	-	24,052
Effective portion of changes in fair value of cash-flow hedges	80	-	80
Total	**28,786**	**-**	**28,786**

The foreign currency translation differences related to non-controlling interest are presented under other comprehensive income attributable to non-controlling interest.

Reconciliation of the effective tax rate

In thousands of EUR

		2014		2013		2012
	%		%		%	
Profit from continuing operations before tax		719,138		829,715		399,523
Income tax using the Company's domestic rate (19%)	19.00%	136,636	19.00%	157,646	19.00%	75,909
Effect of tax rates in foreign jurisdictions	1.72%	12,342	4.31%	35,728	3.73%	14,915
Non-deductible expenses	5.88%	[1]42,265	6.26%	51,975	3.25%	12,966
Other non-taxable income	(3.58%)	(25,744)	(9.28%)	[2](76,950)	(19.45%)	[2](77,699)
Tax incentives, tax credits	(0.02%)	(131)	0.36%	2,965	(0.06%)	(239)
Recognition of previously unrecognised tax losses	(0.23%)	(1,629)	(0.19%)	(1,579)	(0.07%)	(278)
Current year losses for which no deferred tax asset was recognised	7.41%	53,284	4.42%	36,652	1.11%	4,415
Withholding tax, income tax adjustments for prior periods	0.92%	6,594	1.12%	9,279	(0.62%)	(2,466)
Change in unrecognised temporary differences	0.18%	1,325	(0.08%)	(655)	(0.14%)	(557)
Income taxes recognised in profit or loss for continuing operations	**31.28%**	**224,942**	**25.92%**	**215,061**	**6.75%**	**26,966**

(1) The basis consists mainly of non-deductible interest expense of EUR 153,121 thousand (2013: EUR 48,365 thousand).
(2) The basis consists mainly of negative goodwill of EUR 256,750 thousand and a portion of cashflow hedge of EUR 76,317 thousand (2012: negative goodwill of EUR 117,691 EUR, gain on disposal of subsidiaries, special purpose entities, joint-ventures and associates of EUR 74,179 thousand and share of profit of an equity accounted investee of EUR 138,289 thousand).

16. PROPERTY, PLANT AND EQUIPMENT

In thousands of EUR

	Land and buildings	Mine property	Gas pipelines	Technical equipment, plant and machinery	Other equipment, fixtures and fittings	Under construction	Total
Cost							
Balance at 1 January 2014	**2,030,702**	**2,881**	**4,435,406**	**2,211,996**	**5,324**	**242,625**	**8,928,934**
Reclassification of the opening balances as a result of completed Purchase Price Allocation for SSE	10,735	-	-	(8,086)	-	(2,649)	**-**
Effects of movements in foreign exchange rates	(2,891)	(5)	(6)	(4,846)	(30)	(588)	**(8,366)**
Additions	46,990	-	600	77,072	172	104,280	**229,114**
Additions through business combinations[1]	-	-	-	129	-	-	**129**
Disposals	(15,605)	-	(19,900)	(8,347)	(1,109)	(11,065)	**(56,026)**
Disposed entities[2]	(110,165)	(2,876)	-	(85,340)	(1,185)	(12,052)	**(211,618)**
Transfers	32,926	76	63,000	116,416	24	(212,442)	**-**
Transfer to intangible assets						(398)	**(398)**
Transfer to inventory	-	-	-	-	-	(2,900)	**(2,900)**
Transfer to disposal group held for sale[3]	(6,095)	-	-	(22,349)	-	-	**(28,444)**
Balance at 31 December 2014	**1,986,597**	**76**	**4,479,100**	**2,276,645**	**3,196**	**104,811**	**8,850,425**
Depreciation and impairment losses							
Balance at 1 January 2014	**(188,733)**	**(183)**	**(128,350)**	**(390,847)**	**(1,751)**	**(7,767)**	**(717,631)**
Effects of movements in foreign exchange rates	1,374	-	50	750	6	64	**2,244**
Depreciation charge for the year	(132,375)	(154)	(145,600)	(220,814)	(2,431)	-	**(501,374)**
Disposals	7,006	-	19,300	5,889	1,109	3,326	**36,630**
Disposed entities[2]	12,067	314	-	25,427	711	-	**38,519**
Impairment losses recognised in profit or loss	(2,446)	-	-	(1,745)	-	(1,252)	**(5,443)**
Transfer to disposal group held for sale[3]	498	-	-	1,954	-	-	**2,452**
Balance at 31 December 2014	**(302,609)**	**(23)**	**(254,600)**	**(579,386)**	**(2,356)**	**(5,629)**	**(1,144,603)**
Carrying amounts							
At 1 January 2014	**1,841,969**	**2,698**	**4,307,056**	**1,821,149**	**3,573**	**234,858**	**8,211,303**
At 31 December 2014	**1,683,988**	**53**	**4,224,500**	**1,697,259**	**840**	**99,182**	**7,705,822**

(1) The purchase of EP Cargo a.s.
(2) The disposal of Przedsiebiorstwo Górnicze Silesia Sp. z o.o.
(3) The disposal of SSE-Solar, s.r.o.

In thousands of EUR

	Land and buildings	Mine property	Gas pipelines	Technical equipment, plant and machinery	Other equipment, fixtures and fittings	Under construction	Total
Cost							
Balance at 1 January 2013	**771,758**	**2,944**	**-**	**1,209,148**	**1,976**	**75,935**	**2,061,761**
Effects of movements in foreign exchange rates	(2,076)	(63)	(1,472)	(33,724)	(154)	(47,381)	**(84,870)**
Additions	36,184	-	3,003	48,972	424	174,444	**263,027**
Disposals	(5,544)	-	(7,931)	(12,667)	(116)	(21,098)	**(47,356)**
Additions through business combinations[2]	1,291,367	-	4,441,806	977,909	6,094	142,928	**6,860,104**
Additions through step acquisition[1]	10,892	-	-	4,252	-	24	**15,168**
Transfers	51,821	-	-	28,606	-	(80,427)	**-**
Transfer to disposal group held for sale	(123,700)	-	-	(10,500)	(2,900)	(1,800)	**(138,900)**
Balance at 31 December 2013	**2,030,702**	**2,881**	**4,435,406**	**2,211,996**	**5,324**	**242,625**	**8,928,934**
Depreciation and impairment losses							
Balance at 1 January 2013	**(83,572)**	**(80)**	**-**	**(181,424)**	**(782)**	**-**	**(265,858)**
Effects of movements in foreign exchange rates	810	12	3,666	102	1,418	896	**6,904**
Depreciation charge for the year	(98,753)	(115)	(139,947)	(210,557)	(2,926)	-	**(452,298)**
Disposals	1,345	-	7,931	2,418	39	-	**11,733**
Impairment losses recognised in profit or loss	(8,663)	-	-	(1,386)	-	(8,663)	**(18,712)**
Transfer to disposal group held for sale	100	-	-	-	500	-	**600**
Balance at 31 December 2013	**(188,733)**	**(183)**	**(128,350)**	**(390,847)**	**(1,751)**	**(7,767)**	**(717,631)**
Carrying amounts							
At 1 January 2013	**688,186**	**2,864**	**-**	**1,027,724**	**1,194**	**75,935**	**1,795,903**
At 31 December 2013	**1,841,969**	**2,698**	**4,307,056**	**1,821,149**	**3,573**	**234,858**	**8,211,303**

(1) An additional purchase of a 35.29% share in PRVNÍ MOSTECKÁ a.s. and the gaining of control over this entity.
(2) The purchase of Slovenský plynárenský priemysel, a.s., Stredoslovenská energetika, a.s. and Helmstedter Revier GmbH.

In thousands of EUR

	Land and buildings	Mine property	Technical equipment, plant and machinery	Other equipment, fixtures and fittings	Under construction	Total
Cost						
Balance at 1 January 2012	**242,210**	**2,713**	**341,317**	**853**	**77,636**	**664,729**
Effects of movements in foreign exchange rates	11,129	231	5,049	-	775	**17,184**
Additions	53,653	-	65,466	800	477	**120,396**
Disposals	(1,233)	-	(2,666)	(80)	-	**(3,979)**
Additions through business combinations	-	-	359	120	-	**479**
Additions through step acquisition[1]	417,278	-	774,805	1,794	38,689	**1,232,566**
Transfers	48,721	-	24,818	(1,511)	(72,028)	**-**
Capitalised borrowing costs	-	-	-	-	30,386	**30,386**
Balance at 31 December 2012	**771,758**	**2,944**	**1,209,148**	**1,976**	**75,935**	**2,061,761**
Depreciation and impairment losses						
Balance at 1 January 2012	**(36,202)**	**-**	**(63,294)**	**(543)**	**-**	**(100,039)**
Effects of movements in foreign exchange rates	(836)	-	(1,159)	-	-	**(1,995)**
Depreciation charge for the year	(47,369)	(80)	(116,494)	(358)	-	**(164,301)**
Disposals	318	-	716	119	-	**1,153**
Impairment losses recognised in profit or loss	(676)	-	-	-	-	**(676)**
Transfers	1,193	-	(1,193)	-	-	**-**
Balance at 31 December 2012	**(83,572)**	**(80)**	**(181,424)**	**(782)**	**-**	**(265,858)**
Carrying amounts						
At 1 January 2012	**206,008**	**2,713**	**278,023**	**310**	**77,636**	**564,690**
At 31 December 2012	**688,186**	**2,864**	**1,027,724**	**1,194**	**75,935**	**1,795,903**

(1) *Additional purchase of 50% in JTSD Braunkohlebergbau GmbH and the gaining of control of Pražská teplárenská a.s.*

Idle assets

As at 31 December 2014, 31 December 2013 and also 31 December 2012 the Group had no significant idle assets.

Finance lease liabilities

As at 31 December 2014, 31 December 2013 and also 31 December 2012 the Group had no significant finance lease liabilities.

Security

At 31 December 2014 property, plant and equipment with a carrying value of EUR 335,437 thousand (2013: EUR 343,154 thousand; 2012: EUR 341,169 thousand) is subject to pledges to secure bank loans.

Insurance of property, plant and equipment

As at 31 December 2014 the following items of property, plant and equipment were insured against the risks presented in the table below:

PROPERTY, PLANT AND EQUIPMENT

In thousands of EUR

		Amounts insured			
Description of property	**Carrying amount of property**	**Natural disaster**	**General machine risks**	**Liability for damage**	**Other risks**
Land	172,988	-	-	-	-
Buildings	1,511,000	1,057,916	-	48,965	440,805
Machinery and equipment	1,697,259	1,326,715	226,915	11,003	918,829
Gas pipelines	4,224,500	1,801,858	-	-	71,336
Fixtures and fittings	202	3,535	45,981	-	484
Other long-term tangible assets	609	-	49	-	-
Long-term tangible assets under construction	99,182	4,328	-	-	7,249
Arts and collections	29	721	-	-	361
Mines	53	-	-	-	-
Total	**7,705,822**	**4,195,073**	**272,945**	**59,968**	**1,439,064**

As at 31 December 2013 the following items of property, plant and equipment were insured against the risks presented in the table below:

In thousands of EUR

		Amounts insured			
Description of property	**Carrying amount of property**	**Natural disaster**	**General machine risks**	**Liability for damage**	**Other risks**
Land	176,554	-	-	-	-
Buildings	1,665,415	1,024,248	-	45,688	593,364
Machinery and equipment	1,821,149	1,405,652	259,070	10,975	376,554
Gas pipelines	4,307,056	1,819,909	-	-	72,051
Fixtures and fittings	1,787	3,428	44,047	-	510
Other long-term tangible assets	1,750	-	-	-	8,423
Long-term tangible assets under construction	234,858	4,376	-	-	-
Arts and collections	36	401	-	-	-
Mines	2,698	-	-	-	-
Investment property	324	-	-	-	-
Total	**8,211,627**	**4,258,014**	**303,117**	**56,663**	**1,050,902**

As at 31 December 2012 the following items of property, plant and equipment were insured against the risks presented in the table below:

In thousands of EUR

		Amounts insured			
Description of property	Carrying amount of property	Natural disaster	General machine risks	Liability for damage	Other risks
Land	110,939	-	-	-	-
Buildings	577,247	918,616	8,711	51,830	1,870
Machinery and equipment	1,027,724	955,211	122,753	3,859	160,859
Fixtures and fittings	398	4,415	48,210		
Other long-term tangible assets	796	-	-	-	-
Long-term tangible assets under construction	75,935	4,773	-	-	-
Mines	2,864	-	-	-	-
Investment property	358	-	-	-	-
Total	**1,796,261**	**1,883,015**	**179,674**	**55,689**	**162,729**

17. INTANGIBLE ASSETS (INCLUDING GOODWILL)

In thousands of EUR

	Goodwill	Software	Emission rights	Customer relationship and other contracts	Other intangible assets	Total
Cost						
Balance at 1 January 2014	**103,446**	**47,110**	**76,828**	**265,597**	**7,584**	**500,565**
Effect of movements in foreign exchange rates	(1,054)	(334)	(430)	(132)	(184)	**(2,134)**
Additions	-	4,152	31,100	143	3,761	**39,156**
Disposals	-	(2,837)	(44,455)	-	(1,176)	**(48,468)**
Disposed entities[1]		(367)		(2,475)	(1,018)	**(3,860)**
Additions through business combinations[2]	4,666	-	-	-	-	**4,666**
Transfer from tangible assets under construction	-	398	-	-	-	**398**
Transfers	-	1,444	-	-	(1,444)	**-**
Balance at 31 December 2014	**107,058**	**49,566**	**63,043**	**263,133**	**7,523**	**490,323**
Amortisation and impairment losses						
Balance at 1 January 2014	**(8,204)**	**(11,012)**	**-**	**(56,007)**	**(2,844)**	**(78,067)**
Effect of movements in foreign exchange rates	84	60	-	49	35	**228**
Amortisation for the year	-	(11,665)	-	(34,649)	(734)	**(47,048)**
Disposals	-	2,052	-	-	96	**2,148**
Disposed entities[1]	-	261	-	115	332	**708**
Impairment losses recognised in profit or loss	-	-	-	-	(59)	**(59)**
Balance at 31 December 2014	**(8,120)**	**(20,304)**	**-**	**(90,492)**	**(3,174)**	**(122,090)**
Carrying amount						
At 1 January 2014	**95,242**	**36,098**	**76,828**	**209,590**	**4,740**	**422,498**
At 31 December 2014	**98,938**	**29,262**	**63,043**	**172,641**	**4,349**	**368,233**

(1) Disposal of Przedsiebiorstwo Górnicze Silesia Sp. z o.o.
(2) Purchase of EP Cargo a.s.

In thousands of EUR

	Goodwill	Software	Emission rights	Customer relationship and other contracts	Other intangible assets	Total
Cost						
Balance at 1 January 2013						
Restated	**107,200**	**13,803**	**86,516**	**105,131**	**1,631**	**314,281**
Effect of movements in foreign exchange rates	(8,807)	(892)	(5,095)	(1,160)	(220)	**(16,174)**
Additions	-	4,505	43,005	-	8,085	**55,595**
Disposals	-	(1,078)	(56,326)	-	(1,194)	**(58,598)**
Additions through business combinations[1]	5,053	31,109	8,728	230,026	10,145	**285,061**
Transfers	-	7,263	-	-	(7,263)	**-**
Transfer to disposal group held for sale	-	(7,600)	-	(68,400)	(3,600)	**(79,600)**
Balance at 31 December 2013	**103,446**	**47,110**	**76,828**	**265,597**	**7,584**	**500,565**
Amortisation and impairment losses						
Balance at 1 January 2013	**-**	**(4,813)**	**-**	**(18,019)**	**(319)**	**(23,151)**
Effect of movements in foreign exchange rates	746	533	-	320	16	**1,615**
Amortisation for the year	-	(10,010)	-	(38,308)	(847)	**(49,165)**
Disposals	-	1,078	-	-	-	**1,078**
Impairment losses recognised in profit or loss	(8,950)	-	-	-	(2,194)	**(11,144)**
Transfer to disposal group held for sale	-	2,200	-	-	500	**2,700**
Balance at 31 December 2013	**(8,204)**	**(11,012)**	**-**	**(56,007)**	**(2,844)**	**(78,067)**
Carrying amount						
At 1 January 2013 Restated	**107,200**	**8,990**	**86,516**	**87,112**	**1,312**	**291,130**
At 31 December 2013	**95,242**	**36,098**	**76,828**	**209,590**	**4,740**	**422,498**

(1) Purchase of Slovenský plynárenský priemysel, a.s., Stredoslovenská energetika, a.s. and Helmstedter Revier GmbH.

In thousands of EUR

	Goodwill	Software	Emission rights	Customer relationship and other contracts	Other intangible assets	Total
Cost						
Balance at 1 January 2012 Restated	**101,628**	**3,449**	**97,558**	**15,000**	**1,357**	**218,992**
Effect of movements in foreign exchange rates	2,661	-	5,778	2,050	198	**10,687**
Additions	-	466	72,505	-	239	**73,210**
Disposals	-	-	(103,210)	(40)	-	**(103,250)**
Additions through business combinations[2]	2,911	1,184	-	88,121	-	**92,216**
Additions through step acquisition[1]	-	8,346	13,885	-	195	**22,426**
Transfers	-	358	-	-	(358)	**-**
Balance at 31 December 2012 Restated	**107,200**	**13,803**	**86,516**	**105,131**	**1,631**	**314,281**
Amortisation and impairment losses						
Balance at 1 January 2012	**-**	**(1,860)**	**-**	**(2,326)**	**(155)**	**(4,341)**
Effect of movements in foreign exchange rates	-	(50)	-	(63)	(5)	**(118)**
Amortisation for the year	-	(2,903)	-	(13,164)	(159)	**(16,226)**
Impairment losses recognised in profit or loss	-	-	-	(2,466)	-	**(2,466)**
Balance at 31 December 2012	**-**	**(4,813)**	**-**	**(18,019)**	**(319)**	**(23,151)**
				-	(2,194)	**(11,144)**
Carrying amount						
At 1 January 2012 Restated	**101,628**	**1,589**	**97,558**	**12,674**	**1,202**	**214,651**
At 31 December 2012 Restated	**107,200**	**8,990**	**86,516**	**87,112**	**1,312**	**291,130**

(1) Additional purchase of 50% in JTSD Braunkohlebergbau GmbH and the gaining of control of Pražská teplárenská a.s. and acquisition of EP Investment Advisors, s.r.o.
(2) Acquisition of Saale Energie GmbH.

In 2014, EPH Group purchased emission allowances of EUR 17,544 thousand (2013: EUR 12,551 thousand; 2012: EUR 8,432 thousand). The remaining part of EUR 13,556 thousand (2013: EUR 30,454 thousand; 2012: EUR 64,073 thousand) was allocated to the Group by the Ministry of the Environment of the Czech Republic.

Amortisation of intangible assets is included in the row Depreciation and amortisation in the consolidated 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 is involved in development projects: utilisation of geothermal energy in eastern Slovakia, utilisation of natural gas in co-generation units, implementation of active anti-corrosion protection of the distribution network, establishment of universal communication interface for comprehensive monitoring and management of the distribution network, and the development of daily consumption curves for the need of distribution network evaluation.

The Group has also carried out research activities reflected in these consolidated financial statements. Research costs are recognised as operating expenses in the income statement immediately when incurred. No significant research costs were incurred during 2014, 2013 and 2012.

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 thousands of EUR

	31 December 2014
EP Energy, a.s.:	
Elektrárny Opatovice, a.s.[1]	83,813
Helmstedter Revier GmbH	5,053
EP Cargo a.s.[2]	4,640
Plzeňská energetika a.s.	2,610
ARISUN, s.r.o.	125
EP Investments Advisors, s.r.o.	2,697
Total goodwill	**98,938**

In thousands of EUR

	31 December 2013
EP Energy, a.s.:	
Elektrárny Opatovice, a.s.[1]	84,729
Helmstedter Revier GmbH	5,053
Plzeňská energetika a.s.	2,638
ARISUN, s.r.o.	125
EP Investments Advisors, s.r.o.	2,697
Total goodwill	**95,242**

In thousands of EUR

	31 December 2012
EP Energy, a.s.:	
EAST BOHEMIA ENERGY HOLDING LIMITED[1]	92,323
POWERSUN a.s.	8,552
Plzeňská energetika a.s.	2,864
ČKD Blansko Wind, a.s.	318
ARISUN, s.r.o.	159
VTE Moldava, a.s.	80
EP Investments Advisors, s.r.o.	2,904
Total goodwill	**107,200**

(1) EAST BOHEMIA ENERGY HOLDING LIMITED merged with EP Energy, a.s. as at 4 November 2013. EP Energy, a.s. is the successor company. Goodwill originally recorded to EAST BOHEMIA ENERGY HOLDING LIMITED was transferred to Elektrárny Opatovice, a.s. (the most significant subsidiary of EAST BOHEMIA ENERGY HOLDING LIMITED).

(2) At the date of EP Cargo a.s. acquisition, the Group recognised initial goodwill of EUR 4,666 thousand. As at 31 December 2014 the goodwill balance was reduced by FX difference of EUR 26 thousand to a balance of EUR 4,640 thousand.

In 2014 the balance of goodwill increased by EUR 4,666 thousand as a result of EP Cargo a.s. acquisition 2013: EUR 5,053 thousand as a result of Helmstedter Revier GmbH acquisition; 2012: EUR 2,911 thousand as a result of EP Investments Advisors, s.r.o. acquisition). In 2014 the EPH group did not recognise any goodwill impairment (2013: EUR 8,950 thousand; 2012: EUR 0 thousand).

The net increase in the goodwill of EUR 3,696 thousand (2013: net decrease of EUR 11,958 thousand) was earned by recognition of the new goodwill of EUR 4,666 thousand (2013: new goodwill of EUR 5,053 thousand and goodwill impairment of 8,950 thousand) and negative effect of changes in the FX rate.

Goodwill and impairment testing

In compliance with IAS 36, the Group annually conducts impairment testing of goodwill arising from a business combination during the current period and impairment testing of goodwill already recognised in prior years, at year end. 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.

As at year end, the Group conducted impairment testing for all significant goodwill amounts.

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 an additional four years of modelled projections followed by projected results based on an 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% (2013: 2%; 2012: 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 6.69% to 9.53% (2013: range from 7.70% to 11.55%; 2012: range from 8.08% to 8.32%).

Current year testing showed no need for impairment as no CGU with the recoverable value lower than the carrying value including goodwill was identified.

Additional information on CGU with significant goodwill assigned:

The recoverable amount of Elektrárny Opatovice, a.s. was based on its value in use, determined by discounting the future cash flows to be generated from the continuing use of Elektrárny Opatovice, a.s. Value in use in 2014 was determined in a similar manner as in 2013 and 2012. Management estimated that the recoverable amount for Elektrárny Opatovice, a.s. exceeded its carrying amount by EUR 350,738 thousand, including goodwill of EUR 83,813 thousand. Key assumptions used in the calculation of value in use were the discount rate, the terminal value growth rate and the EBITDA growth rate. These assumptions were as follows:

	2014	2013	2012
Discount rate	6.81%	[1]7.70%–8.97%	8.08%
Terminal value growth rate	2.00%	2.00%	2.00%

(1) The discount rate is weighted across the relevant periods. For the period until 2020 a discount rate of 7.70% is used, for the terminal value a discount rate of 8.97% is used.

The discount rate was a pre-tax measure based on the risk-free rate adjusted for a risk premium to reflect both the increase risk of investing in equities generally and the systemic risk of Elektrárny Opatovice, a.s.

Budgeted EBITDA was based on an expectation of future outcomes taking into account past experience. In particular, we have reflected the following:

a. expected refurbishments necessary to comply with applicable regulations (impact especially on electricity output/sales, OPEX and CAPEX);
b. market expectations regarding power and CO_2 prices, development based on historical trends;
c. a slight decrease in heat supplies and modest increase of heat prices;
d. the inflation driven development of various other positions, especially overhead costs.

If EBITDA were (EBITDA represents profit from operations plus depreciation of property, plant and equipment and amortisation of intangible assets) 10% less than the management estimates (with all other indicators being constant), the value in use would decrease by EUR 127,895 thousand, which would not indicate any impairment loss.

If the discount rate were higher by one percentage point than currently used (with all other indicators being constant), the value in use would decrease by EUR 115,973 thousand, which would not indicate any impairment loss.

If the terminal value growth rate were one percentage point less than the management estimates (with all other indicators being constant), the value in use would decrease by EUR 92,752 thousand, which would not indicate any impairment loss.

18. INVESTMENT PROPERTY

In thousands of EUR

	31 December 2014	31 December 2013	31 December 2012
Opening balance	324	358	349
Additions	-	-	-
Disposals	(323)	-	-
Changes in fair value	-	(11)	-
Effects of movements in foreign exchange rates	(1)	(23)	9
Closing balance	**-**	**324**	**358**

Security

As at 31 December 2014 no investment property (2013: EUR 0 thousand; 2012: EUR 358 thousand) is subject to pledges to secure bank loans.

19. PARTICIPATIONS WITH SIGNIFICANT INFLUENCE

The Group has the following investments in associates:

In thousands of EUR

		Ownership 31 December 2014	Carrying amount 31 December 2014
Associates	**Country**	**%**	
Pražská teplárenská Holding a.s.	Czech Republic	49.00	13,044
Przedsiebiorstwo Górnicze Silesia Sp. z o.o.	Poland	38.91	37,438
Associates of JTSD			
Braunkohlebergbau GmbH	Germany	(1)	24,220
Associates of Saale Energie GmbH	Germany	(1)	90,112
Associates of SPP Infrastructure, a.s. and			
NAFTA a.s.	Slovakia	(1)	41,217
Total		**-**	**206,031**

In thousands of EUR

		Ownership 31 December 2013	Carrying amount 31 December 2013
Associates	**Country**	**%**	
Pražská teplárenská Holding a.s.	Czech Republic	49.00	140,725
Associates of JTSD			
Braunkohlebergbau GmbH	Germany	(1)	24,876
Associates of Saale Energie GmbH	Germany	(1)	95,199
Associates of Slovenský plynárenský priemysel, a.s.	Slovakia	(1)	35,499
Total		**-**	**296,299**

In thousands of EUR

		Ownership 31 December 2012	Carrying amount 31 December 2012
Associates	**Country**	**%**	
Pražská teplárenská Holding a.s.	Czech Republic	49.00	23,747
PRVNÍ MOSTECKÁ a.s.	Czech Republic	47.06	6,125
Associates of JTSD			
Braunkohlebergbau GmbH	Germany	(1)	30,549
Associates of Saale Energie GmbH	Germany	(1)	100,398
Total		**-**	**160,819**

(1) Ownership percentage varies, for details refer to Note 38 – Group entities

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

In thousands of EUR

		Ownership 31 December 2014	Share of profit (loss) 2014
Associates	**Country**	**%**	
Pražská teplárenská Holding a.s.	Czech Republic	49.00	600
Przedsiebiorstwo Górnicze Silesia Sp. z o.o.	Poland	38.91	(8,311)
Associates of JTSD			
Braunkohlebergbau GmbH	Germany	*(1)*	1,044
Associates of Saale Energie GmbH	Germany	*(1)*	(2,474)
Associates of SPP Infrastructure, a.s. and			
NAFTA a.s.	Slovakia	*(1)*	5,763
Total		**-**	**(3,378)**

In thousands of EUR

		Ownership 31 December 2013	Share of profit (loss) 2013
Associates	**Country**	**%**	
Pražská teplárenská Holding a.s.	Czech Republic	49.00	1,528
Associates of JTSD			
Braunkohlebergbau GmbH	Germany	*(1)*	(4,331)
Associates of Saale Energie GmbH	Germany	*(1)*	(2,574)
Associates of Slovenský plynárenský priemysel, a.s.	Slovakia	*(1)*	1,989
Total		**-**	**(3,388)**

In thousands of EUR

	Associate/ Joint-venture	Country	Ownership 31 December 2012	Share of profit (loss) 2012
Associates and joint-ventures			**%**	
Pražská teplárenská Holding a.s.	Associate	Czech Republic	49.00	-
PRVNÍ MOSTECKÁ a.s.	Associate	Czech Republic	47.06	199
Associates of Saale Energie GmbH	Associate	Germany	*(1)*	(1,193)
JTSD Braunkohlebergbau GmbH	Joint-venture	Germany	50.00	1,389
Pražská teplárenská a.s.	Joint-venture	Czech Republic	73.26	137,894
Total			**-**	**138,289**

(1) Ownership percentage varies, for details refer to Note 38 – Group entities

Summary financial information for standalone associates, presented at 100% as at 31 December 2014 and for the year then ended.

In thousands of EUR

Associates	Revenue	Profit (loss)	Other compre-hensive income	Total compre-hensive income	Assets	Liabilities	Equity
Pražská teplárenská Holding a.s.	27,648	*26,822	-	*26,822	110,761	44	110,717
Kraftwerk Schkopau GbR(1)	36,716	6,266	-	6,266	234,964	126,440	108,524
Kraftwerk Schkopau Betriebsgesellschaft GmbH(1)	100,857	2	-	2	10,234	10,206	28
Mitteldeutsche Umwelt- und Entsorgung GmbH(1)	47,662	3,080	-	3,080	66,797	40,493	26,304
Fernwärme GmbH Hohenmölsen – Webau(1)	4,609	191	-	191	13,030	7,389	5,641
Ingenieurbüro für Grundwasser GmbH(1)	1,969	190	-	190	1,259	688	571
POZAGAS a.s.	26,920	7,778	-	7,778	77,477	17,712	59,765
SLOVGEOTERM a.s.	83	(139)	-	(139)	112	21	91
Przedsiebiorstwo Górnicze Silesia Sp. z o.o.	112,176	(36,334)	(611)	(36,945)	249,607	256,877	(7,270)
	358,640	**7,856**	**(611)**	**7,245**	**764,241**	**459,870**	**304,371**

** Profit (loss) primarily represents dividend income from an associate.*
(1) Data from standalone financial statements according to German GAAP

In thousands of EUR

Associates	Non-current assets	Current assets	Non-current liabilities	Current liabilities
Pražská teplárenská Holding a.s.	84,111	26,650	-	44
Kraftwerk Schkopau GbR(1)	-	234,964	102,258	24,182
Kraftwerk Schkopau Betriebsgesellschaft GmbH(1)	-	10,234	-	10,206
Mitteldeutsche Umwelt- und Entsorgung GmbH(1)	40,181	26,616	22,529	17,964
Fernwärme GmbH Hohenmölsen – Webau(1)	8,187	4,843	1,088	6,301
Ingenieurbüro für Grundwasser GmbH(1)	702	557	-	688
POZAGAS a.s.	56,966	20,511	13,281	4,431
SLOVGEOTERM a.s.	35	77	-	21
Przedsiebiorstwo Górnicze Silesia Sp. z o.o.	221,797	27,810	218,639	38,238
Total	**411,979**	**352,262**	**357,795**	**102,075**

Summary financial information for standalone associates, presented at 100% as at 31 December 2013 and for the year then ended.

In thousands of EUR

Associates	Revenue	Profit (loss)	Other compre-hensive income	Total compre-hensive income	Assets	Liabilities	Equity
Pražská teplárenská Holding a.s.	288,149	*286,928	-	*286,928	372,959	749	372,210
Kraftwerk Schkopau GbR[1]	31,201	6,128	-	6,128	227,282	118,848	108,434
Kraftwerk Schkopau Betriebsgesellschaft GmbH[1]	100,319	2	-	2	11,140	11,112	28
Mitteldeutsche Umwelt- und Entsorgung GmbH[1]	41,669	3,279	-	3,279	70,868	44,406	26,462
Fernwärme GmbH Hohenmölsen – Webau[1]	4,916	316	-	316	10,077	4,494	5,583
Ingenieurbüro für Grundwasser GmbH[1]	1,812	177	-	177	1,094	532	562
POZAGAS a.s.	25,487	(3,157)	-	(3,157)	67,201	15,242	51,959
SLOVGEOTERM a.s.	270	-	-	-	255	36	219
Total	**493,823**	**293,673**	**-**	**293,673**	**760,876**	**195,419**	**565,457**

* Profit (loss) primarily represents dividend income from an associate.
(1) Data from standalone financial statements according to German GAAP

In thousands of EUR

Associates	Non-current assets	Current assets	Non-current liabilities	Current liabilities
Pražská teplárenská Holding a.s.	85,031	287,928	-	749
Kraftwerk Schkopau GbR[1]	30,830	196,452	109,195	9,653
Kraftwerk Schkopau Betriebsgesellschaft GmbH[1]	-	11,140	-	11,112
Mitteldeutsche Umwelt- und Entsorgung GmbH[1]	43,731	27,137	28,989	15,417
Fernwärme GmbH Hohenmölsen – Webau[1]	8,509	1,568	2,169	2,325
Ingenieurbüro für Grundwasser GmbH[1]	471	623	-	532
POZAGAS a.s.	57,757	9,444	11,996	3,246
SLOVGEOTERM a.s.	36	219	-	36
Total	**226,365**	**534,511**	**152,349**	**43,070**

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

Summary financial information for standalone associates, presented at 100% as at 31 December 2012 and for the year then ended.

In thousands of EUR

Associates	Revenue	Profit (loss)	Other compre-hensive income	Total compre-hensive income	Assets	Liabilities	Equity
PRVNÍ MOSTECKÁ a.s.	19,449	358	-	358	39,539	26,492	13,047
Pražská teplárenská Holding a.s.	48,125	*48,125	-	*48,125	141,249	40	141,209
Kraftwerk Schkopau GbR[1]	31,182	6,125	-	6,125	229,992	121,599	108,393
Kraftwerk Schkopau Betriebsgesellschaft GmbH[1]	95,653	-	-	-	9,905	9,865	40
Mitteldeutsche Umwelt- und Entsorgung GmbH[1]	40,449	1,869	-	1,869	73,548	48,648	24,900
Fernwärme GmbH Hohenmölsen – Webau[1]	4,096	318	-	318	10,422	5,370	5,052
Ingenieurbüro für Grundwasser GmbH[1]	1,631	159	-	159	875	318	557
	240,585	**56,954**	**-**	**56,954**	**505,530**	**212,332**	**293,198**

* Profit (loss) primarily represents dividend income from an associate.
(1) Data from standalone financial statements according to German GAAP

In thousands of EUR

Associates	Non-current assets	Current assets	Non-current liabilities	Current liabilities
PRVNÍ MOSTECKÁ a.s.	15,434	24,105	1,154	25,338
Pražská teplárenská Holding a.s.	92,761	48,488	-	40
Kraftwerk Schkopau GbR[1]	38,663	191,329	-	121,599
Kraftwerk Schkopau Betriebsgesellschaft GmbH[1]	-	9,905	-	9,865
Mitteldeutsche Umwelt- und Entsorgung GmbH[1]	51,512	22,036	35,999	12,649
Fernwärme GmbH Hohenmölsen – Webau[1]	8,990	1,432	3,381	1,989
Ingenieurbüro für Grundwasser GmbH[1]	477	398	-	318
	207,837	**297,693**	**40,534**	**171,798**

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

20. DEFERRED TAX ASSETS AND LIABILITIES

Unrecognised deferred tax assets

A deferred tax asset has not been recognised in respect of the following items:

In thousands of EUR

	31 December 2014	31 December 2013	31 December 2012
Tax losses carried forward	341,509	182,716	23,309
Total	**341,509**	**182,716**	**23,309**

The total amount of tax losses carried forward is EUR 429,701 thousand (2013: EUR 220,711 thousand; 2012: EUR 49,920 thousand), of which EUR 88,192 thousand (2013: EUR 37,995 thousand; 2012: EUR 26,611 thousand) was used as a basis for deferred tax recognition. The amount of EUR 341,509 thousand (2013: EUR 182,716 thousand; 2012: EUR 23,309 thousand), for which no deferred tax was recognised, relates mainly to the Slovak Gas Holding B.V. at EUR 278,199 thousand (2013: EUR 67,201 thousand; 2012: EUR 0 thousand), EPH Gas Holding B.V. at EUR 41,423 thousand (2013: EUR 41,422 thousand; 2012: EUR 0 thousand), Seattle Holding B.V. at EUR 9,528 thousand (2013: EUR 5,291 thousand; 2012: EUR 0 thousand), Czech Gas Holding Investment B.V. at EUR 2,641 thousand (2013: EUR 24 thousand; 2012: EUR 0 thousand), EP ENERGY TRADING, a.s. at EUR 4,718 thousand (2013: EUR 6,547 thousand; 2012: EUR 0 thousand) and PT Holding Investment B.V. at EUR 3,953 thousand (2013: EUR 2,589 thousand; 2012: EUR 9,427 thousand). Considering the nature of revenues and expenses, the companies do not expect significant taxable profit growth, so no deferred tax was recognised. If sufficient taxable profit were to be achieved in 2014, then the associated tax income (savings) would be up to EUR 74,475 thousand (2013: EUR 43,698 thousand; 2012: EUR 4,415 thousand).

Tax losses expire over a period of 5 years in the Czech Republic, 4 years in Slovakia and 9 years in the Netherlands for standard tax losses. Under current tax legislation, some deductible temporary differences do not expire. Deferred tax assets have not been recognised in respect of these items because, due to the varying nature of the sources of these profits, it is not probable that future taxable profit against which the Group can utilise the benefits from the deferred tax assets will be available.

Recognised deferred tax assets and liabilities

The following deferred tax assets and (liabilities) have been recognised:

In thousands of EUR

	31 December 2014	31 December 2013	31 December 2012	31 December 2014	31 December 2013	31 December 2012	31 December 2014	31 December 2013	31 December 2012
Temporary difference related to:	**Assets**	**Assets**	**Assets**	**Liabilities**	**Liabilities**	**Liabilities**	**Net**	**Net**	**Net**
Property, plant and equipment	2,200	2,151	1,273	(1,157,532)	(1,220,820)	(207,080)	(1,155,332)	(1,218,669)	(205,807)
Intangible assets	30,497	-	-	(51,394)	(18,013)	(12,411)	(20,897)	(18,013)	(12,411)
Financial instruments at fair value through profit or loss	-	-	-	(122)	(146)	(80)	(122)	(146)	(80)
Inventories	1,515	365	6,961	(201)	(438)	-	1,314	(73)	6,961
Trade receivables and other assets	1,515	2,917	-	(3,933)	-	(1,909)	(2,418)	2,917	(1,909)
Provisions	46,891	34,312	16,150	-	-	-	46,891	34,312	16,150
Employee benefits (IAS 19)	4,905	6,235	2,387	-	-	-	4,905	6,235	2,387
Loans and borrowings	6,528	10,173	5,569	-	-	-	6,528	10,173	5,569
Unpaid interest, net	-	-	-	(11)	(73)	-	(11)	(73)	-
Tax losses	180	7,220	5,052	-	-	-	180	7,220	5,052
Derivatives	3,715	510	-	(4,011)	(510)	(2,188)	(296)	-	(2,188)
Other items	4,509	9,553	2,823	(1,981)	-	-	2,528	9,553	2,823
Setoff tax	(92,774)	(39,161)	(29,515)	92,774	39,161	29,515	-	-	-
Total	**9,681**	**34,275**	**10,700**	**(1,126,411)**	**(1,200,839)**	**(194,153)**	**(1,116,730)**	**(1,166,564)**	**(183,453)**

A deferred tax asset is recognised for the carry-forward of unused tax losses only to the extent that it is probable that future taxable profit will be available against which the unused tax losses can be utilised. An estimate of the expiry of tax losses is shown below:

	2014	2015	2016	2017	2018	After 2019
Tax losses	-	424	-	625	1,603	338,857

Movements in temporary differences during the year

In thousands of EUR

Temporary difference related to:	Balance at 1 January 2014	Recognised in profit or loss	Recognised in other comprehensive income	Disposed entities[1]	Transfer to disposal group held for sale[2]	Effect of movements in foreign exchange rate	Balance at 31 December 2014
Property, plant and equipment	(1,218,669)	35,116	-	(3,066)	1,999	29,288	(1,155,332)
Intangible assets	(18,013)	(3,897)	-	-	(47)	1,060	(20,897)
Financial instruments at fair value through profit or loss	(146)	24	-	-	-	-	(122)
Inventories	(73)	1,598	-	(192)	-	(19)	1,314
Trade receivables and other assets	2,917	(4,929)	-	-	-	(406)	(2,418)
Provisions	34,312	15,068	-	(2,312)	-	(177)	46,891
Employee benefits (IAS 19)	6,235	(3,306)	3,546	(1,482)	-	(88)	4,905
Unpaid interest, net	(73)	62	-	-	-	-	(11)
Loans and borrowings	10,173	3,737	-	(7,327)	-	(55)	6,528
Tax losses	7,220	(1,876)	-	(5,046)	-	(118)	180
Derivatives	-	(204)	(92)	-	-	-	(296)
Other	9,553	(6,316)	-	(716)	-	7	2,528
Total	**(1,166,564)**	**35,077**	**3,454**	**(20,141)**	**1,952**	**29,492**	**(1,116,730)**

(1) The disposal of Przedsiebiorstwo Górnicze Silesia Sp. z o.o.
(2) The disposal of SSE-Solar, s.r.o.

In thousands of EUR

Temporary difference related to:	Balance at 1 January 2013	Recognised in profit or loss	Recognised in other comprehensive income	Acquired in business combinations[1]	Transfer to disposal group held for sale	Effect of movements in foreign exchange rate	Balance at 31 December 2013
Property, plant and equipment	(205,807)	56,326	-	(1,066,514)	(11,559)	8,885	(1,218,669)
Intangible assets	(12,411)	18,172	-	(11,880)	(6,490)	(5,404)	(18,013)
Financial instruments at fair value through profit or loss	(80)	(77)	-	-	-	11	(146)
Available for sale financial assets	-	4,928	-	(5,000)	-	72	-
Inventories	6,961	(12,320)	-	5,508	-	(222)	(73)
Trade receivables and other assets	(1,909)	(2,233)	-	6,009	-	1,050	2,917
Provisions	16,150	8,624	-	6,663	1,203	1,672	34,312
Employee benefits (IAS 19)	2,387	-	-	4,536	-	(688)	6,235
Unpaid interest, net	-	-	-	(110)	-	37	(73)
Loans and borrowings	5,569	5,775	-	-	-	(1,171)	10,173
Tax losses	5,052	2,233	-	-	-	(65)	7,220
Derivatives	(2,188)	(2,695)	231	5,000	-	(348)	-
Other	2,823	(770)	-	6,726	-	774	9,553
Total	**(183,453)**	**77,963**	**231**	**(1,049,062)**	**(16,846)**	**4,603**	**(1,166,564)**

(1) The purchase of Slovenský plynárenský priemysel, a.s., Stredoslovenská energetika, a.s. and Helmstedter Revier GmbH and an additional purchase of a 35.29% share in PRVNÍ MOSTECKÁ a.s. and the gaining of control over this entity.

In thousands of EUR

Temporary difference related to:	Balance at 1 January 2012	Recognised in profit or loss	Transfer to disposal group held for sale	Transfer	Acquired in business combinations[1]	Effect of movements in foreign exchange rate	Balance at 31 December 2012
Property, plant and equipment	(61,705)	(24,102)	1,790	-	(118,437)	(3,353)	(205,807)
Intangible assets	(1,977)	17,460	-	-	(27,841)	(53)	(12,411)
Financial instruments at fair value through profit or loss	-	(239)	-	159	-	-	(80)
Inventories	39	2,506	-	-	4,415	1	6,961
Trade receivables and other assets	78	(1,989)	-	-	-	2	(1,909)
Provisions	2,636	(2,227)	-	-	15,670	71	16,150
Employee benefits (IAS 19)	271	1,750	-	-	358	8	2,387
Loans and borrowings	1,163	4,375	-	-	-	31	5,569
Tax losses	620	4,415	-	-	-	17	5,052
Derivatives	(1,938)	(199)	-	-	-	(51)	(2,188)
Other	1,472	(1,273)	-	(159)	2,744	39	2,823
Total	**(59,341)**	**477**	**1,790**	**-**	**(123,091)**	**(3,288)**	**(183,453)**

(1) An additional purchase of 50% in JTSD Braunkohlebergbau GmbH and the gaining of control of Pražská teplárenská a.s. and the acquisition of Saale Energie GmbH.

21. INVENTORIES

In thousands of EUR

	31 December 2014	31 December 2013	31 December 2012
Raw material and supplies	41,408	36,244	10,740
Overburden	25,504	25,597	-
Fossil fuel	24,039	20,237	18,378
Spare parts	4,058	3,756	3,858
Work in progress	3,090	3,865	4,654
Finished goods and merchandise	257	9,772	12,609
Value adjustment to inventories	(6,560)	(3,756)	(438)
Total	**91,796**	**95,715**	**49,801**

At 31 December 2014 inventories in the amount of EUR 21,672 thousand (2013: EUR 17,940 thousand; 2012: EUR 13,087 thousand) were subject to pledges.

22. TRADE RECEIVABLES AND OTHER ASSETS

In thousands of EUR

	31 December 2014	31 December 2013	31 December 2012
Trade receivables	330,970	298,268	211,098
Estimated receivables	42,573	74,239	19,849
Accrued income	41,532	109	-
Advance payments	37,795	63,154	39,340
Other receivables and assets	36,313	28,405	11,973
Allowance for bad debts	(10,694)	(12,069)	(7,200)
Total	**478,489**	**452,106**	**275,060**
Non-current	*29,157*	*30,483*	*16,508*
Current	*449,332*	*421,623*	*258,552*
Total	**478,489**	**452,106**	**275,060**

In 2014 EUR 1,983 thousand receivables were written-off through profit or loss (2013: EUR 9,933 thousand; 2012: EUR 1,153 thousand).

As at 31 December 2014 trade receivables with a carrying value of EUR 87,391 thousand are subject to pledges (2013: EUR 111,285 thousand; 2012: EUR 132,458 thousand).

As at 31 December 2014 trade receivables and other assets amounting EUR 419,906 thousand are not past due (2013: EUR 405,251 thousand; 2012: EUR 246,062 thousand), remaining balance of EUR 58,583 thousand is overdue (2013: EUR 46,855 thousand; 2012: EUR 28,998 thousand).

The Group's exposure to credit and currency risks and impairment losses related to trade and other receivables excluding construction work in progress is disclosed in Note 36 – Risk management policies and disclosures.

23. CASH AND CASH EQUIVALENTS

In thousands of EUR

	31 December 2014	31 December 2013	31 December 2012
Current accounts with banks	562,845	677,703	373,707
Term deposits	346,938	92,762	55,489
Cash on hand and valuables	304	218	80
Bills of exchange issued by banks	-	223,993	7,955
Total	**910,087**	**994,676**	**437,231**

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

As at 31 December 2014 cash equivalents of EUR 167,558 thousand are subject to pledges (2013: EUR 326,126 thousand; 2012: EUR 119,372 thousand). 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.

Fair value information

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

In thousands of EUR

	31 December 2014		31 December 2013		31 December 2012	
	Carrying amount	Fair value	Carrying amount	Fair value	Carrying amount	Fair value
Current accounts with banks	562,845	562,845	677,703	677,703	373,707	373,707
Term deposits	346,938	346,938	92,762	92,762	55,489	55,489
Cash on hand and valuables	304	304	218	218	80	80
Bills of exchange issued by banks	-	-	223,993	223,993	7,955	7,955
Total	**910,087**	**910,087**	**994,676**	**994,676**	**437,231**	**437,231**

24. TAX RECEIVABLES

In thousands of EUR

	31 December 2014	31 December 2013	31 December 2012
Current income tax receivables	14,097	6,709	2,745
Value added tax receivables	12,919	10,903	15,354
Road tax receivable	4	-	-
Other tax receivables	630	146	4,097
Total	**27,650**	**17,758**	**22,196**

25. ASSETS AND LIABILITIES HELD FOR SALE AND DISCONTINUED OPERATIONS

The following items are presented within Assets/disposal groups held for sale:

In thousands of EUR

	31 December 2014	31 December 2013	31 December 2012
Property, plant and equipment	20,395	138,300	10,262
Land and buildings	5,597	-	-
Inventories	62	-	-
Deferred tax asset	47	1,203	-
Tax receivables	19	-	-
Trade receivables and other assets	11	915,046	40
Cash and cash equivalents	-	390,702	-
Intangible assets	-	76,900	-
Financial instruments and other financial assets	-	8,314	-
Participations with significant influence	-	3,282	-
Total	**26,131**	**1,533,747**	**10,302**

The following items are presented within Liabilities from disposal groups held for sale:

In thousands of EUR

	31 December 2014	31 December 2013	31 December 2012
Loans and borrowings	14,400	295,497	-
Deferred tax liability	1,999	18,049	1,790
Trade and other liabilities	16	502,067	-
Provisions	-	49,400	-
Financial instruments and other financial liabilities	-	26,108	-
Total	**16,415**	**891,121**	**1,790**

As of 31 December 2014 balances of assets held for sale and liabilities from disposal groups held for sale are fully represented by specific assets and liabilities reported by Stredoslovenská energetika, a.s.

As of 31 December 2013 balance of assets held for sale totalling EUR 1,533,698 thousand and liabilities held for sale totalling EUR 891,121 thousand relate to discontinued operations represented by Slovenský plynárenský priemysel, a.s. Remaining balance of assets held for sale in amount of EUR 49 thousands relates to United Energy, a.s.

On 19 December 2013, the National Property Fund (Fond národného majetku SR), the Ministry of Economy of the Slovak Republic (Ministerstvo hospodárstva SR) and EPH signed a contract of sale and purchase of shares to govern the restructuring of SPP Group to be implemented in the first half of 2014. An integral part of this contract was the transfer of the ownership of shares in SPP – distribúcia, a.s., eustream, a.s., NAFTA a.s., SPP Infrastructure Financing B.V., SPP Bohemia, a.s., SPP Storage, s.r.o., Pozagas, a.s., GEOTERM KOŠICE, a.s., P R O B U G A S a.s., SLOVGEOTERM a.s. and GALANTATERM spol. s r.o. to the newly established 100% subsidiary SPP Infrastructure, a.s. After the completion of the restructuring, the National Property Fund becomes the ultimate owner of Slovenský plynárenský priemysel, a.s. Slovenský plynárenský priemysel, a.s. retained a non-controlling 51% ownership interest and the EPH Group retained a 49% interest with management control in SPP Infrastructure, a.s., which was established to secure the original activities of Slovenský plynárenský priemysel, a.s. within the EPH Group after the completion of restructuring.

On 4 June 2014, SPP sold its 49% interest including management control in SPP Infrastructure, a.s. to Slovak Gas Holding B.V. ("SGH"), and simultaneously acquired own shares from SGH, to become 100% owned by the Slovak Government.

Since 4 June 2014, SPP Infrastructure, a.s. is owned by Slovak Government (51% share) and by SGH (49%), which also exercises management control over the newly established group. The ultimate parent company of the SPP Infrastructure, a.s. is Energetický a průmyslový holding, a.s.

For the detailed version of the consolidated statement of comprehensive income from discontinued operations refer to Appendix 2.

In thousands of EUR

	31 December 2014 Discontinued	31 December 2013 Discontinued	31 December 2012 Discontinued
Revenues	597,048	[1]1,309,310	-
Expenses	(631,591)	[1](1,315,663)	-
Profit (loss) from operations	**(34,543)**	**(6,353)**	**-**
Net finance income (expense)	204,493	(50,358)	-
Income tax expenses	(192,708)	(33,880)	-
Profit (loss) for the year	**(22,758)**	**(90,591)**	**-**

(1) Values after intercompany eliminations between continuing and discontinued operations.

Of the loss from discontinued operation in 2014 of EUR 22,758 thousand (2013: EUR 90,591 thousand; 2012: EUR 0 thousand), an amount of EUR 11,151 thousand (2013: EUR 44,390 thousand; 2012: EUR 0 thousand) is attributable to the owners of the Company and EUR 11,607 thousand (2013: EUR 46,201 thousand; 2012: EUR 0 thousand) is attributable to the non-controlling interest.

Cash flows from (used in) discontinued operations

Cash flows from discontinued operations presented in the table below are included in the total amounts of cash flows presented in the consolidated statement of cash flows.

In thousands of EUR

	2014	2013	2012
Net cash from (used in) operating activities	209,836	(364,850)	-
Net cash from (used in) investing activities	(23,417)	(3,063)	-
Net cash from (used in) financing activities	(110,000)	(284,193)	-
Net cash flows for the year	**76,419**	**(652,106)**	**-**

26. EQUITY

Share capital and share premium

The authorised, issued and fully paid share capital as at 31 December 2014 consisted of 57,892,478 ordinary shares with a par value of CZK 100 each (2013: 57,892,478 shares; 2012: 57,892,478 shares) and 3,301,099,240 ordinary shares with a par value of CZK 1 each (2013: 3,301,099,240 shares; 2012: 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.

31 December 2014	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]	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[2]	1,145,530,340	28,946,239	44.44	-
Total	**3,301,099,240**	**57,892,478**	**100.00**	**100.00**

(1) In 2013 shares in EPH were owned by MACKAREL ENTERPRISES LIMITED.
(2) In 2014 EPH acquired 44.44% of its own shares from TIMEWORTH HOLDINGS LIMITED. As at 31 December 2014 these shares were reported within EPH's equity as the shares were not yet cancelled.

31 December 2013	Number of shares		Ownership	Voting rights
	1 CZK	100 CZK	%	%
TIMEWORTH HOLDINGS LIMITED (owned by PPF Group N.V.)	1,145,530,340	28,946,239	44.44	44.44
BIQUES LIMITED (part of J&T PARTNERS I L.P.)	236,085,700	14,473,119	18.52	18.52
MACKAREL ENTERPRISES LIMITED (owned by Daniel Křetínský)	1,683,397,600	-	18.52	18.52
MILEES LIMITED (part of J&T PARTNERS II L.P.)	236,085,600	14,473,120	18.52	18.52
Total	**3,301,099,240**	**57,892,478**	**100.00**	**100.00**

31 December 2012	Number of shares		Ownership	Voting rights
	1 CZK	100 CZK	%	%
TIMEWORTH HOLDINGS LIMITED (owned by PPF Group N.V. and PPF Partners Limited)	1,145,530,340	28,946,239	44.44	44.44
BIQUES LIMITED (part of J&T PARTNERS I L.P.)	236,085,700	14,473,119	18.52	18.52
MACKAREL ENTERPRISES LIMITED (owned by Daniel Křetínský)	1,683,397,600	-	18.52	18.52
MILEES LIMITED (part of J&T PARTNERS II L.P.)	236,085,600	14,473,120	18.52	18.52
Total	**3,301,099,240**	**57,892,478**	**100.00**	**100.00**

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

	Number of shares 2014	
	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**

	Number of shares 2013	
	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**

	Number of shares 2012	
	1 CZK	100 CZK
Shares outstanding at the beginning of the year	2,627,740,200	57,892,478
New shares issued	673,359,040	-
Shares outstanding at the end of the year	**3,301,099,240**	**57,892,478**

Reserves recognised in equity comprise the following items:

In thousands of EUR

	31 December 2014	31 December 2013	31 December 2012
Other capital funds from capital contributions	22,538	22,538	22,538
Non-distributable reserves	5,869	80,962	80,803
Fair value reserve	(9,886)	(288)	-
Other capital reserves	(53,868)	(53,868)	(54,613)
Translation reserve	(70,021)	(74,472)	7,984
Hedging reserve	(84,421)	(78,771)	427
Total	**(189,789)**	**(103,899)**	**57,139**

Non-distributable reserves

The creation of a legal reserve fund in the Czech Republic is 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 can only be used to cover losses of the Company and may not be distributed as a dividend. The calculation of the legal reserve is based on local statutory regulations. The legal reserve of EUR 5,869 thousand was reported as at 31 December 2014 (2013: EUR 80,962 thousand; 2012: EUR 80,803 thousand). 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. As a result of the enacted legislation, in 2014 EUR 75,878 thousand was transferred from legal reserve fund to retained earnings

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 consolidated 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 74,465 thousand. 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 55,589 thousand 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 decreased by EUR 312 thousand in relation to the disposal of 47.06% share in PRVNÍ MOSTECKÁ a.s. as a part of the step acquisition process and increased by EUR 1,057 thousand due to the process of restructuralisation in SPP Group (for more detail refer to Note 25 – Asset and liabilities held for sale and discontinued operations).

Hedging reserves

The effective portion of fair value changes in financial derivatives designated as cash flow hedges are recognised in equity. The balance as at 31 December 2014 represents primarily derivative agreements to hedge an interest rate concluded by POWERSUN a.s., an electricity price and a foreign exchange rate concluded by EP ENERGY TRADING, a.s., a gas price and a foreign exchange rate concluded by SPP Infrastructure, a.s. and the effect from a cash flow hedge recognised on the EPH Group level (for more details please refer to Note 32 – Financial instruments).

Share premium

Along with the equity reserves described above, the Company recognised a Share premium of EUR 63,694 thousand in 2012. For more information on share issues refer to Note 1 – Background.

Reserve for own shares

In 2014 EPH acquired 44.44% of its own shares from TIMEWORTH HOLDINGS LIMITED. These shares were reported within EPH's equity as reserve for own shares in amount of EUR 932,382 thousand as the shares were not cancelled as at 31 December 2014.

This reserve represents difference between the purchase price and the nominal value of the shares. The nominal value of the shares amounting EUR 147,199 thousand is recognised as a decrease in Share capital.

27. EARNINGS PER SHARE

Basic earnings per share

Basic earnings per share in EUR per equivalent 1,000 CZK of share nominal value equal 0.03 (2013: 0.04; 2012: 0.04).

The calculation of basic earnings per share as at 31 December 2014 was based on a profit attributable to ordinary shareholders of EUR 187,044 thousand (2013: EUR 344,614 thousand; 2012: EUR 373,433 thousand), and a weighted average number of ordinary shares outstanding of 6,953 million (2013: 9,090 million; 2012: 8,684 million).

Basic earnings per share from continuing operations in EUR per equivalent 1,000 CZK of share nominal value equal 0.03 (2013: 0.04; 2012: 0.04).

The calculation of basic earnings per share from continuing operations as at 31 December 2014 was based on profit attributable to ordinary shareholders of EUR 198,195 thousand (2013: EUR 389,004 thousand; 2012: EUR 373,433 thousand), and a weighted average number of ordinary shares outstanding of 6,953 million (2013: 9,090 million; 2012: 8,684 million).

Weighted average number of ordinary shares 2014

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**

Weighted average number of ordinary shares 2013

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
Total	**9,090**	**9,090**

Weighted average number of ordinary shares 2012

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	267
Total	**9,090**	**8,684**

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.

28. NON-CONTROLLING INTEREST

In thousands of EUR

	31 December 2014	31 December 2013	31 December 2012
SPP Infrastructure, a.s.	1,659,571	-	-
Stredoslovenská energetika, a.s.	373,400	375,546	-
NAFTA a.s.	97,919	7,001	-
Pražská teplárenská a.s.	87,522	103,321	284,487
DCR INVESTMENT a.s.	22,842	-	-
EP Cargo a.s.	1,348	-	-
Norddeutsche Geselschaft zur Ablagerung von Mineralstoffen mbH	1,287	1,410	-
Slovenský plynárenský priemysel, a.s.,	-	2,554,818	-
PRVNÍ MOSTECKÁ a.s.	-	505	-
AISE, s.r.o.	290	255	278
EOP & HOKA s.r.o.	4	3	-
Claymore Equity, s.r.o.	(60)	(47)	(40)
VTE Pchery, s.r.o.	(198)	(182)	(199)
WOOGEL LIMITED	(1,039)	-	-
Alternative Energy, s.r.o.	(1,418)	(625)	(636)
Total	**2,241,468**	**3,042,005**	**283,890**

The Group has investments with significant non-controlling interest in the following subsidiaries:

In thousands of EUR

			Non-controlling interest 31 December 2014	Carrying amount of non-controlling interest 31 December 2014
Subsidiaries with non-controlling interest	**Principal place of business**	**Business activity**	**%**	
SPP Infrastructure, a.s. and its subsidiaries	Slovakia[1]	Distribution of gas	51.00	1,659,571
Stredoslovenská energetika, a.s. and its subsidiaries and associates	Slovakia[1]	Distribution of electricity	51.00	373,400
NAFTA a.s. and its subsidiaries	Slovakia[1]	Gas storage and exploration	31.01	97,919
Pražská teplárenská a.s. and its subsidiaries	Czech Republic	Production and distribution of heat	26.60	87,522
Total			**-**	**2,218,412**

(1) Principal place of business of subsidiaries and associates varies (for detail refer to Note 38 – Group entities).

In thousands of EUR

Subsidiaries with non-controlling interest	Country	Business activity	Non-controlling interest 31 December 2013 %	Carrying amount of non-controlling interest 31 December 2013
Slovenský plynárenský priemysel, a.s. and its subsidiaries	Slovakia[1]	Distribution of gas	51.00	2,554,818
Stredoslovenská energetika, a.s. and its subsidiaries and associates	Slovakia[1]	Distribution of electricity	51.00	375,546
Pražská teplárenská a.s. and its subsidiaries	Czech Republic	Production and distribution of heat	26.74	103,321
NAFTA a.s. and its subsidiaries	Slovakia[1]	Gas storage and exploration	31.01	7,001
Total			-	**3,040,686**

(1) Principal place of business of subsidiaries and associates varies (for detail refer to Note 38 – Group entities).

In thousands of EUR

Subsidiaries with non-controlling interest	Country	Business activity	Non-controlling interest 31 December 2012 %	Carrying amount of non-controlling interest 31 December 2012
Pražská teplárenská a.s. and its subsidiaries	Czech Republic	Production and distribution of heat	26.74	284,487
Total			-	**284,487**

(1) Principal place of business of subsidiaries and associates varies (for detail refer to Note 38 – Group entities).

31 December 2014

In thousands of EUR

Subsidiaries with non-controlling interest	Profit attributable to non-controlling interest	Dividends paid to non-controlling interest
Pražská teplárenská a.s. and its subsidiaries	4,167	(14,845)
Stredoslovenská energetika, a.s. and its subsidiaries and associates	24,865	(27,397)
SPP Infrastructure, a.s. and its subsidiaries	117,040	-
Slovenský plynárenský priemysel, a.s. and its subsidiaries	103,756	(378,716)
NAFTA a.s. and its subsidiaries	29,594	(41,285)
Total	**279,422**	**(462,243)**

NON-CONTROLLING INTEREST

31 December 2013

In thousands of EUR

	Profit attributable to non-controlling interest	Dividends paid to non-controlling interest
Pražská teplárenská a.s. and its subsidiaries	3,466	(168,362)
Stredoslovenská energetika, a.s. and its subsidiaries and associates	3,973	-
Slovenský plynárenský priemysel, a.s. and its subsidiaries	118,191	(220,188)
NAFTA a.s. and its subsidiaries	50,849	(532)
Total	**176,479**	**(389,082)**

31 December 2012

In thousands of EUR

	Profit attributable to non-controlling interest	Dividends paid to non-controlling interest
Pražská teplárenská a.s. and its subsidiaries	(544)	-
Total	**(544)**	**-**

Pražská teplárenská a.s. and its subsidiaries

In thousands of EUR

	2014	2013	2012
Statement of comprehensive income information			
Total revenues	232,182	276,216	1,035,718
of which: dividends received	-	-	-
Profit after tax	15,556	15,994	183,173
Total other comprehensive income for the year, net of tax	-	-	-
Total comprehensive income for the year	**15,556**	**15,994**	**183,173**
Statement of cashflow information			
Net cash inflows (outflows)	**(20,141)**	**(71,025)**	**(48,651)**
Statement of financial position information			
Total assets	385,047	440,759	1,148,796
of which: non-current	*337,075*	*366,477*	*914,934*
current	*47,972*	*74,282*	*233,862*
Total liabilities	69,099	82,806	114,010
of which: non-current	*41,544*	*43,865*	*52,644*
current	*27,555*	*38,941*	*61,366*
Shareholder equity	**315,948**	**357,953**	**1,034,786**

Stredoslovenská energetika, a.s. and its subsidiaries

In thousands of EUR

	2014	[1]2013	2012
Statement of comprehensive income information			
Total revenues	901,069	98,257	-
of which: dividends received	*235*	-	-
Profit after tax	48,491	11,469	-
Total other comprehensive income for the year, net of tax	(129)	(183)	-
Total comprehensive income for the year	**48,362**	**11,286**	**-**
Statement of cashflow information			
Net cash inflows (outflows)	**(33,508)**	**20,374**	**-**
Statement of financial position information			
Total assets	1,048,308	649,286	-
of which: non-current	*869,916*	*516,135*	-
current	*178,392*	*133,151*	-
Total liabilities	316,151	250,898	-
of which: non-current	*180,359*	*118,728*	-
current	*135,792*	*132,170*	-
Shareholder equity	**732,157**	**398,388**	**-**

(1) Data represent Company's results from the date of acquisition.

SPP Infrastructure, a.s. and its subsidiaries

In thousands of EUR

	2014	2013	2012
Statement of comprehensive income information			
Total revenues	1,231,500	-	-
of which: dividends received	*700*	-	-
Profit after tax	507,442	-	-
Total other comprehensive income for the year, net of tax	(229)	-	-
Total comprehensive income for the year	**507,213**	**-**	**-**
Statement of cashflow information			
Net cash inflows (outflows)	**90,313**	**-**	**-**
Statement of financial position information			
Total assets	6,073,547	-	-
of which: non-current	*5,234,847*	-	-
current	*838,700*	-	-
Total liabilities	2,636,147	-	-
of which: non-current	*2,362,000*	-	-
current	*274,147*	-	-
Shareholder equity	**3,437,400**	**-**	**-**

NON-CONTROLLING INTEREST

Slovenský plynárenský priemysel, a.s. and its subsidiaries

In thousands of EUR

	2014	[1]2013	2012
Statement of comprehensive income information			
Total revenues	-	1,361,118	-
of which: dividends received	-	*500*	-
Profit after tax	-	180,996	-
Total other comprehensive income for the year, net of tax	-	3,271	-
Total comprehensive income for the year	**-**	**184,267**	**-**
Statement of cashflow information			
Net cash inflows (outflows)	**-**	**33,450**	**-**
Statement of financial position information			
Total assets	-	7,965,083	-
of which: non-current	-	*6,056,980*	-
current	-	*1,908,103*	-
Total liabilities	-	3,078,272	-
of which: non-current	-	*1,866,324*	-
current	-	*1,211,948*	-
Shareholder equity	**-**	**4,886,811**	**-**

(1) Data represent Company's results from the date of acquisition.

NAFTA a.s. and its subsidiaries

In thousands of EUR

	2014	[1]2013	2012
Statement of comprehensive income information			
Total revenues	205,269	197,982	-
of which: dividends received	-	-	-
Profit after tax	90,984	99,704	-
Total other comprehensive income for the year, net of tax	(8)	(57)	-
Total comprehensive income for the year	**90,976**	**99,647**	**-**
Statement of cashflow information			
Net cash inflows (outflows)	**(5,427)**	**16,843**	**-**
Statement of financial position information			
Total assets	526,562	403,617	-
of which: non-current	*448,754*	*308,920*	-
current	*77,808*	*94,697*	-
Total liabilities	179,286	142,528	-
of which: non-current	*128,156*	*105,926*	-
current	*51,130*	*36,602*	-
Shareholder equity	**347,276**	**261,089**	**-**

(1) Data represent Company's results from the date of acquisition.

29. LOANS AND BORROWINGS

In thousands of EUR

	31 December 2014	31 December 2013	31 December 2012
Issued debentures at amortised costs	2,863,559	1,856,846	495,546
Loans payable to credit institutions	2,124,793	1,942,060	116,388
Loans payable to other than credit institutions	65,985	688,095	312,649
Bank overdraft	59,123	-	1,949
Revolving credit facility	25,011	-	-
Liabilities from financial leases	867	145	239
Total	**5,139,338**	**4,487,146**	**926,771**
Non-current	4,247,830	3,801,057	901,870
Current	891,508	686,089	24,901
Total	**5,139,338**	**4,487,146**	**926,771**

The weighted average interest rate on loans for 2014 was 2.58% (2013: 3.90%; 2012: 3.67%).

Issued debentures at amortised costs

In 2012 and 2013 EP Energy Group ("EPE", "EPE Group") issued the senior secured notes. EPE Group comprises energy entities subsidiaries and associates as described in Note 38 – Group entities.

I. 2019 notes

The Senior Secured Notes were issued on 31 October 2012, are listed on the Irish Stock Exchange and comprise EUR 500 million Senior Secured Notes due 2019 (the "2019 Notes"). The 2019 Notes bear interest at 5.875% per annum, payable semi-annually in arrears on 1 May and 1 November of each year.

The Company may redeem some or all of the 2019 Notes at a redemption price equal to 100% of the principal amount of the 2019 Notes redeemed, plus accrued and unpaid interest and additional amounts, if any, plus a "make whole" premium. Further, the Company may redeem all, but not part, of the 2019 Notes at a price equal to 100% of the aggregate principal amounts thereof plus accrued and unpaid interest and additional amounts, if any, upon the occurrence of certain changes in applicable tax law. Upon the occurrence of a certain change of control triggering events, the Company may be required to offer to redeem the 2019 Notes at 101% of the principal amount redeemed, plus accrued and unpaid interest and additional amounts, if any.

Unless redeemed prematurely (an option which the Company currently does not consider), the 2019 Notes will be redeemed by the Group in their principal amount on 1 November 2019.

The 2019 Notes are guaranteed by certain subsidiaries of EPE on a senior secured basis. The 2019 Notes and the guarantees thereof are secured by first ranking liens on certain assets that secure EPE's and the guarantors' obligations.

The indenture pursuant to which the 2019 Notes were issued contains a number of restrictive covenants, including limitations on restricted payments, transactions with affiliates, liens and sales of collateral. The Company has to monitor the relationship between the total amount of debt and adjusted EBITDA; under certain circumstances, a specific limit must not be exceeded when considering additional debt. The level of debt must be also considered before certain profit distributions.

The 2019 Notes are stated at net of debt issue costs of EUR 10 million. These costs are allocated to the profit and loss account over the term of the 2019 Notes through the effective interest rate of 6.301%.

II. 2018 Notes

On 18 April 2013 EPE issued additional Senior Secured Notes due in 2018 (the "2018 Notes"). These second notes are listed on the Irish Stock Exchange and amount to EUR 600 million. The 2018 Notes bear interest at 4.375% per annum, payable semi-annually in arrears on 1 May and 1 November of each year.

The Company may redeem some or all of the 2018 Notes at a redemption price equal to 100% of the principal amount of the 2018 Notes redeemed, plus accrued and unpaid interest and additional amounts, if any, plus a "make whole" premium. Further, the Company may redeem all, but not part, of the 2018 Notes at a price equal to 100% of the aggregate principal amounts thereof plus accrued and unpaid interest and additional amounts, if any, upon the occurrence of certain changes in applicable tax law. Upon the occurrence of a certain change of control triggering events, the Company may be required to offer to redeem the 2018 Notes at 101% of the principal amount redeemed, plus accrued and unpaid interest and additional amounts, if any.

Unless redeemed prematurely (an option which the Company currently does not consider), the 2018 Notes will be redeemed by the Group in their principal amount on 1 May 2018.

The 2018 Notes rank pari passu with the EPE Senior Secured Notes due 2019 issued on 31 October 2012 (the "2019 Notes"). The 2018 Notes and 2019 Notes share the same security package and are guaranteed by certain subsidiaries of EPE on a senior secured basis. The 2018 Notes and the guarantees thereof are also secured by first ranking liens on the same assets that secure EPE's and the guarantors' obligations under the 2019 Notes.

The indenture pursuant to which the 2018 Notes were issued contains similar covenants as the indenture of the 2019 Notes.

The 2018 Notes are stated at net of debt issue costs of EUR 8 million. These costs are allocated to the profit and loss account over the term of the 2018 Notes through the effective interest rate of 4.691%.

III. 2020 Notes

The first tranche of guaranteed notes in the amount of EUR 500 million was issued on 18 July 2013 and the second tranche in the amount of EUR 250 million was issued on 10 September 2013. The notes are due in 2020 ("2020 Notes") and are listed on the official market of the Irish Stock Exchange. The 2020 Notes bear an interest of 3.75% per annum, payable annually in arrears on 18 July of each year. The 2020 Notes were issued by SPP Infrastructure Financing B.V., and are guaranteed by eustream, a.s.

The terms and conditions pursuant to which the 2020 Notes were issued contain a limited number of restrictive covenants, mainly negative pledges.

The 2020 Notes are stated at net of debt issue costs of EUR 4 million. These costs are allocated to the profit and loss account over the term of the 2020 Notes through the effective interest rate of 3.453 %.

The proceeds of the 2020 Notes were on-lent to eustream, a.s. via the purchase of 2020 Intra-group notes issued by eustream, a.s. bearing 4.12% p.a. while interest payments are aligned to effectively finance payments by SPP Infrastructure Financing B.V.

IV. 2021 Notes

On 24 January 2014, CE Energy, a.s. acquired all of the outstanding shares of EP Energy, a.s. from Energetický a průmyslový holding, a.s. and intercompany loans owed by CE Energy, a.s. to Energetický a průmyslový holding, a.s. in an aggregate amount equal to the consideration payable by CE Energy, a.s. to Energetický a průmyslový holding, a.s. for the acquisition of the shares of EP Energy, a.s. of EUR 1,500 million. The intercompany loans are subordinated to the senior notes issued by CE Energy, a.s. on 7 February 2014 in the amount of EUR 500 million due in 2021 (the "2021 Notes"), pursuant to an intercreditor agreement. A part of the intercompany loans totaling EUR 251 million was repaid with a portion of the proceeds of the 2021 Notes. The 2021 Notes are secured by a pledge of 100% of the capital stock of CE Energy, a.s. and by a pledge of 50% minus one share of the capital stock of EP Energy, a.s.

The indenture pursuant to which the 2021 Notes were issued contains a number of restrictive covenants, including limitations on the ability of subsidiaries to upstream payments to CE Energy, a.s., the incurrence of indebtedness, restricted payments, transactions with affiliates, liens and sales of assets.

The 2021 Notes are stated at net of debt issue costs of EUR 8 million. These costs are allocated to the profit and loss account over the term of the 2021 Notes through the effective interest rate of 7.285%.

V. 2021 SPPD Notes

In 2014, SPP – distribúcia, a.s. issued bonds in the amount of EUR 500 million with a fixed interest rate of 2.625% p.a. The maturity of bonds is on 23 June 2021.

Other loans and borrowings

Terms and debt repayment schedule

Terms and conditions of outstanding loans as at 31 December 2014 were as follows:

In thousands of EUR

	Currency	Nominal interest rate	Year of maturity (up to)	Balance at 31/12/14	Due within 1 year	Due in 1–5 years	Due in following years
Secured bank loan	*EUR*	*variable**	*2019*	*1,673,772*	*689,520*	*984,252*	*-*
Unsecured bank loan	*CZK*	*variable**	*2026*	*78,881*	*939*	*25,360*	*52,582*
Unsecured bank loan	*EUR*	*fixed*	*2025*	*110,809*	*12,384*	*85,070*	*13,355*
Unsecured bank loan	*EUR*	*variable**	*2024*	*261,331*	*50,718*	*713*	*209,900*
Unsecured loan	*EUR*	*fixed*	*2016*	*45,761*	*883*	*44,878*	*-*
Unsecured loan	*CZK*	*fixed*	*2017*	*20,224*	*7,568*	*12,656*	*-*
Revolving credit facility	*EUR*	*variable**		*25,011*	*25,011*	*-*	*-*
Overdraft	*EUR*	*variable**		*59,123*	*59,123*	*-*	*-*
Liabilities from financial leases	*CZK*			*867*	*314*	*553*	*-*
Total interest-bearing liabilities				**2,275,779**	**846,460**	**1,153,482**	**275,837**

** Variable interest rate is derived as PRIBOR or EURIBOR plus a margin. All interest rates are market based.*

Terms and conditions of outstanding loans as at 31 December 2013 were as follows:

In thousands of EUR

	Currency	Nominal interest rate	Year of maturity (up to)	Balance at 31/12/13	Due within 1 year	Due in 1–5 years	Due in following years
Secured bank loan	*CZK*	*fixed*	*2017*	*29,098*	*4,595*	*24,503*	
Secured bank loan	*EUR*	*fixed*	*2014*	*36*	*36*	*-*	*-*
Secured bank loan	*EUR*	*variable**	*2025*	*1,434,056*	*617,320*	*810,501*	*6,235*
Unsecured bank loan	*CZK*	*variable**	*2024*	*10,173*	*985*	*3,974*	*5,214*
Unsecured bank loan	*EUR*	*fixed*	*2023*	*127,293*	*12,324*	*93,273*	*21,696*
Unsecured bank loan	*EUR*	*variable**	*2020*	*341,404*	*18,123*	*123,646*	*199,635*
Secured loan	*EUR*	*fixed*	*2016*	*239,818*	*-*	*239,818*	*-*
Unsecured loan	*CZK*	*fixed*	*2015*	*147,967*	*8,824*	*139,143*	
Unsecured loan	*EUR*	*fixed*	*2016*	*300,310*	*875*	*299,435*	*-*
Liabilities from financial leases	*CZK*			*145*	*145*	*-*	*-*
Total interest-bearing liabilities				**2,630,300**	**663,227**	**1,734,293**	**232,780**

** Variable interest rate is derived as PRIBOR or EURIBOR plus a margin. All interest rates are market based.*

Terms and conditions of outstanding loans as at 31 December 2012 were as follows:

In thousands of EUR

	Currency	Nominal interest rate	Year of maturity (up to)	Balance at 31/12/12	Due within 1 year	Due in 1–5 years	Due in following years
Secured bank loan	*CZK*	*fixed*	*2014*	*38,067*	*4,256*	*33,811*	*-*
Secured bank loan	*EUR*	*fixed*	*2025*	*6,881*	*517*	*1,432*	*4,932*
Secured bank loan	*CZK*	*variable**	*2023*	*7,518*	*358*	*2,586*	*4,574*
Unsecured bank loan	*CZK*	*fixed*	*2021*	*4,495*	*517*	*1,830*	*2,148*
Unsecured bank loan	*EUR*	*fixed*	*2016*	*66,030*	*716*	*65,314*	*-*
Unsecured bank loan	*EUR*	*variable**	*2018*	*3,421*	*-*	*3,421*	*-*
Secured bank loan	*EUR*	*variable***	*2017*	*(10,024)*	*-*	*(10,024)*	*-*
Unsecured loan	*CZK*	*fixed*	*2015*	*26,213*	*8,711*	*17,502*	*-*
Unsecured loan	*EUR*	*fixed*	*2016*	*286,436*	*7,757*	*278,679*	*-*
Bank overdraft	*EUR*	*variable**	*undefined*	*1,949*	*1,949*	*-*	*-*
Liabilities from financial leases	*CZK*			*239*	*120*	*119*	*-*
Total interest-bearing liabilities				**431,225**	**24,901**	**394,670**	**11,654**

** Variable interest rate is derived as PRIBOR, EURIBOR, or CZEONIA plus a margin. All interest rates are market based.*
*** Relates to the Senior Facilities Agreement (see below) – the fees were paid in 2012 but the principal was drawn in 2013.*

On 15 January 2013, Slovak Gas Holding B.V. ("SGH") entered into a syndicated facilities agreement for up to EUR 1,500 million (the "Senior Facilities Agreement") while the whole committed amount was drawn on 22 January 2013. The facilities comprised a (a) Euro term loan facility A in an aggregate amount of EUR 1,300,000 thousand and (b) Euro term loan bridge facility B in an aggregate amount of EUR 200,000 thousand arranged between SGH and group of banks led by J.P. MORGAN EUROPE LIMITED as agent and security agent.

The interest rate under the Senior Facilities Agreement was EURIBOR, plus mandatory costs and a margin. The margin on Facility B was not subject to adjustment.

As a result of the refinancing of SGH, the Euro term loan facility A and the Euro term loan bridge facility B were terminated on 2 June 2014.

On 29 May 2014, SGH has entered into:
(a) Euro term loan facility A in an aggregate amount of EUR 298,668 thousand;
(b) Euro term loan facility B in an aggregate amount of EUR 500,000 thousand;
(c) Euro term loan facility C1 in an aggregate amount of EUR 663,000 thousand;
(d) Euro term loan facility C2 in an aggregate amount of EUR 317,000 thousand.

arranged between SGH and a group of banks led by UNICREDIT BANK AG, LONDON BRANCH as agent and security agent.

The loan bears interest of Euribor plus margin at prevailing market rates and is due as follows:
(a) The maturity date of Facility A was 31 October 2014 and was fully repaid;
(b) The maturity date of Facility B is 18 months after the closing date i.e. 27 November 2015;
(c) The maturity dates of Facility C1 are as follows:
  - 31 October 2015 EUR 150,000 thousand first installment;
  - 31 October 2016 EUR 150,000 thousand second installment;
  - 31 October 2017 EUR 150,000 thousand third installment;
  - 31 October 2018 EUR 150,000 thousand fourth installment;
  - 29 May 2019 EUR 63,000 thousand fifth installment.
(d) The maturity date of Facility C2 is 5 years after the closing date i.e. 29 May 2019.

European Investment Bank Facility – EP Energy Distribution Network Slovakia

In December 2014 EP Energy, a.s. entered into a finance contract with the European Investment Bank ("EIB"). Under the finance contract, EIB provides for a facility of up to EUR 125,000 thousand for the purpose of financing of certain capital expenditure program for the power distribution network of Stredoslovenská energetika – Distribúcia, a.s.

No loan has been drawn under this facility yet. In the utilization request, the borrower may select the interest rate (fixed or floating), tenor and repayment (bullet or amortizing). As regards repayment, the Company may opt for up 8-years tenor for bullet repayment and up to 12-years tenor for amortizing loans.

The EIB facilities can be drawn in up to two loans within 18-month availability period.

When drawn, the EIB loans would be secured pari passu with other senior debt of the Company and benefit from the same guarantees.

Fair value information

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

In thousands of EUR

	31 December 2014		31 December 2013		31 December 2012	
	Carrying amount	Fair value	Carrying amount	Fair value	Carrying amount	Fair value
Issued debentures at amortised costs	2,863,559	2,922,163	1,856,846	1,803,318	495,546	499,642
Loans payable to credit institutions	2,124,793	2,161,487	1,942,060	1,948,915	116,388	119,133
Loans payable to other than credit institutions	65,985	68,496	688,095	714,822	312,649	310,382
Bank overdraft	59,123	59,123	-	1,949	1,949	-
Revolving credit facility	25,011	25,011	-	-	-	-
Liabilities from financial leases	867	867	145	145	239	239
Total	**5,139,338**	**5,237,147**	**4,487,146**	**4,467,200**	**926,771**	**931,345**

30. PROVISIONS

In thousands of EUR

	Employee benefits	Warranties	Provision for emission rights	Provision for lawsuits and litigations	Asset retirement obligation	Provision for restoration and decom-missioning	Other	Total
Balance at 1 January 2014	**106,071**	**182**	**42,553**	**1,495**	**107,019**	**309,608**	**25,378**	**592,306**
Provisions made during the year	30,854	518	38,137	10	-	8,915	11,962	**90,396**
Provisions used during the year	(21,190)	(363)	(42,541)	-	-	(5,509)	(2,223)	**(71,826)**
Provisions reversed during the year	(7,627)	(149)	-	(1,227)	-	(6,400)	(2,263)	**(17,666)**
Disposed entities[1]	(7,798)	-		-		(6,296)	(2,377)	**(16,471)**
Unwinding of discount*	1,405	-		-		18,378		**19,783**
Effects of movements in foreign exchange rate	(82)	(2)	(270)	(15)	-	(37)	(1)	**(407)**
Transfer	-	-	-	-	(107,019)	107,019	-	**-**
Balance at 31 December 2014	**101,633**	**186**	**37,879**	**263**	**-**	**425,678**	**30,476**	**596,115**
Non-current	*56,941*	*-*	*-*	*76*	*-*	*421,567*	*843*	***479,427***
Current	*44,692*	*186*	*37,879*	*187*	*-*	*4,111*	*29,633*	***116,688***

* *Unwinding of discount is included in interest expense.*
(1) The disposal of Przedsiebiorstwo Górnicze Silesia Sp. z o.o.

In thousands of EUR

	Employee benefits	Onerous contracts	Warranties	Provision for emission rights	Provision for lawsuits and litigations	Asset retirement obligation	Provision for resto-ration and decommis-sioning	Other	Total
Balance at 1 January 2013 Restated	**32,458**	**-**	**239**	**51,591**	**1,074**	**-**	**230,151**	**3,460**	**318,973**
Provisions made during the year	15,477	23,215	270	48,010	770	693	10,203	12,898	**111,536**
Provisions used during the year	(17,210)	(13,822)	-	(49,935)	-	(809)	(2,272)	(1,040)	**(85,088)**
Provisions reversed during the year	(1,771)	[2](60,291)	(308)	(116)	(1,040)	(2,811)	(5,275)	(270)	**(71,882)**
Additions through business combinations[1]	79,143	73,329	-	4,825	27,076	108,085	77,185	12,077	**381,720**
Unwinding of discount*	193	193	-	-	-	2,118	7,970	-	**10,474**
Effects of movements in foreign exchange rate	(519)	(124)	(19)	(11,822)	(1,685)	(257)	(8,354)	(1,247)	**(24,027)**
Transfer to discontinued operations	(1,700)	(22,500)	-	-	(24,700)	-	-	(500)	**(49,400)**
Balance at 31 December 2013	**106,071**	**-**	**182**	**42,553**	**1,495**	**107,019**	**309,608**	**25,378**	**592,306**
Non-current	*59,471*	-	-	-	*73*	*104,503*	*309,280*	*875*	***474,202***
Current	*46,600*	-	*182*	*42,553*	*1,422*	*2,516*	*328*	*24,503*	***118,104***

* *Unwinding of discount is included in interest expense.*
(1) The purchase of Slovenský plynárenský priemysel, a.s., Stredoslovenská energetika, a.s. and Helmstedter Revier GmbH.
(2) Slovenský plynárenský priemysel, a.s. was acquired by the EPH Group and the purchase price allocation process was carried out at a time when the purchase price of natural gas for the year 2013 had not yet been revised. Slovenský plynárenský priemysel, a.s. initiated the process of this revision and a new contract amendment has been signed. As a result of this process Slovenský plynárenský priemysel, a.s. has reassessed the provision for onerous contracts.

In thousands of EUR

	Employee benefits	Warranties	Provision for emission rights	Provision for lawsuits and litigations	Provision for restoration and decom-missioning	Other	Total
Balance at 1 January 2012 Restated	**6,783**	**-**	**92,054**	**2,248**	**6,550**	**1,318**	**108,953**
Provisions made during the year	23,704	159	51,585	-	31,341	14,318	**121,107**
Provisions used during the year	(5,648)	-	(94,460)	-	-	(12,886)	**(112,994)**
Provisions reversed during the year	(955)	-	-	(1,432)	(89,051)	(21,595)	**(113,033)**
Additions through step acquisitions[1]	17,590	78	-	195	259,633	26,482	**303,978**
Unwinding of discount*	-	-	-	-	5,290	-	**5,290**
Effects of movements in foreign exchange rate	52	2	2,412	63	2,786	357	**5,672**
Transfers	(9,068)	-	-	-	13,602	(4,534)	-
Balance at 31 December 2012 Restated	**32,458**	**239**	**51,591**	**1,074**	**230,151**	**3,460**	**318,973**
Non-current	*22,991*	-	-	*1,074*	*230,151*	*517*	***254,733***
Current	*9,467*	*239*	*51,591*	-	-	*2,943*	***64,240***

* *Unwinding of discount is included in interest expense.*
(1) An additional purchase of 50% in JTSD Braunkohlebergbau GmbH and the gaining of control of Pražská teplárenská a.s.

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 101,633 thousand (2013: EUR 106,071 thousand; 2012: EUR 32,458 thousand) was recorded by Mitteldeutsche Braunkohlengesellschaft GmbH, Elektrárny Opatovice, a.s., Mining Services and Engineering Sp. z o.o., Pražská teplárenská, a.s., United Energy, a.s., Helmstedter Revier GmbH, Stredoslovenská energetika a.s., NAFTA a.s., SPP Group and SPPI Group.

I. Mitteldeutsche Braunkohlengesellschaft GmbH

The provision recorded by Mitteldeutsche Braunkohlengesellschaft GmbH amounts to EUR 14,868 thousand (2013: EUR 16,679 thousand; 2012: EUR 21,042 thousand), of which EUR 3,873 thousand (2013: EUR 3,540 thousand; 2012: EUR 3,938 thousand) represents a defined benefit pension scheme. The remaining balance of EUR 10,995 thousand (2013: EUR 13,139 thousand; 2012: EUR 17,104 thousand) represents by other unfunded employee benefits paid for work and life jubilees and anniversaries.

The schedules below summarise information about the defined benefit obligations and plan assets.

In thousands of EUR

	31 December 2014	31 December 2013	31 December 2012
Plan A			
Fair value of plan asset	4,172	3,906	3,540
Present value of obligations	(5,889)	(5,151)	(4,733)
Total employee benefit (asset)	**(1,717)**	**(1,245)**	**(1,193)**
Plan B			
Fair value of plan asset	2,699	3,067	3,660
Present value of obligations	(3,387)	(3,939)	(4,932)
Total employee benefit (asset)	**(688)**	**(872)**	**(1,272)**
Plan C			
Fair value of plan asset	-	-	-
Present value of obligations	(1,468)	(1,423)	(1,472)
Total employee benefit (asset)	**(1,468)**	**(1,423)**	**(1,472)**

Plan assets

In thousands of EUR

	31 December 2014	31 December 2013	31 December 2012
Reinsurance contracts – plan A	4,172	3,906	3,540
Reinsurance contracts – plan B	2,699	3,067	3,660
Plan C	-	-	-
Total	**6,871**	**6,973**	**7,200**

Movement in the present value of defined benefit obligations

In thousands of EUR

	Plan A	Plan B	Plan C	Total
Balance at 1 January 2014	**(5,151)**	**(3,939)**	**(1,423)**	**(10,513)**
Benefits paid by plan	-	640	119	**759**
Expected return on plan assets	27	-	-	**27**
Current service costs	(361)	-	(49)	**(410)**
Current interest costs	(120)	(31)	(29)	**(180)**
Actuarial gains (losses)	(284)	(57)	(86)	**(427)**
Balance at 31 December 2014	**(5,889)**	**(3,387)**	**(1,468)**	**(10,744)**

In thousands of EUR

	Plan A	Plan B	Plan C	Total
Balance at 1 January 2013	**(4,733)**	**(4,932)**	**(1,472)**	**(11,137)**
Benefits paid by plan	104	1,070	125	**1,299**
Current service costs	(367)	-	(50)	**(417)**
Current interest costs	(117)	(50)	(30)	**(197)**
Actuarial gains (losses)	(36)	(39)	11	**(64)**
Effects of movements in foreign exchange rate	(2)	12	(7)	**3**
Balance at 31 December 2013	**(5,151)**	**(3,939)**	**(1,423)**	**(10,513)**

In thousands of EUR

	Plan A	Plan B	Plan C	Total
Balance at 1 January 2012	**(3,372)**	**(4,884)**	**(1,240)**	**(9,496)**
Benefits paid by plan	80	597	80	**757**
Current service costs	(358)	-	(40)	**(398)**
Current interest costs	(159)	(239)	(80)	**(478)**
Actuarial gains (losses)	(875)	(398)	(199)	**(1,472)**
Effects of movements in foreign exchange rate	(49)	(8)	7	**(50)**
Balance at 31 December 2012	**(4,733)**	**(4,932)**	**(1,472)**	**(11,137)**

Movement in fair value of plan assets

In thousands of EUR

	Plan A	Plan B	Plan C	Total
Balance at 1 January 2014	**3,906**	**3,067**	**-**	**6,973**
Benefits paid by plan	(27)	(457)	-	**(484)**
Contributions to plan assets	127	4	-	**131**
Expected return on plan assets	-	60	-	**60**
Current interest costs	-	25	-	**25**
Actuarial gains (losses)	166	-	-	**166**
Balance at 31 December 2014	**4,172**	**2,699**	**-**	**6,871**

In thousands of EUR

	Plan A	Plan B	Plan C	Total
Balance at 1 January 2013	**3,540**	**3,660**	-	**7,200**
Benefits paid by plan	(89)	(736)	-	**(825)**
Contributions to plan assets	367	24	-	**391**
Expected return on plan assets	87	83	-	**170**
Current interest costs	-	38	-	**38**
Actuarial gains (losses)	10	-	-	**10**
Effects of movements in foreign exchange rate	(9)	(2)	-	**(11)**
Balance at 31 December 2013	**3,906**	**3,067**	**-**	**6,973**

In thousands of EUR

	Plan A	Plan B	Plan C	Total
Balance at 1 January 2012	**3,178**	**4,302**	**-**	**7,480**
Benefits paid by plan	(80)	(875)	-	**(955)**
Contributions to plan assets	358	40	-	**398**
Expected return on plan assets	119	119	-	**238**
Actuarial gains (losses)	(40)	40	-	**-**
Effects of movements in foreign exchange rate	5	34	-	**39**
Balance at 31 December 2012	**3,540**	**3,660**	**-**	**7,200**

Expense recognised in profit and loss:

In thousands of EUR

	2014	2013	2012
Current service costs	(410)	(417)	(398)
Expected return on plan assets	87	170	238
Current interest costs	(155)	(159)	(478)
Actuarial gains (losses)	(261)	(54)	(1,472)
Effects of movements in foreign exchange rate	-	(8)	(11)
Total	**(739)**	**(468)**	**(2,121)**

The following are the principal actuarial assumptions at the reporting date (expressed as weighted averages):

As at 31 December 2014

In %	Plan A	Plan B	Plan C
Discount rate	2.30	0.46	1.63
Expected return on assets	3.50	0.46	N/A
Annual rate of increase in salaries	0.00	*N/A*	0.00
Post retirement pension increase	0.00	*N/A*	0.00
Mortality & disability	*(1)*	*(1)*	*(1)*

(1) Assumptions regarding future mortality are based on published statistics and mortality tables 2005G.

As at 31 December 2013

In %	Plan A	Plan B	Plan C
Discount rate	2.50	1.10	2.04
Expected return on assets	3.50	1.10	N/A
Annual rate of increase in salaries	0.00	*N/A*	0.00
Post retirement pension increase	0.00	*N/A*	0.00
Mortality & disability	*(1)*	*(1)*	*(1)*

(1) Assumptions regarding future mortality are based on published statistics and mortality tables 2005G.

As at 31 December 2012

In %	Plan A	Plan B	Plan C
Discount rate	2.50	1.15	2.04
Expected return on assets	3.50	1.15	N/A
Annual rate of increase in salaries	0.00	N/A	0.00
Post retirement pension increase	0.00	N/A	0.00
Mortality & disability	*(1)*	*(1)*	*(1)*

(1) Assumptions regarding future mortality are based on published statistics and mortality tables 2005G.

II. Helmstedter Revier GmbH

The provision recorded by Helmstedter Revier GmbH amounts to EUR 65,381 thousand (2013: EUR 59,903 thousand; 2012: EUR 0 thousand), of which EUR 21,968 thousand (2013: EUR 20,240 thousand; 2012: EUR 0 thousand) represents a defined benefit pension scheme and EUR 32,419 thousand (2013: EUR 34,558 thousand; 2012: EUR 0 thousand) represents an early retirement scheme. The schedules below summarise information about the defined benefit obligations.

In thousands of EUR

	2014	2013	2012
Plan A			
Fair value of plan asset	16,258	-	-
Present value of obligations	(36,629)	(19,492)	-
Total employee benefit	**(20,371)**	**(19,492)**	**-**
Plan B			
Fair value of plan asset	577	403	-
Present value of obligations	(2,032)	(1,135)	-
Total employee benefit	**(1,455)**	**(732)**	**-**
Plan C			
Fair value of plan asset	179	129	-
Present value of obligations	(321)	(144)	-
Total employee benefit	**(142)**	**(16)**	**-**
Early Retirement			
Present value of obligations	(32,419)	(34,558)	-
Total employee benefit	**(32,419)**	**(34,558)**	**-**

Movements in the present value of defined benefit obligations:

In thousands of EUR

	Plan A	Plan B	Plan C	Early retirement	Total
Balance at 1 January 2014	**(19,492)**	**(1,135)**	**(144)**	**(34,558)**	**(55,329)**
Benefits paid by plan	-	32	-	1,590	**1,622**
Current service costs	(552)	(68)	(36)	(1,299)	**(1,955)**
Current interest costs	(741)	(43)	(6)	(2,146)	**(2,936)**
Transfer to/from pension plans	(3,994)	-	-	3,994	**-**
Actuarial gains (losses) recognised in other comprehensive income	(11,850)	(818)	(135)	-	**(12,803)**
Balance at 31 December 2014	**(36,629)**	**(2,032)**	**(321)**	**(32,419)**	**(71,401)**

Movement in fair value of plan assets

In thousands of EUR

	Plan A	Plan B	Plan C	Total
Balance at 1 January 2014	**-**	**403**	**129**	**532**
Contributions to plan assets	16,258	176	50	**16,484**
Expected return on plan assets	-	19	6	**25**
Actuarial gains (losses) recognised in other comprehensive income	-	(21)	(6)	**(27)**
Balance at 31 December 2014	**16,258**	**577**	**179**	**17,014**

Expense recognised in profit and loss:

In thousands of EUR

	2014	[1]2013	[1]2012
Current service costs	(1,955)	-	-
Current interest costs	(2,936)	-	-
Expected return on plan assets	25	-	-
Total	**(4,866)**	**-**	**-**

(1) As Helmstedter Revier GmbH was acquired on 20 December 2013, there were no current service costs, interest costs or actuarial gains or losses recognised in profit and loss for the year ending 31 December 2013 and 31 December 2012.

The following are the principal actuarial assumptions at the reporting date (expressed as weighted averages):

As at 31 December 2014

In %	Plan A	Plan B	Plan C	Early Retirement
Discount rate	1.78	1.78	1.78	0.50
Expected return on assets	2.50	2.50	2.50	0.00
Annual rate of increase in salaries	1.75	1.75	1.75	2.50
Post retirement pension increase	0.00	0.00	0.00	0.00
Mortality & disability	*(1)*	*(1)*	*(1)*	*0.03*

(1) Assumptions regarding future mortality are based on published statistics and mortality tables 2005G.

As at 31 December 2013

In %	Plan A	Plan B	Plan C	Early Retirement
Discount rate	3.60	3.60	3.60	2.07
Expected return on assets	0.00	0.00	0.00	0.00
Annual rate of increase in salaries	2.50	2.50	2.50	2.50
Post retirement pension increase	2.00	2.00	2.00	0.00
Mortality & disability	*(1)*	*(1)*	*(1)*	*0.03*

(1) Assumptions regarding future mortality are based on published statistics and mortality tables 2005G.

III. Stredoslovenská energetika, a.s.

The provision recorded by Stredoslovenská energetika, a.s. amounts to EUR 7,533 thousand (2013: EUR 9,980 thousand; 2012: EUR 0 thousand. The SSE Group has the following retirement plan with defined benefit and defined contribution plans:

Pension Plans

This program has a defined contribution pension plan under which the Group pays fixed contributions to third parties or government. The Group has no legal or constructive obligation to pay further funds, if the amount of plan assets is insufficient to pay all the performance of employees who are eligible for the current and prior periods.

The amount of benefits depends on several factors, such as age, years of service and salary.

Unfunded pension plan with defined benefit

According to the Corporate Group collective agreement for the period 2015 – 2016, the Group is obliged to pay its employees upon age pension or disability pension, depending on seniority, the following multiples of the average monthly salary:

Years of service	Multiples of average monthly wage
10 years or less	2
11 – 15 years	4
16 – 20 years	5
21 – 25 years	6
25 years and more	7

According to the SSE Group collective agreement for the period 2011 – 2013, whose validity was extended in the December 2013 amendment to the SSE Group collective agreement for the period from 1 January 2014 to 31 December 2014, the Group is obliged to pay its employees upon age pension or disability pension, depending on seniority, the following multiples of the average monthly salary:

Years of service	Multiples of average monthly wage
5 years or less	4
5 – 10 years	5
10 – 15 years	6
15 – 20 years	7
20 – 25 years	9
25 years and more	11

The minimum requirement of the Labour Code to post the retirement, equal to one average monthly salary, is included in the above multiples.

Other benefits

The SSE Group also pays benefits for work and life anniversaries:
• one monthly wage after 25 years of service;
• 40% to 110% of the employee's monthly salary depending on seniority in the Group at the age of 50.

IV. SPP Group

The provision recorded by SPP Group amounts to EUR 7,400 thousand (2013: EUR 9,000 thousand; 2012: EUR 0 thousand). The SPP Group has the following retirement plan with a defined contribution plans:

Unfunded pension plan with defined benefit

According to the SPP Group collective agreement for the period 2014 – 2015 from December 2013, the Group is obliged to pay its employees upon age pension or disability pension, depending on seniority, from one to six multiples of the average monthly salary.

Other benefits

The SPP Group also pays benefits for work and life anniversaries based on the seniority of its employees.

Provision for emission rights

Provision for emission rights is recognised regularly during the year based on the estimated number of tonnes of CO_2 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 lawsuits

A provision of EUR 263 thousand was recorded by Stredoslovenská energetika, a.s. (EUR 99 thousand), Pražská teplárenská a.s. (EUR 76 thousand) and NAFTA a.s. (EUR 88 thousand). For more details refer to Note 39 – Litigations and Claims.

In 2013 a provision of EUR 1,299 thousand was recorded by Stredoslovenská energetika, a.s.

The most significant provision for lawsuits as at 31 December 2012 of EUR 994 thousand recognised by United Energy, a.s. as a probable liability for environmental pollution was released as the disputes were settled out of court.

As disclosed in Note 39 – Litigations and Claims, there are other legal proceedings in which the Group is involved whose results cannot be reliably estimated as at the date of the preparation of these consolidated financial statements, and therefore no provision was recorded as at 31 December 2014, 31 December 2013 and 31 December 2012.

Provision for restoration and decommissioning

The provision of EUR 425,678 thousand (2013: EUR 309,608 thousand; 2012: EUR 230,151 thousand) was primarily recorded by Mitteldeutsche Braunkohlengesellschaft GmbH (EUR 230,877 thousand; 2013: EUR 225,300 thousand; 2012: EUR 223,190 thousand), Helmstedter Revier GmbH (EUR 80,685 thousand; 2013: EUR 67,348 thousand; 2012: EUR 0 thousand; in previous years presented under provision for asset retirement obligation), NAFTA a.s. (EUR 99,238 thousand; 2013: EUR 0 thousand; 2012 EUR 0 thousand) and SPPI Group/SPP Group (EUR 12,900 thousand; 2013: EUR 2,990 thousand; 2012: EUR 0 thousand; in previous years presented under provision for asset retirement obligation).

Since 2014 the asset retirement obligation provision has been presented under provision for restoration and decommissioning as this provision has the same content and properties.

According to the German Federal Mining Law, a mining company is obliged to re-cultivate/reclaim all the land used for mining purposes after discontinuation of mining operations. The requirements to be met for this purpose are set forth in a comprehensive framework operations plan and compliance is monitored by the mining authorities.

The following expense items are considered:
• Dewatering and flooding expenses
• Creation and stability of slope systems
• Soil preparation and treatment for subsequent agricultural and forest use
• Removal of all technical plants and equipment

Estimates are reviewed by an external expert/engineering office to ensure that mining provisions have been properly created. These external experts determine the value of all expense items listed above on the basis of usual market prices. In 2014, quantities and values were adjusted based on the latest knowledge. Consequently, the provisions were recalculated for IFRS accounting purposes on the basis of the new settlement values. An annual inflation rate of 1.7% (2013: 1.7%; 2012: 1.7%) was used to calculate the provision for adjustments based on the current price basis and a discount rate of 3.64% (2013: 3.64%; 2012: 3.68%) and annual inflation rate of 1.7% (2013: 1.7%) was used to calculate the provision for adjustments based on the current price basis and a discount rate of 1.33% (2013: 1.33%) in case of Helmstedter Revier GmbH.

The Group uses stress tests in the form of inflation and discount rate shocks, i.e. simulated immediate decreases/increases in inflation or the discount rate by 10 basis points ('bp').

At the reporting date, a change of 10 basis points in the inflation rate would have increased or decreased the provision for restructuring by the amounts shown in the table below. This analysis assumes that all other variables remain constant.

At the reporting date, a change of 10 basis points in the discount rate would have increased or decreased the provision for restructuring by the amounts shown in the table below. This analysis assumes that all other variables remain constant.

In thousands of EUR

	2014 Profit (loss)	2013 Profit (loss)	2012 Profit (loss)
Decrease of inflation rate by 10 bp	19,237	16,594	11,734
Increase of inflation rate by 10 bp	(17,111)	(15,015)	(10,621)
Decrease of discount rate by 10 bp	(34,408)	(35,035)	(24,781)
Increase of discount rate by 10 bp	28,152	28,644	20,286

In 2011, the project of environmental burden identification was implemented in all compressor stations (KS01, KS02, KS03 and KS04) operated by eustream, a.s. In all compressor stations, the pollution caused by oil substances and gas transmission condensate was confirmed. Three of them (KS01, KS02, KS03) were subject to partial decontamination, which could be carried out outside the used gas facilities. In all compressor stations, the said pollution affects the site under the 6MW turbo-generator sets.

eustream, a.s. estimated the provision for decontamination and restoration using the existing technology and current prices adjusted for expected future inflation and discounted using a discount rate that reflects the current market assessment of the time value of money and risks specific to the liability.

NAFTA a.s. currently has 182 production wells in addition to 254 storage wells. Production wells that are currently in production or are being used for other purposes are expected to be abandoned after reserves have been fully produced or when it has been determined that the wells will not be used for any other purposes. Storage wells are expected to be abandoned after the end of their useful lives. NAFTA a.s. has the obligation to dismantle the production and storage wells, decontaminate contaminated soil, restore the area, and restore the site to its original condition to the extent as stipulated by law.

The provision for abandonment and restoration has been estimated using existing technology and reflects expected future inflation. The present value of these costs was calculated using a discount rate, which reflects the current market assessment of the time value of money and risks specific to the liability (3.7%; 2013: 3.7%). The provision takes into account the estimated costs for the abandonment of production and storage wells and centres, and the costs of restoring the sites to their original condition. These costs are expected to be incurred between 2014 and 2093.

SPP Storage, s.r.o. ("SPP Storage") currently has 41 production wells. SPP Storage's provision for decontamination and restoration resulted from a legislative requirement to dismantle an underground storage facility, mainly production wells and storage wells after the operation of the underground storage facility is discontinued.

The Group uses stress tests in the form of inflation and discount rate shocks, i.e. simulated immediate decreases/increases in inflation or the discount rate by 10 basis points ('bp').

At the reporting date, a change of 10 basis points in the inflation rate would have increased or decreased the provision for asset retirement obligations by the amounts shown in the table below. This analysis assumes that all other variables remain constant.

At the reporting date, a change of 10 basis points in the discount rate would have increased or decreased the provision for asset retirement obligations by the amounts shown in the table below. This analysis assumes that all other variables remain constant.

In thousands of EUR

	2014 Profit (loss)	2013 Profit (loss)	2012 Profit (loss)
Decrease of inflation rate by 10 bp	6,998	5,929	-
Increase of inflation rate by 10 bp	(6,222)	(5,390)	-
Decrease of discount rate by 10 bp	12,474	12,551	-
Increase of discount rate by 10 bp	(10,206)	(10,280)	-

31. DEFERRED INCOME

In thousands of EUR

	31 December 2014	31 December 2013	31 December 2012
Government grants	39,845	14,767	2,864
Free-of-charge received property	16,083	52,580	-
Other deferred income	34,054	33,473	15,553
Total	**89,982**	**100,820**	**18,417**
Non-current	85,688	89,298	14,161
Current	4,294	11,522	4,256
Total	**89,982**	**100,820**	**18,417**

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 39,845 thousand is mainly represented by Elektrárny Opatovice, a.s. of EUR 22,857 thousand (2013: EUR 1,094 thousand; 2012: EUR 0 thousand), Alternative Energy, s.r.o. of EUR 5,270 thousand (2013: EUR 5,658 thousand; 2012: EUR 2,864 thousand) and SPPI Group/SPP Group of EUR 9,400 thousand (2013: EUR 8,000 thousand; 2012: EUR 0 thousand). 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/SPP 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 34,054 thousand (2013: EUR 33,473 thousand) 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 23,165 thousand; 2013: EUR 21,694 thousand), contributions for the acquisitions of tangible assets paid by customers (EUR 3,939 thousand; 2013: EUR 4,634 thousand) and contributions paid by customers for the restoration of tangible assets related to distribution network (EUR 3,763 thousand; 2013: EUR 3,979 thousand).

32. FINANCIAL INSTRUMENTS

Financial instruments and other financial assets

In thousands of EUR

	31 December 2014	31 December 2013	31 December 2012
Assets carried at amortised cost			
Loans to other than credit institutions	139,234	83,063	59,905
Shares available for sale held at cost	84,796	84,740	84,248
Other short-term deposits (intended for investing activities)	307	328	199
Bills of exchange held to maturity	-	-	756
Other equity instruments	487	510	556
Total	**224,824**	**168,641**	**145,664**
Assets carried at fair value			
Commodity derivatives	15,082	912	5,609
Currency forwards	1,534	4,011	4,853
Equity options for trading	220	219	239
Interest rate swaps	-	911	-
Currency options	159	-	-
Total	**16,995**	**6,053**	**10,701**
Non-current	159,376	9,152	62,212
Current	82,443	165,542	94,153
Total	**241,819**	**174,694**	**156,365**

Financial instruments and other financial liabilities

In thousands of EUR

	31 December 2014	31 December 2013	31 December 2012
Liabilities carried at amortised cost			
Issued bills of exchange at amortised costs	55,278	93,564	65,911
Total	**55,278**	**93,564**	**65,911**
Liabilities carried at fair value			
Interest rate swaps	17,515	875	2,108
Currency forwards	10,475	3,792	477
Commodity derivatives	360	3,209	-
Other financial liabilities	-	-	80
Total	**28,350**	**7,876**	**2,665**
Non-current	28,564	28,368	36,714
Current	55,064	73,072	31,862
Total	**83,628**	**101,440**	**68,576**

The weighted average interest rate on loans to other than credit institutions for 2014 was 6.30% (2013: 4.09%; 2012: 7.06%).

Shares available for sale held at cost primarily represent a 10% share in Dalkia Česká republika, a.s.[1] (EUR 73,953 thousand).

The management of EPH is of the opinion that it is extremely difficult to calculate fair value for this stake. Dalkia Česká republika, a.s. [1] 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.

(1) Since 1 January 2015 Dalkia Česká republika, a.s. was renamed to Veolia Energie ČR, a.s.

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

In thousands of EUR

	31 December 2014	31 December 2014	31 December 2014	31 December 2014
	Nominal amount buy	Nominal amount sell	Fair value buy	Fair value sell
Interest rate swaps (IRS) [1]	668,302	788,900	-	(17,515)
Currency forwards	589,663	589,359	1,534	(10,475)
Commodity derivatives – futures/forwards	550,880	372,918	15,082	(360)
Equity options for trading	-	-	220	-
Currency options	-	-	159	-
Total	**1,808,845**	**1,751,177**	**16,995**	**(28,350)**

(1) Nominal amounts include only forward part of swaps.

In thousands of EUR

	31 December 2013	31 December 2013	31 December 2013	31 December 2013
	Nominal amount buy	Nominal amount sell	Fair value buy	Fair value sell
Interest rate swaps (IRS) [1]	675,588	(675,697)	911	(875)
Commodity derivatives – futures/forwards	450,611	(453,200)	912	(3,209)
Currency forwards	202,005	(201,531)	4,011	(3,792)
Equity options for trading	-	-	219	-
Total	**1,328,204**	**(1,330,428)**	**6,053**	**(7,876)**

(1) *Nominal amounts include only forward part of swaps*

In thousands of EUR

	31 December 2012	31 December 2012	31 December 2012	31 December 2012
	Nominal amount buy	Nominal amount sell	Fair value buy	Fair value sell
Commodity derivatives – futures/forwards	572,235	(569,809)	5,609	-
Currency forwards	330,111	(325,736)	4,853	(477)
Interest rate swaps (IRS) [1]	756	(1,352)	-	(2,108)
Equity options for trading	-	-	239	-
Total	**903,102**	**(896,897)**	**10,701**	**(2,585)**

(1) Nominal amounts include only forward part of swaps.

Swap derivatives are recognised in respect of interest rate swaps as described in detail in Note 36 – Risk management policies and disclosures.

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.

Sensitivity analysis relating to the fair values of financial instruments is included in the Note 36 – Risk management policies and disclosures.

Fair value hierarchy for financial instruments carried at fair value

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.

Were fair values to differ by 10% from management estimates, the net carrying amount of financial instruments would be an estimated EUR 1,136 thousand (2013: EUR 182 thousand; 2012: EUR 812 thousand) higher or lower than disclosed as at 31 December 2014.

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).

In thousands of EUR

	2014			
	Level 1	Level 2	Level 3	Total
Financial assets carried at fair value:				
Commodity derivatives	-	15,082	-	**15,082**
Currency forwards for trading	-	1,534	-	**1,534**
Equity options for trading	-	220	-	**220**
Currency options	-	159	-	**159**
Total	**-**	**16,995**	**-**	**16,995**
Financial liabilities carried at fair value:				
Interest rate swaps	-	17,515	-	**17,515**
Currency forwards	-	10,475	-	**10,475**
Commodity derivatives	-	360	-	**360**
Total	**-**	**28,350**	**-**	**28,350**

In thousands of EUR

	2013			
	Level 1	Level 2	Level 3	Total
Financial assets carried at fair value:				
Currency forwards for trading	-	4,011	-	**4,011**
Commodity derivatives	-	912	-	**912**
Interest rate swaps	-	911	-	**911**
Equity options for trading	-	219	-	**219**
Total	**-**	**6,053**	**-**	**6,053**
Financial liabilities carried at fair value:				
Currency forwards	-	3,792	-	**3,792**
Commodity derivatives	-	3,209	-	**3,209**
Interest rate swaps	-	875	-	**875**
Total	**-**	**7,876**	**-**	**7,876**

In thousands of EUR

	2012			
	Level 1	Level 2	Level 3	Total
Financial assets carried at fair value:				
Commodity derivatives	-	4,853	-	**4,853**
Currency forwards for trading	-	5,609	-	**5,609**
Equity options for trading	-	239	-	**239**
Total	**-**	**10,701**	**-**	**10,701**
Financial liabilities carried at fair value:				
Interest rate swaps	-	477	-	**477**
Currency forwards	-	2,108	-	**2,108**
Other financial liabilities	-	80	-	**80**
Total	**-**	**2,665**	**-**	**2,665**

There were no transfers between fair value levels in either 2014, 2013 or 2012.

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

In thousands of EUR

	Carrying value 31 December 2014	Fair value 31 December 2014
Financial assets		
Loans to other than credit institutions	139,234	170,377
Shares available for sale held at cost, net*	84,796	84,796
Other short-term deposits (intended for investing activities)	307	307
Other equity instruments	487	487
Total	**224,824**	**255,967**
Financial liabilities		
Issued bills of exchange at amortised costs	55,278	55,341
Total	**55,278**	**55,341**

* As noted above Shares available for sale held at cost, net primarily represent the acquired 10% share in Dalkia Česká republika, a.s. (since 1 January 2015 the company was renamed to Veolia Energie ČR, a.s.).

In thousands of EUR

	Carrying value 31 December 2013	Fair value 31 December 2013
Financial assets		
Shares available for sale held at cost, net*	84,740	84,740
Loans to other than credit institutions	83,063	112,890
Other short-term deposits (intended for investing activities)	328	328
Other equity instruments	510	510
Total	**168,641**	**198,468**
Financial liabilities		
Issued bills of exchange at amortised costs	93,564	93,564
Total	**93,564**	**93,564**

* As noted above Shares available for sale held at cost, net primarily represent the acquired 10% share in Dalkia Česká republika, a.s. (since 1 January 2015 the company was renamed to Veolia Energie ČR, a.s.).

In thousands of EUR

	Carrying value 31 December 2012	Fair value 31 December 2012
Financial assets		
Shares available for sale held at cost, net*	*84,248*	*84,248*
Loans to other than credit institutions	*59,905*	*59,905*
Bills of exchange held to maturity	*756*	*756*
Other short-term deposits (intended for investing activities)	*199*	*199*
Other equity instruments	*556*	*556*
Total	**145,664**	**145,664**
Financial liabilities		
Issued bills of exchange at amortised costs	65,911	67,582
Total	**65,911**	**67,582**

* As noted above Shares available for sale held at cost, net primarily represent the acquired 10% share in Dalkia Česká republika, a.s. (since 1 January 2015 the company was renamed to Veolia Energie ČR, a.s.).

All financial instruments held at amortised costs are categorised within Level 2 of the fair value hierarchy (for detail of valuation methods refer to Note 2 (d) i – Assumption and estimation uncertainties).

Transactions with emission rights

The following information pertains to contracts on delivery or sale of emission rights. These contracts do not meet the IAS 39 criteria for derivatives (refer to Note 3 – Significant Accounting Policies) and are reported as off-balance sheet items.

Swap operations

As at 31 December 2014 the EPH Group reports commitments for a purchase of 100,000 pieces (2013: 755,000 pieces; 2012: 1,711,845 pieces) of emission rights at an average price of 9.34 EUR/piece (2013: 9.19 EUR/piece; 2012: 9.17 EUR/piece) and at the same time the EPH Group is committed to sell no emission rights (2013: 755,000 pieces at average price 9.91 EUR/piece: 2012: 1,711,845 pieces at average price 9.77 EUR/piece).

Forward operations

As at 31 December 2014 the EPH Group is contractually obliged to purchase 5,488,000 pieces (2013: 5,060,900 pieces; 2012: 4,795,883 pieces) of emission rights at an average price 5.81 EUR/piece (2013: 6.52 EUR/piece; 2012: 11.23 EUR/piece).

Hedge accounting

Cash flow hedges – hedge of foreign currency risk with non-derivative financial liability

The Group applies consolidated hedge accounting for hedging instruments designed to hedge the foreign currency risk of revenues denominated in foreign currency (EUR). The hedging instruments are bonds issued in EUR in total amount of EUR 1,100 million. The hedged cash inflows in EUR due from EUR denominated transactions (primarily at Mitteldeutsche Braunkohlengesellschaft GmbH, Saale Energie GmbH, Elektrárny Opatovice, a.s., United Energy, a.s., Plzeňská energetika a.s.) are expected to occur and impact profit or loss in periods of 2020 to 2029. As a result of the hedging relationship on the EPH Group consolidated level, the EPH Group reported a foreign currency cash flow hedge reserve of EUR 87,087 thousand (2013: EUR 77,658 thousand; 2012: EUR 0 thousand) as of 31 December 2014.

Cash flow hedges – hedge of foreign currency risk and commodity price risk of revenues of power production with non-derivative financial liability and financial derivatives

The Group applies consolidated hedge accounting for hedging instruments designed to hedge the commodity price risk and the foreign currency risk of revenues from Group's power production sold to third parties through commodity derivatives with net settlement for commodity risk and Group's liabilities denominated in EUR in total amount of EUR 134.5 million for foreign currency risk. As a result of the hedging relationship on the EPH Group consolidated level, the EPH Group reported a foreign currency cash flow hedge reserve of negative EUR 4,751 thousand as of 31 December 2014 (2013: EUR 0 thousand; 2012: EUR 0 thousand). For risk management policies, refer to Note 36 (d) and (e) – Risk management policies and disclosures.

There was no amount reclassified from other equity to profit or loss due to applied cash flow hedge for the year 2014.

Debentures held to maturity

In December 2013, the management of Stredoslovenská energetika, a.s. decided to sell the debentures held in its Held to maturity portfolio before original maturity. These debentures were therefore reclassified to Available for sale portfolio in the total amount of EUR 20,113 thousand. All of these debentures were sold in December 2013. As a result of this transaction, the Group will not hold any debentures in the Held to maturity portfolio until December 2015.

33. TRADE PAYABLES AND OTHER LIABILITIES

In thousands of EUR

	31 December 2014	31 December 2013	31 December 2012
Trade payables	270,076	341,148	240,453
Advance payments received	144,858	73,218	30,469
Other tax liabilities	56,303	40,766	24,543
Payroll liabilities	47,034	32,051	17,621
Estimated payables	21,764	23,045	23,071
Uninvoiced supplies	21,545	19,690	2,426
Accrued expenses	11,234	13,929	6,126
Liabilities arising from the acquisition of non-controlling interests	(1)5,771	(1)155,989	-
Retentions to contractors	55	766	278
Other liabilities	56,035	31,540	10,661
Total	**634,675**	**732,142**	**355,648**
Non-current	*84,324*	*80,073*	*5,290*
Current	*550,351*	*652,069*	*350,358*
Total	**634,675**	**723,142**	**355,648**

(1) *This balance is fully represented by the liability for the purchase of 60% share in EP Cargo a.s. by EP Energy, a.s. (2013: 40% share in NAFTA a.s. by Czech Gas Holding Investment B.V.).*

Trade payables and other liabilities have not been secured as at 31 December 2014, as at 31 December 2013, or as at 31 December 2012.

As at 31 December 2014, 31 December 2013 and 31 December 2012 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.

The Group's exposure to currency and liquidity risk related to trade payables and other liabilities is disclosed in Note 36 – Risk management policies and disclosures.

Liabilities to social fund

In thousands of EUR

	2014	2013	2012
Balance at 1 January	1,276	835	1,085
Charged to expenses	1,556	2,195	716
Transferred from retained earnings	164	539	318
Additions through business combinations	-	1,656	-
Disposal/decrease in principal	(1,962)	(3,003)	(1,313)
Discontinued operations	-	(924)	-
Effects of movements in foreign exchange	(15)	(22)	29
Balance at 31 December	**1,019**	**1,276**	**835**

Liabilities to the social fund are presented under payroll liabilities.

34. FINANCIAL COMMITMENTS AND CONTINGENCIES

Promises granted

In thousands of EUR

	31 December 2014	31 December 2013	31 December 2012
Granted pledges – securities	7,515,761	7,438,432	2,036,555
Guarantees given	294,808	1,285,615	-
Other granted pledges	2,006,245	2,082,735	1,594,073
Total	**9,816,814**	**10,806,782**	**3,630,628**

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

Guarantees mostly represent granted promises, warranties and loan commitments.

Other granted pledges relate to granted loans of EUR 1,394,187[1] thousand (2013: EUR 1,284,230[1] thousand; 2012: EUR 987,987[1] thousand), pledged cash of EUR 167,558 thousand (2013: EUR 326,126 thousand; 2012: EUR 119,372 thousand) and further pledges of EUR 444,500 thousand (2013: EUR 472,379 thousand; 2012: EUR 486,714 thousand) that include pledged fixed assets of EUR 335,437 thousand (2013: EUR 343,154 thousand; 2012: EUR 341,169 thousand), pledged inventories of EUR 21,672 thousand (2013: EUR 17,940 thousand; 2012: EUR 13,087 thousand) and trade receivables of EUR 87,391 thousand (2013: EUR 111,285 thousand; 2012: EUR 132,458 thousand); all were used as collateral for loan and bond financing.

(1) *Total balance of pledged granted loans includes intercompany loans of EUR 846,057 thousand (2013: EUR 811,632 thousand; 2012: EUR 439,459 thousand).*

Guarantees given

Guarantees given include guarantees in the amount of EUR 2,248 thousand (2013: EUR 1,003,610 thousand; 2012: EUR 0 thousand) used as collateral for external financing, contracts for the future supply of energy for EUR 239,421 thousand (2013: EUR 261,702 thousand; 2012: EUR 0 thousand) and regulatory contingent assets related to green energy of EUR 53,139 thousand (2013: EUR 68,903 thousand; 2012: EUR 0 thousand), which are represented by the contingent assets related to green energy for the year 2014 (2013: contingent assets cover years 2012 and 2013).

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 Regulatory Office for Network Industries ("URSO") and to purchase the green electricity generated, which is used to cover network losses. The purchase tariff for green energy is set by URSO and is covered by the Tariff for system operation ("TPS"). For the year ended 31 December 2014 the SSE Group recognised a loss of EUR 53,139 thousand (2013: EUR 41,528 thousand) 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 2014 to 31 December 2014. The 2014 loss is included in the contingent asset of EUR 53,139 thousand (2013: EUR 68,903 thousand) specified above. Based on the current Regulatory Framework the losses incurred will be compensated in two years' time, i.e. relevant amounts in 2015 and 2016 through an increase of revenues from TPS (2013: in 2014 and 2015). Based on the URSO decision dated in December 2014 the resulting asset of EUR 41,528 thousand originating in the year 2013 was recognised as accrued income in the consolidated statement of financial position. The resulting asset originating in the year 2014 was not recognised as the asset does not meet currently the recognition criteria set by IFRS as adopted by the EU.

Promises received

In thousands of EUR

	31 December 2014	31 December 2013	31 December 2012
Received promises	195,152	312,270	6,205
Other received guarantees and warranties	184,436	94,840	7,955
Total	**379,588**	**407,110**	**14,160**

Received promises mainly comprise the contracts for the future supply of energy recognised by Stredoslovenská energetika, a.s.

Other received guarantees and warranties mainly consist of guarantees received to secure trade receivables in the amount of EUR 121,300 thousand recognised by SPP Infrastructure, a.s. (2013: received guarantees and warranties for distribution services in the amount of EUR 20,310 thousand; 2012: EUR 0 thousand recognised by Slovenský plynárenský priemysel, a.s.) and EUR 0 thousand (2013: EUR 72,015 thousand; 2012: EUR 0 thousand) as guarantee received for transport services and investment activities recognised by eustream, a.s.

Other contingent liabilities

Other contingent liabilities are not recognised as off-balance sheet liabilities as the amount of the potential liability cannot be measured reliably.

Other contingent liabilities are as follows:

Transportation of natural gas

In 2014 the Group transported the natural gas (with the conditions ship or pay) through the Slovak Republic based on the long term contract concluded with the 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.

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. concludes the 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 Regulatory Authority. This Authority annually publishes appropriate pricing decision based on the proposal submitted by eustream, a.s.

According to the regulated trade and price conditions 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 kind of money.

Storage of natural gas

The Group stores natural gas in two locations in the Czech Republic and Slovakia. The storage capacities are utilised for production and compression of natural gas according to seasonal needs and to ensure the standards of security of supply based on the valid legislation. Charges for storage are agreed upon the period of contracts. Fee for storage depends primarily on the exploited capacity per year and annual price indexes.

Distribution of natural gas

The Group is responsible for natural gas distribution in the Slovak Republic. The subsidiary company SPP-distribúcia, a.s., which provides distribution of natural gas, is required by law to provide non-discriminatory access to the distribution network. Prices are subject to the review and approval of the Regulatory Office for Network Industries (RONI).

Sales of natural gas

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.

Other commitments and contingencies

Energetický a průmyslový holding, a.s. and a major energy company ("the Interested Party") are parties to contractual arrangements under which they have agreed to use their best efforts to agree on the potential sale of certain heating assets currently held by a certain member of EPH Group ("the Transaction"), provided that the following specified conditions are met, inter alia, that the terms and conditions of the transaction are agreed between the parties and the transaction is approved by the respective corporate bodies of each relevant entity. If the Transaction is not completed within the agreed period, EPH will use its best efforts to provide the Interested Party with a similar alternative asset ("the Alternative Transaction"). If the transaction is not completed by the extended deadline either, EPH will pay compensation of approximately EUR 7,214 thousand to the Interested Party. As these transactions are subject to a confidentiality obligation, the disclosure of more detailed information herein is prohibited.

However, the parties have not yet agreed as at the date hereof whether, or under what terms and conditions, the Transaction or the Alternative Transaction will be entered into and completed. Currently EPH is engaged in negotiations with the Interested Party concerning the terms and conditions of the foregoing transactions, including the preparation of due diligence; this should provide a basis to conclude with certainty whether or not any of the transactions will be entered into and completed.

For the above reasons, the heating assets in question have not yet been recorded as Assets held for sale under IFRS 5 and the above compensation has not yet been recorded by EPH.

35. OPERATING LEASES

During the year ended 31 December 2014, EUR 22,582 thousand (2013: EUR 25,025 thousand; 2012: EUR 5,449 thousand) was recognised as an expense in profit or loss in respect of operating leases.

During the year ended 31 December 2014, EUR 6,316 thousand (2013: EUR 3,889 thousand; 2012: EUR 2,347 thousand) was recognised as income in profit or loss in respect of operating leases.

36. RISK MANAGEMENT POLICIES AND DISCLOSURES

This section provides details of the Group's exposure to financial and operational risks and the way it manages such risk. The most important types of financial risks to which the Group is exposed are credit risk, liquidity risk, interest rate risk and foreign exchange risk.

As part of its operations, the Group is exposed to different market risks, notably the risk of changes in interest rates, exchange rates and commodity prices. To minimise this exposure, the Group enters into derivatives contracts to hedge individual transactions and overall exposures, using instruments available on the market.

(a) Credit risk

I. Exposure to credit risk

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Group's receivables from customers and loans and advances.

The Group has established a credit policy under which each new customer requesting products/services over a certain limit (which is based on the size and nature of the particular business) is analysed individually for creditworthiness before the Group's standard payment and delivery terms and conditions are offered. The Group's policy is also to require suitable collateral to be provided by customers. The exposure to credit risk is monitored on an ongoing basis.

Additional aspects mitigating credit risk

The Group operates mainly as an energy and power generation company, and thus has a specific customer structure. The distribution companies represent a very low credit risk. The large clients are dependent upon electricity supplies which significantly mitigates the credit risks. In addition, bank guarantees and advance payments are required before active operation with traders. Previous experience shows that such elements are very favourable in terms of credit risk elimination.

The carrying amount of financial assets (plus guarantees issued) represents the maximum credit exposure if counterparties fail to carry out completely their contractual obligations and any collateral or security proves to be of no value. The amount therefore greatly exceeds expected losses, which are included in the allowance for impairment.

The Group establishes an allowance for impairment that represents its estimate of incurred losses in respect of trade and other receivables. The main components of this allowance are a specific loss component that relates to individually significant exposures and a collective loss component established for groups of similar assets in respect of losses that have been incurred but not yet identified. The collective loss allowance is determined based on historical data of payment statistics for similar financial assets.

At the reporting date, the maximum exposure to credit risk by the type of counterparty and by geographic region is provided in the following tables.

Credit risk by type of counterparty

As at 31 December 2014

In thousands of EUR

	Corporate (non-financial institutions)	State, government	Financial institutions	Banks	Individuals	Other	Total
Assets							
Cash and cash equivalents	4,479	-	-	905,304	-	[1]304	**910,087**
Trade receivables and other assets	431,510	16,071	90	4	10,313	20,501	**478,489**
Financial instruments and other financial assets	225,922	-	2,453	13,441	-	3	**241,819**
Total	**661,911**	**16,071**	**2,543**	**918,749**	**10,313**	**20,808**	**1,630,395**
Liabilities							
Loans and borrowings	7,444	-	[2]2,922,965	2,208,929	-	-	**5,139,338**
Trade payables and other liabilities	427,840	67,079	5,861	559	42,128	91,208	**634,675**
Financial instruments and financial liabilities	18,745	-	7,922	46,098	10,863	-	**83,628**
Total	**454,029**	**67,079**	**2,936,748**	**2,255,586**	**52,991**	**91,208**	**5,857,641**

(1) Primarily petty cash
(2) The amount mainly represents issued bonds

As at 31 December 2013

In thousands of EUR

	Corporate (non-financial institutions)	State, government	Financial institutions	Banks	Individuals	Other	Total
Assets							
Cash and cash equivalents	948	-	-	993,510	-	[1]218	**994,676**
Trade receivables and other assets	405,542	3,318	36	1,130	5,943	36,137	**452,106**
Financial instruments and other financial assets	165,798	-	2,224	6,089	-	583	**174,694**
Total	**572,288**	**3,318**	**2,260**	**1,000,729**	**5,943**	**36,938**	**1,621,476**
Liabilities							
Loans and borrowings	643,245	-	[2]1,898,122	1,945,779	-	-	**4,487,146**
Trade payables and other liabilities	624,868	52,981	-	510	52,397	1,386	**732,142**
Financial instruments and financial liabilities	19,690	-	11,668	60,565	9,517	-	**101,440**
Total	**1,287,803**	**52,981**	**1,909,790**	**2,006,854**	**61,914**	**1,386**	**5,320,728**

(1) Primarily petty cash
(2) The amount mainly represents issued bonds.

As at 31 December 2012

In thousands of EUR

	Corporate (non-financial institutions)	State, government	Financial institutions	Banks	Individuals	Other	Total
Assets							
Cash and cash equivalents	28,043	-	-	409,069	-	[1]119	**437,231**
Trade receivables and other assets	200,557	1,870	-	40	278	72,315	**275,060**
Financial instruments and other financial assets	144,670	756	1,034	5,290	-	4,615	**156,365**
Total	**373,270**	**2,626**	**1,034**	**414,399**	**278**	**77,049**	**868,656**
Liabilities							
Loans and borrowings	265,752	-	[2]541,488	119,531	-	-	**926,771**
Trade payables and other liabilities	279,594	27,804	-	358	14,757	33,135	**355,648**
Financial instruments and financial liabilities	9,865	-	20,127	27,605	10,979	-	**68,576**
Total	**555,211**	**27,804**	**561,615**	**147,494**	**25,736**	**33,135**	**1,350,995**

(1) Primarily petty cash
(2) The amount mainly represents issued bonds.

Credit risk by location

As at 31 December 2014

In thousands of EUR

	Czech Republic	Slovakia	Cyprus	Ireland	Poland	Germany	United Kingdom	Other	Total
Assets									
Cash and cash equivalents	208,873	566,750	-	-	740	71,438	52,836	9,450	**910,087**
Trade receivables and other assets	167,791	189,683	1,018	-	8,593	74,445	249	36,710	**478,489**
Financial instruments and other financial assets	86,693	8,695	56,636	-	32,406	45,634	-	11,755	**241,819**
Total	**463,357**	**765,128**	**57,654**	**-**	**41,739**	**191,517**	**53,085**	**57,915**	**1,630,395**
Liabilities (for information purposes)									
Loans and borrowings	337,866	289,118	-	[1]2,863,557	-	5,720	[2]1,568,177	74,900	**5,139,338**
Trade payables and other liabilities	151,371	275,858	30	-	927	166,833	10,658	28,998	**634,675**
Financial instruments and financial liabilities	65,931	9,074	3,294	-	-	360	1,552	3,417	**83,628**
Total	**555,168**	**574,050**	**3,324**	**2,863,557**	**927**	**172,913**	**1,580,387**	**107,315**	**5,857,641**

(1) The amount primarily represents issued bonds which are quoted on Irish stock exchange.
(2) The amount mainly represent loan amounting to EUR 1,435,351 thousand of Slovak Gas Holding B.V.

RISK MANAGEMENT POLICIES AND DISCLOSURES

As at 31 December 2013

In thousands of EUR

	Czech Republic	Slovakia	Cyprus	Ireland	Poland	Germany	United Kingdom	Other	Total
Assets									
Cash and cash equivalents	409,772	250,392	-	-	3,610	88,715	42,159	200,028	**994,676**
Trade receivables and other assets	167,912	120,109	1,021	-	7,548	84,850	28,589	42,077	**452,106**
Financial instruments and other financial assets	87,220	3,063	28,842	-	365	46,199	192	8,813	**174,694**
Total	**664,904**	**373,564**	**29,863**	**-**	**11,523**	**219,764**	**70,940**	**250,918**	**1,621,476**
Liabilities (for information purposes)									
Loans and borrowings	509,827	174,804	254,439	[1]1,856,846	36	126,162	[2]1,390,120	174,912	**4,487,146**
Trade payables and other liabilities	159,927	210,210	36	-	30,811	321,386	3,282	6,490	**732,142**
Financial instruments and financial liabilities	97,612	1,604	2,224	-	-	-	-	-	**101,440**
Total	**767,366**	**386,618**	**256,699**	**1,856,846**	**30,847**	**447,548**	**1,393,402**	**181,402**	**5,320,728**

(1) *The amount primarily represents issued bonds which are quoted on Irish stock exchange.*
(2) *The amount represent loans amounting EUR 228,859 thousand of EPH Financing II, a.s. and EUR 1,161,261 thousand of Slovak Gas Holding B.V., both drawn in the United Kingdom.*

As at 31 December 2012

In thousands of EUR

	Czech Republic	Slovakia	Cyprus	Ireland	Poland	Germany	United Kingdom	Other	Total
Assets									
Cash and cash equivalents	385,758	2,705	-	-	796	47,932	-	40	**437,231**
Trade receivables and other assets	152,625	39,459	5,012	-	10,740	65,951	-	1,273	**275,060**
Financial instruments and other financial assets	104,416	756	636	-	-	47,454	-	3,103	**156,365**
Total	**642,799**	**42,920**	**5,648**	**0**	**11,536**	**161,337**	**-**	**4,416**	**868,656**
Liabilities (for information purposes)									
Loans and borrowings	138,466	55,370	240,533	[1]495,545	-	6,881	[2](10,024)	-	**926,771**
Trade payables and other liabilities	166,307	26,054	4,177	-	20,088	136,993	1,492	537	**355,648**
Financial instruments and financial liabilities	66,388	-	2,188	-	-	-	-	-	**68,576**
Total	**371,161**	**81,424**	**246,898**	**495,545**	**20,088**	**143,874**	**(8,532)**	**537**	**1,350,995**

(1) *The amount represents issued bonds which are quoted on Irish stock exchange.*
(2) *The amount represents fees paid in connection with obtaining a long term bank loan. The principal was not drawn by 31 December 2012; the loan was drawn in 2013.*

II. Impairment losses

The ageing of financial assets, excluding cash and cash equivalents and derivatives, at the reporting date was:

Credit risk – impairment of financial assets

As at 31 December 2014

In thousands of EUR

	Loans to other than credit institutions	Other short-term deposits (intended for investing activities)	Shares available for sale and other equity instruments	Trade receivables and other assets	Total
Before maturity (net)	139,234	307	85,283	419,906	**644,730**
After maturity (net)	-	-	-	58,583	**58,583**
Total	**139,234**	**307**	**85,283**	**478,489**	**703,313**
A – Assets for which a provision has been created (overdue and impaired)					
- Gross	-	-	-	99,575	**99,575**
- specific loss allowance	-	-	-	(17,492)	**(17,492)**
- collective loss allowance	-	-	-	(37,408)	**(37,408)**
Net	**-**	**-**	**-**	**44,675**	**44,675**
B – Assets for which a provision has not been created (overdue but not impaired)					
- after maturity <30 days	-	-	-	10,130	**10,130**
- after maturity 31–180 days	-	-	-	1,687	**1,687**
- after maturity 181–365 days	-	-	-	406	**406**
- after maturity >365 days	-	-	-	1,685	**1,685**
Net	**-**	**-**	**-**	**13,908**	**13,908**
Total	**-**	**-**	**-**	**58,583**	**58,583**

The movements in the allowance for impairment in respect of financial assets during the year ended 31 December 2014 were as follows:

As at 31 December 2014

In thousands of EUR

	Loans to other than credit institutions	Other short-term deposits (intended for investing activities)	Shares available for sale and other equity instruments	Trade receivables and other assets	Total
Balance at 1 January 2014	-	-	-	**12,069**	**12,069**
Impairment losses recognised during the year	-	-	-	4,111	**4,111**
Reversals of impairment losses recognised during the year	-	**-**	**-**	(2,720)	**(2,720)**
Use of allowance during the period (write-offs)	-	-	-	(2,690)	**(2,690)**
Effects of movements in foreign exchange rate	-	-	-	(76)	**(76)**
Balance at 31 December 2014	**-**	**-**	**-**	**10,694**	**10,694**

Credit risk – impairment of financial assets

As at 31 December 2013

In thousands of EUR

	Loans to other than credit institutions	Other own term deposits (intended for investing activities)	Shares available for sale and other equity instruments	Trade receivables and other assets	Total
Before maturity (net)	83,063	328	85,250	405,251	**573,892**
After maturity (net)	-	-	-	46,855	**46,855**
Total	**83,063**	**328**	**85,250**	**452,106**	**620,747**
A – Assets for which a provision has been created (overdue and impaired)					
- Gross	-	-	-	34,968	**34,968**
- specific loss allowance	-	-	-	(8,168)	**(8,168)**
- collective loss allowance	-	-	-	(3,901)	**(3,901)**
Net	**-**	**-**	**-**	22,899	**22,899**
B – Assets for which a provision has not been created (overdue but not impaired)					
- after maturity <30 days	-	-	-	11,778	**11,778**
- after maturity 31–180 days	-	-	-	1,203	**1,203**
- after maturity 181–365 days	-	-	-	1,313	**1,313**
- after maturity >365 days	-	-	-	9,662	**9,662**
Net	**-**	**-**	**-**	**23,956**	**23,956**
Total	**-**	**-**	**-**	**46,855**	**46,855**

The movements in the allowance for impairment in respect of financial assets during the year ended 31 December 2013 were as follows:

In thousands of EUR

	Loans to other than credit institutions	Other own term deposits (intended for investing activities)	Shares available for sale and other equity instruments	Trade receivables and other assets	Total
Balance at 1 January 2013	-	-	-	**7,200**	**7,200**
Impairment losses recognised during the year	-	-	-	9,433	**9,433**
Reversals of impairment losses recognised during the year	-	**-**	**-**	(4,120)	**(4,120)**
Use of allowance during the period (write-offs)	-	-	-	(5,198)	**(5,198)**
Discontinued operations	**-**	**-**	**-**	**5,506**	**5,506**
Effects of movements in foreign exchange rate	-	-	-	(752)	**(752)**
Balance at 31 December 2013	**-**	**-**	**-**	**12,069**	**12,069**

Credit risk – impairment of financial assets

As at 31 December 2012

In thousands of EUR

	Loans to other than credit institutions	Other own term deposits (intended for investing activities)	Shares available for sale and other equity instruments	Financial instruments held to maturity	Trade receivables and other assets	Total
Before maturity (net)	59,905	199	84,804	756	246,062	**391,726**
After maturity (net)	-	-	-	-	28,998	**28,998**
Total	**59,905**	**199**	**84,804**	**756**	**275,060**	**420,724**

A – Assets for which a provision has been created (overdue and impaired)

- Gross	-	-	-	-	13,962	**13,962**
- specific loss allowance	-	-	-	-	(7,200)	**(7,200)**
- collective loss allowance	-	-	-	-	-	**-**
Net	-	**-**	**-**	**-**	**6,762**	**6,762**

B – Assets for which a provision has not been created (overdue but not impaired)

- after maturity <30 days	-	-	-	-	6,684	**6,684**
- after maturity 31–180 days	-	-	-	-	9,069	**9,069**
- after maturity 181–365 days	-	-	-	-	1,551	**1,551**
- after maturity >365 days	-	-	-	-	4,932	**4,932**
Net	**-**	**-**	**-**	**-**	**22,236**	**22,236**
Total	**-**	**-**	**-**	**-**	**28,998**	**28,998**

The movements in the allowance for impairment in respect of financial assets during the year ended 31 December 2012 were as follows:

In thousands of EUR

	Loans to other than credit institutions	Other own term deposits (intended for investing activities)	Shares available for sale and other equity instruments	Financial instruments held to maturity	Trade receivables and other assets	Total
Balance at 1 January 2012	-	-	-	**-**	**6,047**	**6,047**
Impairment losses recognised during the year	-	-	-	-	4,614	**4,614**
Reversals of impairment losses recognised during the year	-	**-**	**-**	-	(2,227)	**(2,227)**
Write-offs	-	-	-	-	(1,352)	**(1,352)**
Effects of movements in foreign exchange rate	-	-	-	-	118	**118**
Balance at 31 December 2012	**-**	**-**	**-**	**-**	**7,200**	**7,200**

Impairment losses on trade receivables and other assets at 31 December 2014, 31 December 2013 and 31 December 2012 relate to several customers that have indicated that they do not expect to be able to pay their outstanding balances, mainly due to economic circumstances. The Group believes that the unimpaired amounts that are past due by more than 30 days are still collectible, based on extensive analyses of the underlying ratings of the customers.

Based on historic default rates, the Group believes that, apart from the above, no impairment allowance is necessary in respect of trade receivables and other assets that are not past due or past due by up to 30 days.

The allowance for impairment in respect of financial assets is used to record impairment losses unless the Group is satisfied that no recovery of the amount owed is possible; at that point the amounts are considered irrecoverable and are written off against the financial asset directly.

(b) Liquidity risk

Liquidity risk is the risk that the Group will encounter difficulties in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. Various methods of managing liquidity risk are used by individual companies in the Group.

The Group's management focuses on methods used by financial institutions, i.e. diversification of sources of funds. This diversification makes the Group flexible and limits its dependency on one financing source. Liquidity risk is evaluated in particular by monitoring changes in the structure of financing and comparing these changes with the Group's liquidity risk management strategy. The Group also holds, as a part of its liquidity risk management strategy, a portion of its assets in highly liquid funds.

Typically the Group ensures that it has sufficient cash on demand and assets within short maturity to meet expected operational expenses for a period of 90 days, including servicing financial obligations; this excludes the potential impact of extreme circumstances that cannot reasonably be predicted, such as natural disasters.

The table below provides an analysis of financial assets and liabilities by relevant maturity groupings based on the remaining period from the reporting date to the contractual maturity date. It is presented under the most prudent consideration of maturity dates where options or repayment schedules allow for early repayment possibilities. Therefore, in the case of liabilities, the earliest possible repayment date is shown while for assets the latest possible repayment date is disclosed. Those assets and liabilities that do not have a contractual maturity date are grouped together in the "undefined maturity" category.

Maturities of financial assets and liabilities

As at 31 December 2014

In thousands of EUR

	Carrying amount	Contractual cash flows[1]	Up to 3 months	3 months to 1 year	1–5 years	Over 5 years	Undefined maturity
Assets							
Cash and cash equivalents	**910,087**	910,087	910,087	-	-	-	-
Trade receivables and other assets	**478,489**	[2]441,025	311,288	45,798	22,361	-	61,578
Financial instruments and other financial assets	**241,819**	253,232	5,313	32,545	77,521	52,563	85,290
out of which derivatives	***16,995***	*16,995*	*4,600*	*5,993*	*6,402*	-	-
Total	**1,630,395**	**1,604,344**	**1,226,688**	**78,343**	**99,882**	**52,563**	**146,868**
Liabilities							
Loans and borrowings	**5,139,338**	6,095,896	191,669	854,306	2,879,432	2,170,489	-
Trade payables and other liabilities	**634,675**	527,791	358,291	85,452	48,833	34,072	1,143
Financial instruments and financial liabilities	**83,628**	91,236	49,737	12,935	28,073	491	-
out of which derivatives	***28,350***	*33,047*	*20,148*	*6,817*	*5,591*	*491*	-
Total	**5,857,641**	**6,714,923**	**599,697**	**952,693**	**2,956,338**	**2,205,052**	**1,143**
Net liquidity risk position	**(4,227,246)**	**(5,110,579)**	**626,991**	**(874,350)**	**(2,856,456)**	**(2,152,489)**	**145,725**

(1) Contractual cash flows disregarding discounting to net present value and including potential interest.
(2) Prepaid expenses and advances provided are excluded.

As at 31 December 2013

In thousands of EUR

	Carrying amount	Contractual cash flows[1]	Up to 3 months	3 months to 1 year	1–5 years	Over 5 years	Undefined maturity
Assets							
Cash and cash equivalents	**994,676**	994,676	994,676	-	-	-	-
Trade receivables and other assets	**452,106**	[2]438,323	319,599	39,708	19,763	-	59,253
Financial instruments and other financial assets	**174,694**	181,368	45,506	36,463	3,902	10,246	85,251
out of which derivatives	***6,053***	*6,053*	*2,625*	*2,407*	*1,021*	-	-
Total	**1,621,476**	**1,614,367**	**1,359,781**	**76,171**	**23,665**	**10,246**	**144,504**
Liabilities							
Loans and borrowings	**4,487,146**	5,221,477	482,844	354,567	2,805,907	1,578,159	-
Trade payables and other liabilities	**732,142**	729,736	416,408	230,374	47,621	31,796	3,537
Financial instruments and financial liabilities	**101,440**	104,174	21,112	55,059	27,675	328	-
out of which derivatives	***7,876***	*7,438*	*2,662*	*3,318*	*1,130*	*328*	-
Total	**5,320,728**	**6,055,387**	**920,364**	**640,000**	**2,881,203**	**1,610,283**	**3,537**
Net liquidity risk position	**(3,699,252)**	**(4,441,020)**	**439,417**	**(563,829)**	**(2,857,538)**	**(1,600,037)**	**140,967**

(1) Contractual cash flows disregarding discounting to net present value and including potential interest.
(2) Prepaid expenses and advances provided are excluded.

As at 31 December 2012

In thousands of EUR

	Carrying amount	Contra-ctual cash flows[1]	Up to 3 months	3 months to 1 year	1–5 years	Over 5 years	Undefined maturity
Assets							
Cash and cash equivalents	**437,231**	437,231	437,231	-	-	-	-
Trade receivables and other assets	**275,060**	[2]245,863	154,296	56,603	4,614	6,842	23,508
Financial instruments and other financial assets	**156,365**	164,280	1,631	6,762	5,648	65,434	84,805
out of which derivatives	***10,701***	*7,916*	*1,631*	*3,461*	*2,824*	-	-
Total	**868,656**	**847,374**	**593,158**	**63,365**	**10,262**	**72,276**	**108,313**
Liabilities							
Loans and borrowings	**926,771**	1,292,283	14,956	63,484	642,403	571,440	-
Trade payables and other liabilities	**355,648**	346,659	182,856	57,239	1,313	2,705	102,546
Financial instruments and financial liabilities	**68,576**	70,923	4,654	28,123	38,146	-	-
out of which derivatives	***2,585***	*2,585*	*437*	*477*	*1,671*	-	-
Total	**1,350,995**	**1,709,865**	**202,466**	**148,846**	**681,862**	**574,145**	**102,546**
Net liquidity risk position	**(482,339)**	**(862,491)**	**390,692**	**(85,481)**	**(671,600)**	**(501,869)**	**5,767**

(1) Contractual cash flows disregarding discounting to net present value and including potential interest.
(2) Prepaid expenses and advances provided are excluded.

It is not expected that the cash flows included in the maturity analysis could occur significantly earlier or in significantly different amounts.

(c) Interest rate risk

The Group's operations are subject to the risk of interest rate fluctuations to the extent that interest-earning assets (including investments) and interest-bearing liabilities mature or re-price at different times or in differing amounts. The length of time for which the rate of interest is fixed on a financial instrument therefore indicates to what extent it is exposed to interest rate risk. The table below provides information on the extent of the Group's interest rate exposure based either on the contractual maturity date of its financial instruments or, in the case of instruments that re-price to a market rate of interest before maturity, the next re-pricing date. Those assets and liabilities that do not have a contractual maturity date or are not interest-bearing are grouped together in the "maturity undefined" category.

Various types of derivatives are used to reduce the amount of debt exposed to interest rate fluctuations and to reduce borrowing costs and include mainly interest rate swaps.

These contracts are normally agreed with a notional amount and expiry date lower than or equal to that of the underlying financial liability, so that any change in the fair value and/or expected future cash flows of these contracts is offset by a corresponding change in the fair value and/or the expected future cash flows from the underlying position.

Financial information relating to interest bearing and non-interest bearing assets and liabilities and their contractual maturity or re-pricing dates as at 31 December 2014 is as follows:

In thousands of EUR

	Up to 1 year	1 year to 5 years	Over 5 years	Undefined maturity (or non-interest bearing)	Total
Assets					
Cash and cash equivalents	909,783	-	-	304	**910,087**
Trade receivables and other assets	73,356	209	-	404,924	**478,489**
Financial instruments and other financial assets	25,157	65,528	8,288	142,846	**241,819**
Total	**1,008,296**	**65,737**	**8,288**	**548,074**	**1,630,395**
Liabilities					
Loans and borrowings	1,851,717	1,308,074	1,974,162	5,385	**5,139,338**
Trade payables and other liabilities	64,448	-	-	570,227	**634,675**
Financial instruments and financial liabilities	52,314	20,348	-	10,966	**83,628**
Total	**1,968,479**	**1,328,422**	**1,974,162**	**586,578**	**5,857,641**
Net interest rate risk position	**(960,183)**	**(1,262,685)**	**(1,965,874)**	**(38,504)**	**(4,227,246)**

Notional amounts of financial instruments are included in Note 32 – Financial instruments.

Interest rate risk exposure as at 31 December 2013 is as follows:

In thousands of EUR

	Up to 1 year	1 year to 5 years	Over 5 years	Undefined maturity (or non-interest bearing)	Total
Assets					
Cash and cash equivalents	994,458	-	-	218	**994,676**
Trade receivables and other assets	292	-	-	451,814	**452,106**
Financial instruments and other financial assets	32,780	2,625	5,542	133,747	**174,694**
Total	**1,027,530**	**2,625**	**5,542**	**585,779**	**1,621,476**
Liabilities					
Loans and borrowings	1,721,459	1,412,762	1,346,618	6,307	**4,487,146**
Trade payables and other liabilities	161,130	365	-	570,647	**732,142**
Financial instruments and financial liabilities	72,926	24,831	328	3,355	**101,440**
Total	**1,955,515**	**1,437,958**	**1,346,946**	**580,309**	**5,320,728**
Net interest rate risk position	**(927,985)**	**(1,435,333)**	**(1,341,404)**	**5,470**	**(3,699,252)**

Notional amounts of financial instruments are included in Note 32 – Financial instruments.

Interest rate risk exposure as at 31 December 2012 is as follows:

In thousands of EUR

	Up to 1 year	1 year to 5 years	Over 5 years	Undefined maturity (or non-interest bearing)	Total
Assets					
Cash and cash equivalents	437,112	-	-	119	**437,231**
Trade receivables and other assets	58,354	-	-	216,706	**275,060**
Financial instruments and other financial assets	49,523	239	11,177	95,426	**156,365**
Total	**544,989**	**239**	**11,177**	**312,251**	**868,656**
Liabilities					
Loans and borrowings	29,157	395,943	490,016	11,655	**926,771**
Trade payables and other liabilities	120,087	4,018	-	231,543	**355,648**
Financial instruments and financial liabilities	30,429	34,885	-	3,262	**68,576**
Total	**179,673**	**434,846**	**490,016**	**246,460**	**1,350,995**
Net interest rate risk position	**365,316**	**(434,607)**	**(478,839)**	**65,791**	**(482,339)**

Notional amounts of financial instruments are included in Note 32 – Financial instruments.

Sensitivity analysis

The Group performs stress testing using a standardised interest rate shock, i.e. an immediate decrease/increase in interest rates by 100 basis points ('bp') along the whole yield curve is applied to the interest rate positions of the portfolio.

At the reporting date, a change of 100 basis points in interest rates would have increased or decreased profit by the amounts shown in the table below. This analysis assumes that all other variables, in particular foreign currency rates, remain constant.

In thousands of EUR

	2014 Profit (loss)	2013 Profit (loss)	2012 Profit (loss)
Decrease in interest rates by 100 bp	139,694	120,813	32,538
Increase in interest rates by 100 bp	(139,694)	(120,813)	(32,538)

(d) Foreign exchange risk

The Group takes on exposure to the effects of fluctuations in the prevailing foreign currency exchange rates on its financial position and cash flows.

The Group is exposed to a currency risk on sales, purchases and borrowings that are denominated in currency other that the respective functional currencies of Group entities, primarily EUR, USD and PLN.

Various types of derivatives are used to reduce the exchange rate risk on foreign currency assets, liabilities and expected future cash flows. These include forward exchange contracts, most with a maturity of less than one year.

These contracts are also normally agreed with a notional amount and expiry date equal to that of the underlying financial liability or the expected future cash flows, so that any change in the fair value and/or future cash flows of these contracts stemming from a potential appreciation or depreciation of the Czech crown against other currencies is fully offset by a corresponding change in the fair value and/or the expected future cash flows of the underlying position.

In respect of monetary assets and liabilities denominated in foreign currencies, the Group ensures that its net exposure is kept to an acceptable level by buying or selling foreign currencies at spot rates when necessary to address short-term imbalances.

As of 31 December 2014, the exposure to foreign exchange risk translated to thousands of EUR was as follows:

In thousands of EUR

	CZK	USD	EUR	PLN	Other	Total
Assets						
Cash and cash equivalents	84,274	114	824,598	1,100	1	**910,087**
Trade receivables and other assets	136,575	360	332,880	8,673	1	**478,489**
Financial instruments and other financial assets	89,435	-	109,609	42,775	-	**241,819**
	310,284	**474**	**1,267,087**	**52,548**	**2**	**1,630,395**
Off-balance sheet assets	574,325	-	1,550,382	1,114	-	2,125,821
*Notional amounts of derivatives**	*574,325*	-	*1,255,317*	*1,114*	-	*1,830,756*
Liabilities						
Loans and borrowings	101,627	-	5,037,711	-	-	**5,139,338**
Trade payables and other liabilities	107,555	187	519,815	7,080	38	**634,675**
Financial instruments and financial liabilities	60,311	-	23,317	-	-	**83,628**
	269,493	**187**	**5,580,843**	**7,080**	**38**	**5,857,641**
Off balance sheet liabilities	162,725	-	1,989,951	-	-	2,152,676
*Notional amounts of derivatives**	*144,875*	-	*1,628,213*	-	-	*1,773,088*

** Also includes the spot part of forwards.*

Off-balance sheet assets and liabilities include notional amounts of financial instruments (refer to Note 32 – Financial instruments for more details).

As of 31 December 2013, the exposure to foreign exchange risk translated to thousands of EUR was as follows:

In thousands of EUR

	CZK	USD	EUR	PLN	Other	Total
Assets						
Cash and cash equivalents	112,707	2,990	875,223	3,756	-	**994,676**
Trade receivables and other assets	119,088	4,084	321,386	7,548	-	**452,106**
Financial instruments and other financial assets	88,424	-	85,942	328	-	**174,694**
	320,219	**7,074**	**1,282,551**	**11,632**	**-**	**1,621,476**
Off-balance sheet assets	217,211	-	2,433,801	1,130	-	2,652,142
*Notional amounts of derivatives**	*216,992*	-	*1,148,405*	*1,130*	-	*1,366,527*
Liabilities						
Loans and borrowings	178,997	-	4,298,924	9,225	-	**4,487,146**
Trade payables and other liabilities	118,213	255	581,550	32,051	73	**732,142**
Financial instruments and financial liabilities	83,865	-	17,575	-	-	**101,440**
	381,075	**255**	**4,898,049**	**41,276**	**73**	**5,320,728**
Off balance sheet liabilities	169,480	-	1,568,605	-	-	1,738,085
*Notional amounts of derivatives**	*166,782*	-	*1,164,193*	-	-	*1,330,975*

** Also includes the spot part of forwards.*

RISK MANAGEMENT POLICIES AND DISCLOSURES

Off-balance sheet assets and liabilities include notional amounts of financial instruments (refer to Note 32 – Financial instruments for more details).

As of 31 December 2012, the exposure to foreign exchange risk translated to thousands of EUR was as follows:

In thousands of EUR

	CZK	USD	EUR	PLN	Other	Total
Assets						
Cash and cash equivalents	220,524	40	215,593	1,074	-	**437,231**
Trade receivables and other assets	128,123	-	136,197	10,740	-	**275,060**
Financial instruments and other financial assets	99,921	-	56,444	-	-	**156,365**
	448,568	**40**	**408,234**	**11,814**	**-**	**868,656**
Off-balance sheet assets	3,582,021	-	1,189,021	6,126	-	4,777,168
*Notional amounts of derivatives**	*710,063*	-	*249,562*	*6,126*	-	*965,751*
Liabilities						
Loans and borrowings	78,641	-	848,130	-	-	**926,771**
Trade payables and other liabilities	140,811	-	191,249	23,548	40	**355,648**
Financial instruments and financial liabilities	62,132	-	6,444	-	-	**68,576**
	281,584	**-**	**1,045,823**	**23,548**	**40**	**1,350,995**
Off balance sheet liabilities	810,103	-	101,790	-	-	911,893
*Notional amounts of derivatives**	*797,176*	-	*100,517*	-	-	*897,693*

** Also includes the spot part of forwards.*

Off-balance sheet assets and liabilities include notional amounts of financial instruments (refer to Note 32 – Financial instruments for more details).

The following significant exchange rates applied during the period:

	31 December 2014		31 December 2013		31 December 2012	
CZK	**Average rate**	**Reporting date spot rate**	**Average rate**	**Reporting date spot rate**	**Average rate**	**Reporting date spot rate**
EUR 1	27.533	27.725	25.974	27.425	25.143	25.140
USD 1	20.746	22.834	19.565	19.894	19.583	19.055
PLN 1	6.582	6.492	6.189	6.603	6.010	6.172

Sensitivity analysis

A strengthening (weakening) of the Czech crown, as indicated below, against the EUR, USD and PLN at the reporting date would have increased (decreased) equity by the amounts shown in the following table. This analysis is based on foreign currency exchange rate variances that the Group considered to be reasonably likely at the end of the reporting period. The analysis assumes that all other variables, in particular interest rates, remain constant.

Effect in thousands of EUR	2014 Profit (loss)	2013 Profit (loss)	2012 Profit (loss)
EUR (5% strengthening)	215,688	190,883	31,778
USD (5% strengthening)	(14)	(346)	-
PLN (5% strengthening)	(2,273)	1,579	597

A weakening of the Czech crown against the above currencies at the reporting date would have had the equal but opposite effect on the above currencies to the amounts shown above, on the basis that all other variables remain constant.

(e) Commodity risk

The Group is exposed to risks resulting from fluctuations in the prices of commodities, especially energy, gas and emission rights, both on the supply and demand side. Various types of derivatives are used to reduce the exposure to fluctuations in commodity prices, especially swaps.

An increase/decrease in the price of electricity by 1 EUR per megawatt-hour would have increased/decreased profit from the derivative contracts by the amount as shown in the table below.

Impact in thousands of EUR

	2014 Profit (loss)	2013 Profit (loss)	2012 Profit (loss)
Increase by 1 EUR per megawatt-hour	434	77	159
Decrease by 1 EUR per megawatt-hour	(434)	(77)	(159)

An increase/decrease in the price of electricity by 5% would have increased/decreased profit from the derivatives by the amount as shown in the table below.

Impact in thousands of EUR

	2014 Profit (loss)	2013 Profit (loss)	2012 Profit (loss)
Increase by 5%	890	270	239
Decrease by 5%	(890)	(270)	(239)

An increase/decrease in the price of natural gas by 5% would have increased/decreased profit from the derivative contracts by the amount as shown in the table below.

Impact in thousands of EUR

	2014 Profit (loss)	2013 Profit (loss)	2012 Profit (loss)
Increase by 5%	(8,202)	(8,008)	-
Decrease by 5%	8,202	8,008	-

An increase/decrease in the price of fuel oil by 5% would have increased/decreased profit from the derivative contracts by the amount as shown in the table below.

Impact in thousands of EUR

	2014 Profit (loss)	2013 Profit (loss)	2012 Profit (loss)
Increase by 5%	-	(10,010)	-
Decrease by 5%	-	10,010	-

An increase/decrease in the EUR/USD exchange rate by 5% would have increased/decreased profit from the derivative contracts by the amount as shown in the table below.

RISK MANAGEMENT POLICIES AND DISCLOSURES

Impact in thousands of EUR

	2014 Profit (loss)	2013 Profit (loss)	2012 Profit (loss)
Increase by 5%	(219)	(6,006)	-
Decrease by 5%	219	6,006	-

(f) Regulatory risk

The Group is exposed to risks resulting from the state regulation of electricity and gas selling prices by the state.

The sale of electricity to mid-sized and large customers is the subject matter of composite electricity supply contracts. Such contracts usually determine the price for the supply of the commodity. The price of the distribution and other components is determined based on the Energy Regulatory Authority's price decisions for distribution companies and the market and transmission system operator. For small enterprises and households, composite electricity supply contracts define the products for which price lists are issued in accordance with the Energy Regulatory Authority's price decisions for the regulated entity as a supplier of electricity.

The basic framework for in the price regulation of gas supplies is provided by Act No. 250/2012 Coll. on Regulation in Network Industries and the Regulation Policy for the current 2012 – 2016 regulation period. Details related to the scope and method of conducting price regulation are determined in the generally-binding legal regulations issued by the Regulatory Office for Network Industries.

In 2014, gas supplies to households, gas supplies to small businesses, gas supplies to suppliers of last resort, electricity supplies to households and electricity supplies to small businesses continue to be subject to price regulation.

(g) Operational risk

Operational risk is the risk of loss arising from fraud, unauthorised activities, error, omission, inefficiency or system failure. It arises from all the Group's activities and is a risk faced by all business organisations. Operational risk includes legal risk.

The Group's objective is to manage operational risk so as to balance the avoidance of financial losses and damage to the Group's reputation with overall cost effectiveness and avoid control procedures which restrict initiative and creativity.

The primary responsibility for the implementation of controls to address operational risk is assigned to management within each subsidiary. This responsibility is supported by the development of overall standards within the Group for the management of operational risk, which is carried out by the Risk Department and covers the following areas:

- requirements for the reconciliation and monitoring of transactions
- identification of operational risk within the framework of each subsidiary's control system (development of conditions for decreasing and limitation of operational risk, as well as its impacts and consequences; recommendations for appropriate solutions in this area)
- this overview of the Group's operational risk events allows the Group to specify the direction of the steps and process to take in order to limit these risks, as well as to make decisions with regard to:
  – accepting the individual risks that are faced;
  – initiating processes leading to limitation of possible impacts; or
  – decreasing the scope of the relevant activity or discontinuing it entirely

(h) Capital management

The Group's policy is to maintain a strong capital base so as to maintain investor, creditor and market confidence and to sustain future development of its business.

The Group manages its capital to ensure that entities in the Group will be able to continue as a going concern while maximising the return to shareholders through the optimisation of the debt and equity balance.

Neither the Company nor any of its subsidiaries are subject to externally imposed capital requirements.

The Group's debt to adjusted capital ratio at the end of the reporting period was as follows:

In thousands of EUR

	31 December 2014	31 December 2013	31 December 2012 (Restated)*
Total liabilities	7,716,544	8,173,963	1,889,976
Less: cash and cash equivalents	910,087	994,676	437,231
Net debt	**6,806,457**	**7,179,287**	**1,452,745**
Total equity attributable to equity holders of the Company	298,708	1,219,360	1,056,206
Less: amounts accumulated in equity relating to cash flow hedges	(84,421)	(78,771)	427
Adjusted capital	**383,129**	**1,298,131**	**1,055,779**
Debt to adjusted capital	**17.77**	**5.53**	**1.38**

** For detail refer to Appendix 4 – Restated Consolidated statement of financial position.*

37. 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 31 December 2014, 31 December 2013 and 31 December 2012 was as follows:

In thousands of EUR

	Accounts receivable and other financial assets	Accounts payable and other financial liabilities	Accounts receivable and other financial assets	Accounts payable and other financial liabilities	Accounts receivable and other financial assets	Accounts payable and other financial liabilities
	2014	2014	2013	2013	2012	2012
Ultimate shareholders	11,349	-	28,212	276,947	-	240,506
Companies controlled by ultimate shareholders	11,300	8,034	2,271	38,349	34,089	26,996
Associates	41,943	18,024	5,506	140,346	11,774	17,860
Key management personnel of the entity or its parent	-	7	-	-	-	-
Other related parties	61	174,277	10,428	104,248	82,657	107,597
Total	**64,653**	**200,342**	**46,417**	**559,890**	**128,520**	**392,959**

(b) The summary of transactions with related parties during the period ended 31 December 2014, 31 December 2013 and 31 December 2012 was as follows:

In thousands of EUR

	Revenues	Expenses	Revenues	Expenses	Revenues	Expenses
	2014	2014	2013	2013	2012	2012
Ultimate shareholders	1,352	-	1,227	49,190	-	27,433
Companies controlled by ultimate shareholders	2,614	2,674	1,353	2,939	2,545	805
Associates	162,905	241,405	24,294	3,696	35,915	199
Key management personnel of the entity or its parent	-	718	-	269	-	159
Joint-ventures in which the Group is a venturer	-	-	-	-	477	-
Other related parties	787	15,173	154	13,591	835	7,875
Total	**167,658**	**259,970**	**27,028**	**69,685**	**39,772**	**36,471**

Transactions with Key management are described in Note 38 – Group entities.

All transactions were performed under the arm's length principle

GROUP ENTITIES

38. GROUP ENTITIES

The list of the Group entities as at 31 December 2014, 31 December 2013 and 31 December 2012 is set out below:

		31 December 2014		31 December 2013		31 December 2012		2014	2013	2012
	Country of incorporation	Ownership %	Ownership interest	Ownership %	Ownership interest	Ownership %	Ownership interest	Consolidation method	Consolidation method	Consolidation method
Energetický a průmyslový holding, a.s.	Czech Republic	-	-	-	-	-	-	-	-	-
EP Fleet, k.s.	Czech Republic	0.10	Direct	-	-	-	-	Full	-	-
EP Investment Advisors, s.r.o.	Czech Republic	100	Direct	100	Direct	100	Direct	Full	Full	Full
EP Fleet, k.s.	Czech Republic	99.80	Direct	-	-	-	-	Full	-	-
EP Auto, s.r.o. *	Czech Republic	100	Direct	-	-	-	-	Full	-	-
EP Fleet, k.s.	Czech Republic	0.10	Direct	-	-	-	-	Full	-	-
CE Energy, a.s. *	Czech Republic	100	Direct	100	Direct	-	-	Full	Full	-
EP Energy, a.s. *	Czech Republic	100	Direct	100	Direct	100	Direct	Full	Full	Full
AISE, s.r.o.	Czech Republic	80	Direct	80	Direct	80	Direct	Full	Full	Full
Honor Invest, a.s. *[4]	Czech Republic	-	-	-	-	100	Direct	-	-	Full
PT Holding Investment B.V. *	Netherlands	100	Direct	100	Direct	100	Direct	Full	Full	Full
Pražská teplárenská Holding a.s. *	Czech Republic	49	Direct	49	Direct	49	Direct	Equity	Equity	Equity
Pražská teplárenská a.s.	Czech Republic	47.42	Direct	47.33	Direct	47.33	Direct	Full	Full	Full[1]
Pražská teplárenská Trading, a.s.	Czech Republic	100	Direct	-	-	-	-	Full	-	-
Areál Třeboradice, a.s.	Czech Republic	-	-	-	-	100	Direct	-	-	IFRS 5
Termonta Praha a.s.	Czech Republic	100	Direct	100	Direct	100	Direct	Full	Full	Full[1]
Energotrans SERVIS, a.s.	Czech Republic	95	Direct	95	Direct	85	Direct	Full	Full	Full
Teplo Neratovice, spol. s r.o.	Czech Republic	100	Direct	100	Direct	100	Direct	Full	Full	Full[1]
RPC, a.s.	Czech Republic	100	Direct	-	-	-	-	Full	-	-
Pražská teplárenská LPZ, a.s.	Czech Republic	100	Direct	-	-	-	-	Full	-	-
Nový Veleslavín, a.s.	Czech Republic	100	Direct	-	-	-	-	Full	-	-
Pod Juliskou, a.s.	Czech Republic	100	Direct	-	-	-	-	Full	-	-
Nová Invalidovna, a.s.	Czech Republic	100	Direct	-	-	-	-	Full	-	-
Michelský trojúhelník, a.s.	Czech Republic	100	Direct	-	-	-	-	Full	-	-
Nové Modřany, a.s.	Czech Republic	100	Direct	-	-	-	-	Full	-	-
PT Properties I, a.s.	Czech Republic	100	Direct	-	-	-	-	Full	-	-
PT Properties II, a.s.	Czech Republic	100	Direct	-	-	-	-	Full	-	-
PT Properties III, a.s.	Czech Republic	100	Direct	-	-	-	-	Full	-	-
PT Properties IV, a.s.	Czech Republic	100	Direct	-	-	-	-	Full	-	-
První energetická a.s.[3]	Czech Republic	-	-	-	-	100	Direct	-	-	Full
Czech Energy Holding, a.s. *[4]	Czech Republic	-	-	-	-	100	Direct	-	-	Full
United Energy, a.s.	Czech Republic	100	Direct	100	Direct	100	Direct	Full	Full	Full
EVO – Komořany, a.s.	Czech Republic	100	Direct	100	Direct	100	Direct	Full	Full	Full
Severočeská teplárenská, a.s.	Czech Republic	100	Direct	100	Direct	100	Direct	Full	Full	Full
PRVNÍ MOSTECKÁ a.s.	Czech Republic	100	Direct	97.63	Direct	47.06	Direct	Full	Full[2]	Equity
PRVNÍ PRVNÍ MOSTECKÁ Servis a.s.	Czech Republic	100	Direct	100	Direct	100	Direct	Full	Full[2]	Equity
United Energy Moldova, s.r.o.	Czech Republic	100	Direct	100	Direct	100	Direct	Full	Full	Full
EKY III, a.s.	Czech Republic	100	Direct	100	Direct	100	Direct	Full	Full	Full
United Energy Invest, a.s.	Czech Republic	100	Direct	100	Direct	100	Direct	Full	Full	Full
EP Coal Trading, a.s. (former United Energy Coal Trading, a.s.)	Czech Republic	100	Direct	100	Direct	100	Direct	Full	Full	Full
EOP & HOKA s.r.o.	Czech Republic	99.79	Direct	99.79	Direct	99.79	Direct	Full	Full	Full

GROUP ENTITIES

		31 December 2014		31 December 2013		31 December 2012		2014	2013	2012
	Country of incorporation	Ownership %	Ownership interest	Ownership %	Ownership interest	Ownership %	Ownership interest	Consolidation method	Consolidation method	Consolidation method
EOP HOKA POLSKA SPOŁKA Z OGRANICZONA ODPOWIEDZIALNOSCIA	Poland	100	Direct	-	-	-	-	Full	-	-
EP COAL TRADING POLSKA S.A. (former UNITED ENERGY COAL TRADING POLSKA S.A.)	Poland	100	Direct	100	Direct	100	Direct	Full	Full	Full
EP ENERGY TRADING, a.s.	Czech Republic	100	Direct	100	Direct	100	Direct	Full	Full	Full
ADCONCRETUM REAL ESTATE ltd	Serbia	100	Direct	-	-	-	-	Full	-	-
COOP ENERGY, a.s.	Czech Republic	-	-	-	-	40	Direct	-	-	At cost
Plzeňská energetika a.s.	Czech Republic	100	Direct	100	Direct	100	Direct	Full	Full	Full
VTE Moldava II, a.s. (former EP Renewables a.s.) *	Czech Republic	100	Direct	100	Direct	100	Direct	Full	Full	Full
MR TRUST s.r.o.*	Czech Republic	99.50	Direct	99.50	Direct	99.50	Direct	Full	Full	Full
VTE Moldava, a.s.	Czech Republic	100	Direct	100	Direct	100	Direct	Full	Full	Full
VTE Pastviny s.r.o.	Czech Republic	100	Direct	100	Direct	100	Direct	Full	Full	Full
EP Renewables a.s. *	Czech Republic	100	Direct	-	-	-	-	Full	-	-
Arisun, s.r.o.	Slovakia	100	Direct	100	Direct	100	Direct	Full	Full	Full
Greeninvest Energy, a.s.	Czech Republic	41.70	Direct	41.70	Direct	41.70	Direct	IFRS 5	IFRS 5	IFRS 5
ČKD Blansko Wind, a.s.	Czech Republic	100	Direct	100	Direct	100	Direct	Full	Full	Full
POWERSUN a.s.	Czech Republic	100	Direct	100	Direct	100	Direct	Full	Full	Full
Triskata, s.r.o.	Slovakia	100	Direct	100	Direct	100	Direct	Full	Full	Full
MR TRUST s.r.o. *	Czech Republic	0.50	Direct	0.50	Direct	0.50	Direct	Full	Full	Full
VTE Pchery, s.r.o.	Czech Republic	64	Direct	64	Direct	64	Direct	Full	Full	Full
CHIFFON ENTERPRISES LIMITED *	Cyprus	100	Direct	100	Direct	100	Direct	Full	Full	Full
Claymore Equity, s.r.o. *	Slovakia	80	Direct	80	Direct	80	Direct	Full	Full	Full
Alternative Energy, s.r.o.	Slovakia	90	Direct	90	Direct	90	Direct	Full	Full	Full
ROLLEON a.s. *	Czech Republic	100	Direct	100	Direct	100	Direct	Full	Full	Full
ENERGZET, a.s.	Czech Republic	100	Direct	100	Direct	100	Direct	Full	Full	Full
HC Fin3 N.V. *[4]	Netherlands	-	-	-	-	100	Direct	-	-	Full
EAST BOHEMIA ENERGY HOLDING LIMITED *[4]	Cyprus	-	-	-	-	100	Direct	-	-	Full
EBEH Opatovice, a.s.	Czech Republic	100	Direct	100	Direct	100	Direct	Full	Full	Full
Elektrárny Opatovice, a.s.	Czech Republic	100	Direct	100	Direct	100	Direct	Full	Full	Full
Reatex a.s.	Czech Republic	100	Direct	100	Direct	100	Direct	Full	Full	Full
V A H O s.r.o.	Czech Republic	100	Direct	100	Direct	100	Direct	Full	Full	Full
NPTH, a.s. *	Czech Republic	100	Direct	100	Direct	100	Direct	Full	Full	Full
Pražská teplárenská a.s.	Czech Republic	50.16	Direct	50.07	Direct	50.07	Direct	Full	Full	Full[1]
Pražská teplárenská Trading, a.s.	Czech Republic	100	Direct	-	-	-	-	Full	-	-
Areál Třeboradice, a.s.	Czech Republic	-	-	-	-	100	Direct	-	-	IFRS 5
Termonta Praha a.s.	Czech Republic	100	Direct	100	Direct	100	Direct	Full	Full	Full[1]
Energotrans SERVIS, a.s.	Czech Republic	95	Direct	95	Direct	85	Direct	Full	Full	Full
Teplo Neratovice, spol. s r.o.	Czech Republic	100	Direct	100	Direct	100	Direct	Full	Full	Full[1]
RPC, a.s.	Czech Republic	100	Direct	-	-	-	-	Full	-	-
Pražská teplárenská LPZ, a.s.	Czech Republic	100	Direct	-	-	-	-	Full	-	-
Nový Veleslavín, a.s.	Czech Republic	100	Direct	-	-	-	-	Full	-	-
Pod Juliskou, a.s.	Czech Republic	100	Direct	-	-	-	-	Full	-	-
Nová Invalidovna, a.s.	Czech Republic	100	Direct	-	-	-	-	Full	-	-
Michelský trojúhelník, a.s.	Czech Republic	100	Direct	-	-	-	-	Full	-	-
Nové Modřany, a.s.	Czech Republic	100	Direct	-	-	-	-	Full	-	-
PT Properties I, a.s.	Czech Republic	100	Direct	-	-	-	-	Full	-	-
PT Properties II, a.s.	Czech Republic	100	Direct	-	-	-	-	Full	-	-

GROUP ENTITIES

		31 December 2014		31 December 2013		31 December 2012		2014	2013	2012
	Country of incorporation	Ownership %	Ownership interest	Ownership %	Ownership interest	Ownership %	Ownership interest	Consolidation method	Consolidation method	Consolidation method
PT Properties III, a.s.	Czech Republic	100	Direct	-	-	-	-	Full	-	-
PT Properties IV, a.s.	Czech Republic	100	Direct	-	-	-	-	Full	-	-
LIGNITE INVESTMENTS 1 LIMITED *[4]	Cyprus	-	-	-	-	100	Direct	-	-	Full
JTSD Braunkohlebergbau GmbH	Germany	100	Direct	100	Direct	100	Direct	Full	Full	Full[1]
Mitteldeutsche Braunkohlengesellschaft mbH	Germany	100	Direct	100	Direct	100	Direct	Full	Full	Full[1]
MIBRAG Consulting International GmbH (former Montan Bildungs- und Entwicklungsgesellschaft mbH)	Germany	100	Direct	100	Direct	100	Direct	Full	Full	Full[1]
GALA-MIBRAG-Service GmbH	Germany	100	Direct	100	Direct	100	Direct	Full	Full	Full[1]
Mitteldeutsche Umwelt- und Entsorgung GmbH	Germany	50	Direct	50	Direct	50	Direct	Equity	Equity	Equity
Fernwärme GmbH Hohenmölsen – Webau	Germany	48.96	Direct	48.96	Direct	48.96	Direct	Equity	Equity	Equity
Ingenieurbüro für Grundwasser GmbH	Germany	25	Direct	25	Direct	25	Direct	Equity	Equity	Equity
Bohr & Brunnenbau GmbH	Germany	100	Direct	100	Direct	100	Direct	Full	Full[5]	At cost
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	100	Direct	Full	Full	Full[1]
EP Germany GmbH *	Germany	100	Direct	100	Direct	100	Direct	Full	Full	Full
Saale Energie GmbH	Germany	100	Direct	100	Direct	100	Direct	Full	Full	Full
Kraftwerk Schkopau GbR	Germany	41.90	Direct	41.90	Direct	41.90	Direct	Full	Equity	Equity
Kraftwerk Schkopau Betriebsgesellschaft mbH	Germany	44.40	Direct	44.40	Direct	44.40	Direct	Full	Equity	Equity
EPH Financing II, a.s.* [7]	Czech Republic	-	-	100	Direct	100	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	-	-	IFRS 5	Full	-
SPX, s.r.o.	Slovakia	33.33	Direct	33.33	Direct	-	-	At cost	At cost	-
Energotel, a.s.	Slovakia	20	Direct	20	Direct	-	-	At cost	At cost	-
SSE CZ, s.r.o.	Czech Republic	100	Direct	100	Direct	-	-	Full	Full	-
EP ENERGY HR d.o.o.	Croatia	100	Direct	100	Direct	-	-	At cost	At cost	-
EP Cargo a.s.	Czech Republic	60	Direct	-	-	-	-	Full	-	-
EP Cargo Deutschland GmbH	Germany	100	Direct	-	-	-	-	Full	-	-
PGP Terminal, a.s. *	Czech Republic	60	Direct	-	-	-	-	Full	-	-
EP Commodities, a.s. *	Czech Republic	100	Direct	-	-	-	-	Full	-	-
Andelta, a.s.*	Czech Republic	-	-	-	-	100	Direct	-	-	Full
Nikara Equity Limited *[6]	Cyprus	-	-	-	-	100	Direct	-	-	Full
EP United Kingdom, s.r.o. *	Czech Republic	100	Direct	-	-	-	-	Full	-	-
EP UK Investments Ltd *	United Kingdom	100	Direct	-	-	-	-	Full	-	-
EP Commodities, a.s.	Czech Republic	100	Direct	-	-	-	-	Full	-	-
WOOGEL LIMITED *	Cyprus	25	Direct	-	-	-	-	Full	-	-
DCR INVESTMENT a.s. (former EPH Financing I, a.s.) *	Czech Republic	100	Direct	100	Direct	100	Direct	Full	Full	Full
Mining Services and Engineering Sp. z o.o.	Poland	100	Direct	100	Direct	100	Direct	Full	At cost	At cost
Przedsiebiorstwo Górnicze Silesia Sp. z o.o.	Poland	38.91	Direct	99.91	Direct	99.85	Direct	Equity	Full	Full
Sedilas Enterprises limited	Cyprus	100	Direct	100	Direct	100	Direct	Full	Full	Full

GROUP ENTITIES

		31 December 2014		31 December 2013		31 December 2012		2014	2013	2012
	Country of incorporation	Ownership %	Ownership interest	Ownership %	Ownership interest	Ownership %	Ownership interest	Consolidation method	Consolidation method	Consolidation method
Czech Gas Holding Investment B.V.*	Netherlands	100	Direct	100	Direct	-	-	Full	Full	-
NAFTA a.s.	Slovakia	40.45	Direct	40	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	
Czech Gas Holding N.V. *	Netherlands	100	Direct	100	Direct	100	Direct	At cost	At cost	At cost
EPH Gas Holding B.V. *	Netherlands	100	Direct	100	Direct	100	Direct	Full	Full	At cost
Seattle Holding B.V. *	Netherlands	100	Direct	100	Direct	-	-	Full	Full	-
Slovak Gas Holding B.V.	Netherlands	100	Direct	100	Direct	-	-	Full	Full	-
Slovenský plynárenský priemysel, a.s.	Slovakia	-	-	49	Direct	-	-	-	IFRS 5	-
SPP Infrastructure, a.s.	Slovakia	49	Direct	100	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	-
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	At cost	-
AG Banka, a.s. v konkurze	Slovakia	39	Direct	39	Direct	-	-	Full	At cost	-
POZAGAS a.s.	Slovakia	35	Direct	35	Direct	-	-	Equity	Equity	-
GEOTERM KOŠICE, a.s.	Slovakia	95.82	Direct	95.82	Direct	-	-	Full	Full	-
Nadácia SPP	Slovakia	-	-	100	Direct	-	-	-	IFRS 5	-
EkoFond, n.f.	Slovakia	-	-	100	Direct	-	-	-	IFRS 5	-
SPP CZ, a.s.	Czech Republic	-	-	100	Direct	-	-	-	IFRS 5	-
SPP Bohemia a.s.	Czech Republic	100	Direct	100	Direct	-	-	Full	Full	-
SPP Servis, a.s.	Slovakia	100	Direct	100	Direct	-	-	At cost	At cost	-
SPP Storage, s.r.o.	Czech Republic	100	Direct	100	Direct	-	-	Full	Full	-
POZAGAS a.s.	Slovakia	35	Direct	35	Direct	-	-	Equity	Equity	-
P R O B U G A S a.s.	Slovakia	-	-	50	Direct	-	-	-	IFRS 5	-
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	-
Plynárenský športový klub	Slovakia	-	-	100	Direct	-	-	-	IFRS 5	-
NAFTOPROJEKT, spol. s r.o.	Slovakia	-	-	34	Direct	-	-	-	IFRS 5	-
Slovenská kreditná banka, a.s. "v konkurze"	Slovakia	-	-	37.67	Direct	-	-	-	IFRS 5	-
Globe 21 a.s.	Czech Republic	-	-	49	Direct	-	-	-	IFRS 5	-
SPP Infrastructure Financing B.V.	Netherlands	100	Direct	100	Direct	-	-	Full	Full	-
SPP CNG s.r.o.	Slovakia	-	-	100	Direct	-	-	-	IFRS 5	-
Nadácia EPH	Slovakia	100	Direct	-	-	-	-	Full	-	-

** Structured entity*
(1) Full consolidation method has been applied since 29 June 2012 when the EPH Group obtained control over the entities.
(2) Full consolidation method has been applied since 14 January 2013 when the EPH Group obtained control over the entity.
(3) První energetická a.s merged with EP ENERGY TRADING, a.s. as at 1 January 2013. EP ENERGY TRADING, a.s. is the successor company.

(4) Honor Invest, a.s., Czech Energy Holding, a.s., EAST BOHEMIA ENERGY HOLDING LIMITED, LIGNITE INVESTMENTS 1 LIMITED and HC Fin3 N.V. merged with EP Energy, a.s. as at 4 November 2013. EP Energy, a.s. is the successor company.
(5) Since 1 January 2013 Bohr & Brunnenbau GmbH has been fully consolidated by EPH Group.
(6) Nikara Equity Limited merged with Energetický a průmyslový holding, a.s. as at 31 March 2013. Energetický a průmyslový holding, a.s. is the successor company.
(7) EPH Financing II, a.s. merged with EP Energy, a.s. as at 25 August 2014. EP Energy, a.s. is the successor company.

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

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 for the financial periods 2014, 2013 and 2012:

In thousands of EUR

	2014	2013	2012
Total remuneration	**718**	**269**	**159**

Remuneration of key EPH Group managers is included in Note 9 – Personnel expenses.

39. 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 sell-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.

Plzeňská energetika a.s.

In August 2012, Škoda Investment a.s. filed a claim for unjust enrichment against Plzeňská energetika a.s. for approximately EUR 2,272 thousand. 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 31 December 2014. First court hearing already took place on 14 October 2014 with no outcome. Škoda Investment a.s. was asked to provide further details clarifying the claim by mid of December 2014. These details were delivered in time and PE was then asked to provide its opinion. Following court hearing is planned to be scheduled for the end of first half of 2015.

Mitteldeutsche Braunkohlengesellschaft mbH

MIBRAG is involved in an ongoing dispute filed by 50Hertz Transmission GmbH ("50Hertz") in Germany in 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 is possible and has already been filed with the Federal Supreme Court (Bundesgerichtshof). A decision is expected in 2015.

If the court ultimately decides in favour of 50Hertz that detailed data should be provided by MIBRAG to 50Hertz for the purposes of the calculation of a potential EEG surcharge for the above period, MIBRAG's liability could be significant.

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

The SSE Group is a party to various legal proceedings. As of 31 December 2014 the legal provisions amount to EUR 99 thousand (31 December 2013: EUR 1,299 thousand). The EPE 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 42,952 thousand (derived from a historical conversion of the original claim base of Slovak crowns equivalent to USD 30,000 thousand) 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.

NAFTA a.s. ("NAFTA Group")

The NAFTA Group faces several legal claims. The EPH Group management has decided not to disclose details in respect of material legal claims as they are currently ongoing and disclosure may prejudice the Nafta Group.

40. SUBSEQUENT EVENTS

On 15 January 2015 EPH completed transaction for purchase of EGGBOROUGH POWER LIMITED (Eggborough), which owns the 2GW Eggborough Power Station. Eggborough is an independent power producer located in North Yorkshire with an approximately 2GW coal-fired power station comprised of four units which supplies approximately 4% of the power in the UK, equivalent to powering approximately 3 million homes. It employs approximately 300 full time staff members.The acquisition price equals approximately GBP 62.6 million (EUR 81.6 million).

In January 2015, CE Energy, a.s. drew a new bank loan from UniCredit Bank Czech Republic and Slovakia, a.s. ("the Bank") totalling EUR 75 million, which was used to purchase CEE bonds in the same amount. On 11 March 2015, the bonds were cancelled. The Bank's security is at the same level as that of the existing CEE bond holders.

In February 2015, SPP Infrastructure Financing, B.V. issued eurobonds of EUR 500 million. eustream, a.s. guarantees for the obligation resulting from these bonds.

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. 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. The Supreme Administrative Court of the Czech Republic is now obliged to apply this preliminary ruling and to determine an amount in which the tax shall be refundable. Following the Supreme Administrative Court ruling that is expected to be issued this year, the other public authorities (courts, tax offices) should conclude all disputes regarding the tax payment in such a way that the tax shall be refunded (in the amount set by the Supreme Administrative Court ruling). With respect to the EPH Group the refund might be in the region of up to EUR 18 million.

On 28 April 2015, CE Energy entered into a loan agreement as a borrower with UniCredit Bank Czech Republic and Slovakia, a.s. ("UNI") as a lender ("CEE UNI Loan Agreement"). The CEE UNI Loan Agreement provides for a loan of up to EUR 100,000 thousand for the main purpose of refinancing a EUR 75,000 thousand loan between CEE and UNI and for financing of repurchase of the CEE bonds by CE Energy.

In 2015, EPH is finalizing acquisition of Italian coal and gas generation assets from E.ON. The assets that are being sold have a total generation capacity of approximately 4,500MW. They consist of an approximately 600MW coal-fired power plant in Sardinia (Fiume Santo) and approximately 3,900MW of gas-fired power capacity across six power plants located on the Italian mainland and in Sicily. The transaction is subject to the approval of the European Union competition authority. The transaction is expected to close in the second quarter of 2015.

Except for the matters described above and elsewhere in the Notes, the Company's management is not aware of any other material subsequent events that could have an effect on the consolidated financial statements as at 31 December 2014.

Appendices*:

Appendix 1 – Business combinations

Appendix 2 – Consolidated statement of comprehensive income from discontinued operations

Appendix 3 – Restated Consolidated statement of comprehensive income

Appendix 4 – Restated Consolidated statement of financial position

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

Date:	Signature of the authorised representative	
28 April 2015	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 and step acquisition

I. 31 December 2014

EP Cargo a.s.

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

In thousands of EUR

	Carrying amount(1)	Fair value adjustment(2)	2014 Total(1)
Property, plant, equipment, land, buildings	129	-	129
Trade receivables and other assets	3,687	-	3,687
Financial instruments – assets	300	-	300
Cash and cash equivalents	3,477	-	3,477
Trade payables and other liabilities	(5,698)	-	(5,698)
Net identifiable assets and liabilities	**1,895**	**-**	**1,895**
Non-controlling interest			(758)
Goodwill on acquisitions of a subsidiary			4,666
Pricing differences in equity			-
Cost of acquisition			**5,803**
Consideration paid, satisfied in cash (A)			-
Purchase price liability, not yet settled			5,803
New shares issued			-
Total consideration transferred			**5,803**
Less: Cash acquired (B)			3,477
Net cash inflow (outflow) (C) = (B – A)			**3,477**

(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 2014.

Purchase price liability represents liability recognised by the direct parent company EP Energy, a.s. for the acquisition of 60% share in EP Cargo a.s.

In thousands of EUR

	2014 Total
Revenue of the acquirees recognised since the acquisition date (subsidiaries)	9,689
Profit (loss) of the acquirees recognised since the acquisition date (subsidiaries)	894

In thousands of EUR

	2014 Total
Revenue of the acquirees recognised in the year ended 31 December 2014 (subsidiaries)*	29,340
Profit (loss) of the acquires recognised in the year ended 31 December 2014 (subsidiaries)*	3,084

** Before intercompany elimination*

II.   31 December 2013

PRVNÍ MOSTECKÁ a.s. including its subsidiary

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

In thousands of EUR

	Carrying amount [1]	Fair value adjustment[2]	2013 Total[1]
Property, plant, equipment, land, buildings	15,168	-	15,168
Trade receivables and other assets	21,288	-	21,288
Cash and cash equivalents	2,341	-	2,341
Provisions	(4)	-	(4)
Deferred tax liabilities	(1,126)	-	(1,126)
Trade payables and other liabilities	(24,860)	-	(24,860)
Net identifiable assets and liabilities	**12,807**	**-**	**12,807**
Non-controlling interest			(2,264)
Goodwill on step acquisition of a subsidiary			-
Negative goodwill on step acquisition of a subsidiary			(2,176)
Pricing differences in equity			-
Cost of acquisition			**8,367**
Consideration paid, satisfied in cash (A)			2,341
Consideration, other			6,026
Total consideration transferred			**8,367**
Less: Cash acquired (B)			2,341
Net cash inflow (outflow) (C) = (B – A)			**-**

(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 2013.

Consideration paid represents cost paid by the direct parent company Severočeská teplárenská, a.s, a subsidiary of United Energy, a.s., for the acquisition of 35.29% share in PRVNÍ MOSTECKÁ a.s.

In thousands of EUR

	2013 Total
Revenue of the acquirees recognised since the acquisition date (subsidiaries)	20,344
Profit (loss) of the acquirees recognised since the acquisition date (subsidiaries)	285

As the acquisition occurred as at 14 January 2013 and for the period from 1 January 2013 to 13 January 2013 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 2013) is the same as stated in the table above.

Stredoslovenská energetika, a.s. including its subsidiaries and associates

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

In thousands of EUR

	Carrying amount[1]	Fair value adjustment[1]	2013 Total[1]
Property, plant, equipment, land, buildings	483,388	431,165	914,553
Intangible assets	21,936	7,177	29,113
Inventories	2,616	-	2,616
Trade receivables and other assets	55,903	-	55,903
Financial instruments – assets	21,291	-	21,291
Cash and cash equivalents	49,074	-	49,074
Provisions	(12,749)	-	(12,749)
Deferred tax liabilities	(17,567)	(100,819)	(118,386)
Loans and borrowings	(83,507)	-	(83,507)
Trade payables and other liabilities	(134,249)	-	(134,249)
Net identifiable assets and liabilities	**386,136**	**337,523**	**723,659**
Non-controlling interest			(368,983)
Goodwill on acquisition of new subsidiaries			-
Negative goodwill on acquisition of new subsidiaries			(15,624)
Pricing differences in equity			-
Cost of acquisition			**339,052**
Consideration paid, satisfied in cash (A)			359,052
Consideration, other			-
Consideration, contingent			(20,000)
New shares issued			-
Total consideration transferred			**339,052**
Less: Cash acquired (B)			49,074
Net cash inflow (outflow) (C) = (B – A)			**(309,978)**

(1) Represents values at 100% share

Consideration paid represents cost paid by the direct parent company EPH Financing II, a.s. for the acquisition of 49% share in Stredoslovenská energetika, a.s.

In thousands of EUR

	2013 Total
Revenue of the acquirees recognised since the acquisition date (subsidiaries)	124,947
Profit (loss) of the acquirees recognised since the acquisition date (subsidiaries)	22,241

In thousands of EUR

	2013 Total
Revenue of the acquirees recognised in the year ended 31 December 2013 (subsidiaries)*	826,711
Profit (loss) of the acquirees recognised in the year ended 31 December 2013 (subsidiaries)*	81,884

** Before intercompany elimination*

Helmstedter Revier GmbH including its subsidiaries and associates

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

In thousands of EUR

	Carrying amount	Fair value adjustment	2013 Total
Property, plant, equipment, land, buildings	61,855	-	61,855
Intangible assets	3,518	-	3,518
Deferred tax asset	1,729	4,124	5,853
Inventories	8,088	-	8,088
Trade receivables and other assets	10,206	-	10,206
Cash and cash equivalents	38,384	-	38,384
Provisions	(115,424)	(14,245)	(129,669)
Trade payables and other liabilities	(3,961)	-	(3,961)
Net identifiable assets and liabilities	**4,395**	**(10,121)**	**(5,726)**
Non-controlling interest			(1,410)
Goodwill on acquisition of new subsidiaries			5,053
Negative goodwill on acquisition of new subsidiaries			-
Pricing differences in equity			-
Cost of acquisition			**(2,083)**
Consideration paid, satisfied in cash (A)			(8,142)
Consideration, other			6,059
Consideration, contingent			-
New shares issued			-
Total consideration transferred			[1]**(2,083)**
Less: Cash acquired (B)			38,384
Net cash inflow (outflow) (C) = (B – A)			**46,526**

(1) For more details for the negative purchase price see Note 6 – Acquisitions and contributions of subsidiaries, special purpose entities, joint-ventures and associates.

Consideration paid represents cost received (negative purchase price) by the direct parent company JTSD Braunkohlebergbau GmbH. This amount was decreased by the compensation claim represented in the table above as other consideration.

In thousands of EUR

	2013 Total
Revenue of the acquirees recognised since the acquisition date (subsidiaries)	-
Profit (loss) of the acquirees recognised since the acquisition date (subsidiaries)	-

In thousands of EUR

	2013 Total
Revenue of the acquirees recognised in the year ended 31 December 2013 (subsidiaries)*	[1]3,346
Profit (loss) of the acquirees recognised in the year ended 31 December 2013 (subsidiaries)*	[1](14,282)

** Before intercompany elimination*
(1) Data from standalone financial statements of Helmstedter Revier GmbH for the period from 1 October to 31 December 2013 according to German GAAP

APPENDIX 1 – BUSINESS COMBINATIONS

Slovenský plynárenský priemysel, a.s. including its subsidiaries and associates and Slovak Gas Holding B.V. and Seattle Holding B.V.

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

In thousands of EUR

	Carrying amount [1]	Fair value adjustment[1]	2013 Total[1]
Property, plant, equipment, land, buildings	6,520,996	(637,300)	5,883,696
Intangible assets	114,877	132,500	247,377
Participation with significant influence	93,257	(54,300)	38,957
Inventories	449,330	(38,100)	411,230
Trade receivables and other assets	509,915	(23,000)	486,915
Financial instruments – assets	229,599	-	229,599
Assets held for sale, net	222	-	222
Cash and cash equivalents	306,195	-	306,195
Provisions	(239,298)	-	(239,298)
Deferred tax liabilities	(1,043,403)	108,000	(935,403)
Loans and borrowings	(2,185,599)	-	(2,185,599)
Financial instruments – liabilities	(39,569)	-	(39,569)
Trade payables and other liabilities	(485,064)	-	(485,064)
Net identifiable assets and liabilities	**4,231,458**	**(512,200)**	***3,719,258**
Non-controlling interest			(2,744,998)
Goodwill on acquisition of new subsidiaries			-
Negative goodwill on acquisition of new subsidiaries			(238,950)
Pricing differences in equity			-
Cost of acquisition			**735,310**
Consideration paid, satisfied in cash (A)			735,310
Consideration, other			-
Consideration, contingent			-
New shares issued			-
Total consideration transferred			**735,310**
Less: Cash acquired (B)			306,195
Net cash inflow (outflow) (C) = (B – A)			**(429,115)**

** Net identifiable assets and liabilities of EUR 3,719,258 thousand are attributable to Slovenský plynárenský priemysel, a.s. (EUR 5,247,575 thousand), Slovak Gas Holding B.V. (EUR (1,441,073) thousand) and Seattle Holding B.V. (EUR (87,244) thousand).*
(1) Represents values at 100% share.

Consideration paid represents cost paid by the direct parent company Slovak Gas Holding B.V.

In thousands of EUR

	2013 Total
Revenue of the acquirees recognised since the acquisition date (subsidiaries)	3,509,614
Profit (loss) of the acquirees recognised since the acquisition date (subsidiaries)	457,814

In thousands of EUR

	2013 Total
Revenue of the acquirees recognised in the year ended 31 December 2013 (subsidiaries)*	[1]1,902,595
Profit (loss) of the acquirees recognised in the year ended 31 December 2013 (subsidiaries)*	[1]338,100

** Before intercompany elimination*
(1) Statutory values contain loss from discontinued operations.

III. 31 December 2012

JTSD Braunkohlebergbau GmbH including its subsidiaries and associates

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

In thousands of EUR

	Carrying amount	Fair value adjustment	2012 Total
Property, plant, equipment, land, buildings	625,156	182,098	807,254
Intangible assets	13,144	(975)	12,169
Participations with significant influence	24,649	6,318	30,967
Inventories	8,580	-	8,580
Trade receivables and other assets	45,592	-	45,592
Financial instruments – assets	7,176	-	7,176
Cash and cash equivalents	72,387	-	72,387
Provisions	(243,175)	(57,995)	(301,170)
Deferred tax liabilities	(9,828)	(27,301)	(37,129)
Loans and borrowings	(319,813)	-	(319,813)
Trade payables and other liabilities	(52,457)	(21,958)	(74,415)
Net identifiable assets and liabilities	**171,411**	**80,187**	**251,598**
Non-controlling interest			-
Goodwill on acquisition of new subsidiaries			-
Negative goodwill on acquisition of new subsidiaries			(99,024)
Pricing differences in equity			-
Cost of acquisition			**152,574**
Consideration paid, satisfied in cash (A)			26,755
Consideration, other			125,819
Consideration, contingent			-
New shares issued			-
Total consideration transferred			**152,574**
Less: Cash acquired (B)			72,387
Net cash inflow (outflow) (C) = (B – A)			**45,632**

In thousands of EUR

	2012 Total
Revenue of the acquirees recognised since the acquisition date (subsidiaries)	373,228
Profit (loss) of the acquirees recognised since the acquisition date (subsidiaries)	103,559

In thousands of EUR

	2012 Total
Revenue of the acquirees recognised in the year ended 31 December 2012 (subsidiaries)*	571,213
Profit (loss) of the acquirees recognised in the year ended 31 December 2012 (subsidiaries)*	70,318

** Before intercompany elimination*

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Pražská teplárenská a.s.

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

In thousands of EUR

	Carrying amount	Fair value adjustment	2012 Total
Property, plant, equipment, land, buildings	375,390	49,922	425,312
Intangible assets	6,942	3,315	10,257
Inventories	6,630	-	6,630
Trade receivables and other assets	92,824	-	92,824
Financial instruments – assets	436,700	-	436,700
Assets held for sale, net	6,396	2,496	8,892
Cash and cash equivalents	315,484	-	315,484
Provisions	(2,808)	-	(2,808)
Deferred tax liabilities	(41,888)	(10,803)	(52,691)
Trade payables and other liabilities	(222,190)	1,170	(221,020)
Net identifiable assets and liabilities	**973,480**	**46,100**	**1,019,580**
Non-controlling interest			(279,446)
Goodwill on acquisition of new subsidiaries			-
Negative goodwill on acquisition of new subsidiaries			-
Pricing differences in equity			-
Cost of acquisition			**740,134**
Consideration paid, satisfied in cash (A)			-
Consideration, other			740,134
Consideration, contingent			-
New shares issued			-
Total consideration transferred			**740,134**
Less: Cash acquired (B)			315,484
Net cash inflow (outflow) (C) = (B – A)			**315,484**

In thousands of EUR

	2012 Total
Revenue of the acquirees recognised since the acquisition date (subsidiaries)	110,567
Profit (loss) of the acquirees recognised since the acquisition date (subsidiaries)	(1,194)

In thousands of EUR

	2012 Total
Revenue of the acquirees recognised in the year ended 31 December 2012 (subsidiaries)*	294,834
Profit (loss) of the acquirees recognised in the year ended 31 December 2012 (subsidiaries)*	183,113

** Before intercompany elimination*

Saale Energie GmbH including its subsidiaries

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

In thousands of EUR

	Carrying amount	Fair value adjustment	2012 Total
Intangible assets	-	89,305	89,305
Participations with significant influence	78,058	25,651	103,709
Inventories	474	-	474
Trade receivables and other assets	14,483	-	14,483
Financial instruments – assets	42,857	-	42,857
Cash and cash equivalents	31,176	-	31,176
Deferred tax liabilities	(2,881)	(30,071)	(32,952)
Trade payables and other liabilities	(139,305)	-	(139,305)
Net identifiable assets and liabilities	**24,862**	**84,885**	**109,747**
Non-controlling interest			-
Goodwill on acquisition of subsidiaries			-
Negative goodwill on acquisition of subsidiaries			(18,667)
Pricing differences in equity			-
Cost of acquisition			**91,080**
Consideration paid, satisfied in cash (A)			91,080
Consideration, other			-
Total consideration transferred			**91,080**
Less: Cash acquired (B)			31,176
Net cash inflow (outflow) (C) = (B – A)			**(59,904)**

In thousands of EUR

	2012 Total
Revenue of the acquirees recognised since the acquisition date (subsidiaries)	125,404
Profit (loss) of the acquirees recognised since the acquisition date (subsidiaries)	3,269

In thousands of EUR

	2012 Total
Revenue of the acquirees recognised in the year ended 31 December 2012 (subsidiaries)*	125,164
Profit (loss) of the acquirees recognised in the year ended 31 December 2012 (subsidiaries)*	(15,551)

** Before intercompany elimination*

APPENDIX 1 – BUSINESS COMBINATIONS

EP Investments Advisors, s.r.o.

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

In thousands of EUR

	Carrying amount	Fair value adjustment	2012 Total
Property, plant, equipment, land, buildings	479	-	479
Inventories	1,436	-	1,436
Trade receivables and other assets	1,795	-	1,795
Cash and cash equivalents	439	-	439
Deferred tax liabilities	(319)	-	(319)
Financial instruments – liabilities	(4,149)	-	(4,149)
Net identifiable assets and liabilities	**(319)**	**-**	**(319)**
Non-controlling interest			-
Goodwill on acquisition of subsidiaries			2,911
Negative goodwill on acquisition of subsidiaries			-
Pricing differences in equity			-
Cost of acquisition			**2,592**
Consideration paid, satisfied in cash (A)			2,592
Consideration, other			-
Total consideration transferred			**2,592**
Less: Cash acquired (B)			439
Net cash inflow (outflow) (C) = (B – A)			**(2,153)**

In thousands of EUR

	2012 Total
Revenue of the acquirees recognised since the acquisition date (subsidiaries)	2,543
Profit (loss) of the acquirees recognised since the acquisition date (subsidiaries)	636

In thousands of EUR

	2012 Total
Revenue of the acquirees recognised in the year ended 31 December 2012 (subsidiaries)*	8,273
Profit (loss) of the acquirees recognised in the year ended 31 December 2012 (subsidiaries)*	(2,705)

** Before intercompany elimination*

APPENDIX 2 – CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FROM DISCONTINUED OPERATIONS

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2014
In thousands of EUR ("TEUR")

	Note	Discontinued operations for the year ended 31 December 2014	Inter-company eliminations	Discontinued operations after inter-company eliminations
Discontinued operations				
Sales: Energy		811,517	(214,496)	597,021
of which: Gas		*801,367*	*(212,810)*	*588,557*
Electricity		*10,147*	*(1,685)*	*8,462*
Heat		*3*	*(1)*	*2*
Coal		*-*	*-*	*-*
Sales: Other		27	-	27
Total sales		**811,544**	**(214,496)**	**597,048**
Cost of sales: Energy		(831,704)	214,320	(617,384)
Cost of sales: Other		(558)	553	(5)
Total cost of sales		**(832,262)**	**214,873**	**(617,389)**
		(20,718)	**377**	**(20,341)**
Personnel expenses		(10,360)		(10,360)
Depreciation and amortisation		-		-
Repairs and maintenance		(1,305)		(1,305)
Emission rights, net		-		-
Negative goodwill		-		-
Taxes and charges		(131)		(131)
Other operating income		6,136	(6,136)	-
Other operating expenses		(8,162)	5,756	(2,406)
Profit (loss) from operations		**(34,540)**	**(3)**	**(34,543)**
Finance income		490	(490)	-
Finance expense		(14,604)	493	(14,111)
Profit (loss) from financial instruments		218,604		218,604
Net finance income (expense)		**204,490**	**3**	**204,493**
Share of profit (loss) of equity accounted investees, net of tax		-		
Gain (loss) on disposal of subsidiaries, special purpose entities, joint-ventures and associates		-		
Profit (loss) before income tax		**169,950**		**169,950**
Income tax expenses		(192,708)		(192,708)
Profit (loss) from discontinued operations		**(22,758)**	**-**	**(22,758)**
Profit (loss) attributable to:				
Owners of the Company		**(11,151)**	**-**	**(11,151)**
Non-controlling interest		(11,607)	-	(11,607)
Profit (loss) for the year		**(22,758)**	**-**	**(22,758)**

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2013
In thousands of EUR ("TEUR")

	Note	Discontinued operations for the year ended 31 December 2013	Inter-company eliminations	Discontinued operations after inter-company eliminations
Discontinued operations				
Sales: Energy		1,745,439	(450,798)	1,294,641
of which: Gas		*1,733,118*	*(447,794)*	*1,285,324*
Electricity		*12,205*	*(2,965)*	*9,240*
Coal		*-*	*-*	*-*
Heat		*116*	*(39)*	*77*
Sales: Other		-	-	-
Total sales		**1,745,439**	**(450,798)**	**1,294,641**
Cost of sales: Energy		(1,689,921)	449,873	(1,240,048)
Cost of sales: Other		(1,194)	1,155	(39)
Total cost of sales		**(1,691,115)**	**451,028**	**(1,240,087)**
		54,324	**230**	**54,554**
Personnel expenses		(17,402)	-	(17,402)
Depreciation and amortisation		(13,668)	-	(13,668)
Repairs and maintenance		(1,694)	-	(1,694)
Emission rights, net		-	-	-
Negative goodwill		-	-	-
Taxes and charges		(1,194)	-	(1,194)
Other operating income		20,405	(5,736)	14,669
Other operating expenses		(47,124)	5,506	(41,618)
Profit (loss) from operations		**(6,353)**	**-**	**(6,353)**
Finance income		501	(5,506)	(5,005)
Finance expense		(14,130)	5,506	(8,624)
Profit (loss) from financial instruments		(36,729)	-	(36,729)
Net finance income (expense)		**(50,358)**	**-**	**(50,358)**
Share of profit (loss) of equity accounted investees, net of tax		-	-	-
Gain (loss) on disposal of subsidiaries, special purpose entities, joint-ventures and associates		-	-	-
Profit (loss) before income tax		**(56,711)**	**-**	**(56,711)**
Income tax expenses		(33,880)	-	(33,880)
Profit (loss) from discontinued operations		**(90,591)**	**-**	**(90,591)**
Profit (loss) attributable to:				
Owners of the Company		**(44,390)**	**-**	**(44,390)**
Non-controlling interest		(46,201)	-	(46,201)
Profit (loss) for the year		**(90,591)**	**-**	**(90,591)**

APPENDIX 3 – RESTATED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

The following table summarises the material impacts resulting from the change in accounting policies of derivatives where the underlying asset is a commodity in the EPH Group's financial position as described in note 2(e) i – Changes in accounting policies.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2013
In thousands of EUR ("TEUR")

	2013	Restatement effect from Note 2(e)	2013
Continuing operations			33,626
Sales: Energy	3,097,443	-	3,097,443
of which: Gas	*1,453,222*	-	*1,453,222*
Electricity	*983,214*	-	*983,214*
Coal	*339,878*	-	*339,878*
Heat	*321,129*	-	*321,129*
Sales: Other	93,286	-	93,286
Gain (loss) from commodity derivatives for trading with electricity and gas, net	-	(3,222)	(3,222)
Total sales	**3,190,729**	**(3,222)**	**3,187,507**
Cost of sales: Energy	(1,393,971)	-	(1,393,971)
Cost of sales: Other	(74,190)	-	(74,190)
Total cost of sales	**(1,468,161)**	**-**	**(1,468,161)**
	1,722,568	**(3,222)**	**1,719,346**
Personnel expenses	(343,536)	-	(343,536)
Depreciation and amortisation	(501,463)	-	(501,463)
Repairs and maintenance	(19,250)	-	(19,250)
Emission rights, net	(31,108)	-	(31,108)
Negative goodwill	256,750	-	256,750
Taxes and charges	(17,479)	-	(17,479)
Other operating income	123,855	-	123,855
Other operating expenses	(230,346)	-	(230,346)
Profit (loss) from operations	**959,991**	**(3,222)**	**956,769**
Finance income	100,161	-	100,161
Finance expense	(222,530)	-	(222,530)
Profit (loss) from financial instruments	(3,851)	3,222	(629)
Net finance income (expense)	**(126,220)**	**3,222**	**(122,998)**
Share of profit (loss) of equity accounted investees, net of tax	(3,388)	-	(3,388)
Gain (loss) on disposal of subsidiaries, special purpose entities, joint-ventures and associates	(668)	-	(668)
Profit (loss) before income tax	**829,715**	**-**	**829,715**
Income tax expenses	(215,061)	-	(215,061)
Profit (loss) from continuing operations	**614,654**	**-**	**614,654**
Profit (loss) from discontinued operations, net of tax	(90,591)	-	(90,591)
Profit (loss) for the year	**524,063**	**-**	**524,063**

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2013
In thousands of EUR ("TEUR")

	2013	Restatement effect from Note 2(e)	2013
Items that are or may be reclassified subsequently to profit or loss:			
Foreign currency translation differences for foreign operations	216,328	-	216,328
Foreign currency translation differences from presentation currency	(295,704)	-	(295,704)
Effective portion of changes in fair value of cash-flow hedges, net of tax	(78,466)	-	(78,466)
Fair value reserve included in other comprehensive income	(288)	-	(288)
Other comprehensive income for the year, net of tax	**(158,130)**	**-**	**(158,130)**
Total comprehensive income for the year	**365,933**	**-**	**365,933**
Profit (loss) attributable to:			
Owners of the Company			
Profit (loss) for the year from continuing operations	389,004	-	389,004
Profit (loss) for the year from discontinued operations	(44,390)	-	(44,390)
Profit (loss) for the year attributable to owners of the company	**344,614**	**-**	**344,614**
Non-controlling interest			
Profit (loss) for the year from continuing operations	225,650	-	225,650
Profit (loss) for the year from discontinued operations	(46,201)	-	(46,201)
Profit (loss) for the year attributable to non-controlling interest	**179,449**	**-**	**179,449**
Profit (loss) for the year	**524,063**	**-**	**524,063**
Total comprehensive income attributable to:			
Owners of the Company	171,620	-	171,620
Non-controlling interest	194,313	-	194,313
Total comprehensive income for the year	**365,933**	**-**	**365,933**
Basic and diluted earnings per share from continuing operations in EUR	**0.04**		**0.04**
Total basic and diluted earnings per share in EUR	**0.04**		**0.0**

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2012
In thousands of EUR ("TEUR")

	2012	Restatement effect from Note 2(e)	2012
Continuing operations			
Sales: Energy	1,369,964	-	1,369,964
of which: Electricity	*854,154*	-	*854,154*
Gas	*147,795*	-	*147,795*
Coal	*193,056*	-	*193,056*
Heat	*174,959*	-	*174,959*
Sales: Other	51,903	-	51,903
Gain (loss) from commodity derivatives for trading with electricity and gas, net	-	(10,142)	(10,142)
Total sales	**1,421,867**	**(10,142)**	**1,411,725**
Cost of sales: Energy	(942,012)	-	(942,012)
Cost of sales: Other	(27,284)	-	(27,284)
Total cost of sales	**(969,296)**	**-**	**(969,296)**
	452,571	**(10,142)**	**442,429**
Personnel expenses	(149,942)	-	(149,942)
Depreciation and amortisation	(180,527)	-	(180,527)
Repairs and maintenance	(15,750)	-	(15,750)
Emission rights, net	10,500	-	10,500
Negative goodwill	117,691	-	117,691
Taxes and charges	(13,920)	-	(13,920)
Other operating income	117,607	-	117,607
Other operating expenses	(81,414)	-	(81,414)
Profit (loss) from operations	**256,816**	**(10,142)**	**246,674**
Finance income	24,778	-	24,778
Finance expense	(90,005)	-	(90,005)
Profit (loss) from financial instruments	(4,534)	10,142	5,608
Net finance income (expense)	**(69,761)**	**10,142**	**(59,619)**
Share of profit (loss) of equity accounted investees, net of tax	138,289	-	138,289
Gain (loss) on disposal of subsidiaries, special purpose entities, joint-ventures and associates	74,179	-	74,179
Profit (loss) before income tax	**399,523**	**-**	**399,523**
Income tax expenses	(26,966)	-	(26,966)
Profit (loss) from continuing operations	**372,557**	**-**	**372,557**
Discontinued operations			
Profit (loss) from discontinued operations, net of tax	-	-	-
Profit (loss) for the year	**372,557**	**-**	**372,557**

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2012
In thousands of EUR ("TEUR")

	2012	Restatement effect from Note 2(e)	2012
Items that are or may be reclassified subsequently to profit or loss:			
Foreign currency translation differences for foreign operations	4,654	-	4,654
Foreign currency translation differences from presentation currency	24,052	-	24,052
Effective portion of changes in fair value of cash-flow hedges, net of tax	80	-	80
Fair value reserve included in other comprehensive income	-	-	-
Other comprehensive income for the year, net of tax	**28,786**	**-**	**28,786**
Total comprehensive income for the year	**401,343**	**-**	**401,343**
Profit (loss) attributable to:			
Owners of the Company			
Profit (loss) for the year from continuing operations	373,433	-	373,433
Profit (loss) for the year from discontinued operations	-	-	-
Profit (loss) for the year attributable to owners of the company	**373,433**	**-**	**373,433**
Non-controlling interest			
Profit (loss) for the year from continuing operations	(876)	-	(876)
Profit (loss) for the year from discontinued operations	-	-	-
Profit (loss) for the year attributable to non-controlling interest	**(876)**	**-**	**(876)**
Profit (loss) for the year	**372,557**	**-**	**372,557**
Total comprehensive income attributable to:			
Owners of the Company	396,704	-	396,704
Non-controlling interest	4,369	-	4,369
Total comprehensive income for the year	**401,343**	**-**	**401,343**
Basic and diluted earnings per share from continuing operations in EUR	**0,04**		**0,04**
Total basic and diluted earnings per share in EUR	**0,04**		**0,04**

APPENDIX 4 – RESTATED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

The following table summarises the material impacts resulting from the change in accounting policies of emission rights in the EPH Group's financial position as described in notes to financial statements as at 31 December 2013.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
FOR THE YEAR ENDED 31 DECEMBER 2012
In thousands of EUR ("TEUR")

	31 December 2012 Original	Restatement effect	31 December 2012 Restated
Assets			
Property, plant and equipment	1,793,039	-	1,793,039
Intangible assets	132,339	51,591	183,930
Goodwill	107,200	-	107,200
Mine property	2,864	-	2,864
Investment property	358	-	358
Participations with significant influence and joint-ventures	160,819	-	160,819
Financial instruments and other financial assets	62,212	-	62,212
Trade receivables and other assets	16,508	-	16,508
Deferred tax assets	10,700	-	10,700
Total non-current assets	**2,286,039**	**51,591**	**2,337,630**
Inventories	49,801	-	49,801
Extracted minerals and mineral products	4,177		4,177
Trade receivables and other assets	258,552	-	258,552
Financial instruments and other financial assets	94,153	-	94,153
Prepayments and other deferrals	16,030	-	16,030
Tax receivables	22,196	-	22,196
Cash and cash equivalents	437,231	-	437,231
Assets/disposal groups held for sale	10,302	-	10,302
Total current assets	**892,442**	**-**	**892,442**
Total assets	**3,178,481**	**51,591**	**3,230,072**
Equity			
Share capital	354,850	-	354,850
Share premium	63,694	-	63,694
Reserves	57,139	-	57,139
Retained earnings	580,523	-	580,523
Total equity attributable to equity holders	**1,056,206**	**-**	**1,056,206**
Non-controlling interest	283,890	-	283,890
Total equity	**1,340,096**	**-**	**1,340,096**
Liabilities			
Loans and borrowings	901,870	-	901,870
Financial instruments and financial liabilities	36,714	-	36,714
Provisions	254,733	-	254,733
Deferred income	14,161		14,161
Deferred tax liabilities	194,153	-	194,153
Trade payables and other liabilities	5,290	-	5,290
Total non-current liabilities	**1,406,921**	**-**	**1,406,921**

CONSOLIDATED STATEMENT OF FINANCIAL POSITION (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2012
In thousands of EUR ("TEUR")

	31 December 2012 Original	Restatement effect	31 December 2012 Restated
Trade payables and other liabilities	350,358	-	350,358
Loans and borrowings	24,901	-	24,901
Financial instruments and financial liabilities	31,862	-	31,862
Provisions	12,649	51,591	64,240
Deferred income	4,256	-	4,256
Current income tax liability	5,648	-	5,648
Liabilities from disposal groups held for sale	1,790	-	1,790
Total current liabilities	**431,464**	**51,591**	**483,055**
Total liabilities	**1,838,385**	**51,591**	**1,889,976**
Total equity and liabilities	**3,178,481**	**51,591**	**3,230,072**

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 1 JANUARY 2012
In thousands of EUR ("TEUR")

	1 January 2012 Original	Restatement effect	1 January 2012 Restated
Assets			
Property, plant and equipment	561,977	-	561,977
Intangible assets	20,969	92,054	113,023
Goodwill	101,628	-	101,628
Mine property	2,713	-	2,713
Investment property	349	-	349
Participations with significant influence and joint-ventures	751,977	-	751,977
Financial instruments and other financial assets	79,884	-	79,884
Trade receivables and other assets	15,194	-	15,194
Deferred tax assets	2,558	-	2,558
Total non-current assets	**1,537,249**	**92,054**	**1,629,303**
Inventories	15,736	-	15,736
Trade receivables and other assets	126,202	-	126,202
Financial instruments and other financial assets	140,736	-	140,736
Prepayments and other deferrals	7,403	-	7,403
Tax receivables	18,023	-	18,023
Cash and cash equivalents	54,264	-	54,264
Assets/disposal groups held for sale	-	-	-
Total current assets	**362,364**	**-**	**362,364**
Total assets	**1,889,613**	**92,054**	**1,991,667**
Equity			
Share capital	328,059	-	328,059
Share premium	-	-	-
Reserves	(39,720)	-	(39,720)
Retained earnings	283,213	-	283,213
Total equity attributable to equity holders	**571,552**	**-**	**571,552**
Non-controlling interest	(156)	-	(156)
Total equity	**571,396**	**-**	**571,396**
Liabilities			
Loans and borrowings	310,698	-	310,698
Financial instruments and financial liabilities	6,357	-	6,357
Provisions	15,000	-	15,000
Deferred tax liabilities	61,899	-	61,899
Trade payables and other liabilities	775	-	775
Total non-current liabilities	**394,729**	**-**	**394,729**

CONSOLIDATED STATEMENT OF FINANCIAL POSITION (CONTINUED)
AS AT 1 JANUARY 2012
In thousands of EUR ("TEUR")

	1 January 2012 Original	Restatement effect	1 January 2012 Restated
Trade payables and other liabilities	692,752	-	692,752
Loans and borrowings	165,271	-	165,271
Financial instruments and financial liabilities	64,109	-	64,109
Provisions	1,899	92,054	93,953
Deferred income	6,279	-	6,279
Current income tax liability	3,178	-	3,178
Liabilities from disposal groups held for sale	-	-	-
Total current liabilities	**933,488**	**92,054**	**1,025,542**
Total liabilities	**1,328,217**	**92,054**	**1,420,271**
Total equity and liabilities	**1,899,613**	**92,054**	**1,991,667**