Report on the first three quarters of 2012 for EP Energy a. s.

- ✓ Pro forma consolidated sales reached EUR 1,240 million, EBITDA EUR 261 million and net debt amounted to EUR 745 million
- ✓ Financial performance of all business lines better than in previous year
- ✓ Finalization of the acquisitions further strengthens the group´s vertical integration and supports low risk profile of the group
- ✓ Long term group financing secured through the issued bonds and long term bank financing
- ✓ Group on track to outperform the annual budget

EP Energy, a.s. (”group or Group or EPE“) is vertically integrated energy utility that includes more than 35 companies. In 2011 the Group was the leading heat supplier in the Czech Republic, the second largest power generator in the Czech Republic and the third largest mining company in Germany. Group benefits from relatively low exposure to market developments, as significant majority of EBITDA is generated by regulated assets or assets with long term off take contracts. The key operations are located in the Czech Republic and Germany, with smaller activities also in the Slovak Republic.

EP ENERGY

KEY FIGURES AT A GLANCE

Million	Consolidated financial results CZK Audited YE 2011[3]	Unaudited 1-9/2011[3]	Unaudited 1-9/2012[4]	Consolidated financial results in EUR Audited YE 2011[3]	Unaudited 1-9/2011[3]	Unaudited 1-9/2012[4]
Sales	33,425.6	21,803.5	27,547.6	1,359.5	895.0	1,095.9
EBITDA[2]	6,159.6	3,325.8	6,127.3	250.5	136.5	243.8
Profit from operations	2,920.6	1,082.1	5,724.1[5]	118.8	44.4	227.7[5]
Profit before tax	1,543.6	297.2	8,958.1[5]	62.8	12.2	356.4[5]
Net profit attrib. to EPE	901.1	60.5	8,576.4[5]	36.7	2.5	341.2[5]
Total assets	60,029.9	n.a.	80,070.0	2,326.7	n.a.	3,220.2
Total net debt	12,637.2	n.a.	18,462.3	489.8	n.a.	742.5
CAPEX	-1,668.4	-1,251.3	-1,537.0	-67.9	-51.4	-61.1
Operating cash flow before changes in working capital	5,948.4	3,757.5	5,875.2	241.9	154.2	233.7

CZK million	Unaudited pro forma consolidated financial data in CZK [1] YE2011[1,6]	1-6/2012[1,6]	1-9/2012[1]	Unaudited pro forma consolidated financial data in EUR[1] YE2011[1]	1-6/2012[1]	1-9/2012[1]
Sales	40,951.3	20,900.6	31,157.8	1,665.6	830.4	1,239.6
EBITDA[2]	7,681.9	4,685.9	6,553.3	312.5	186.2	260.7
Profit from operations	578.4	1 392.6	1,617.1	23.5	55.3	64.3
Profit before tax	-576.6	874.8	370.4	-23.5	34.8	14.7
Net profit	-656.7	675.7	172.1	-26.7	26.8	6.8
Total assets	n.a.	n.a.	80,126.5	n.a.	n.a.	3,222.5
Total net debt	n.a.	n.a.	18,510.9	n.a.	n.a.	744.5

(1) The unaudited pro forma consolidated financial data are representing results, as if the acquisition of 100% of the JTSD Braunkohlebergbau GmbH and its subsidiaries (including Mittledeutsche Braunkohlengesellschaft mbH "MIBRAG"), the full consolidation of Pražská teplárenská a.s. (also "PT"), consolidation of Energotrans SERVIS a.s., acquisition of Saale Energie GmbH and the disposition of Energotrans, a.s. (also "ET") had all occurred on January 1, 2011. Additionally it is considered that the bonds are issued as of September 30, 2012.
(2) EBITDA represents profit from operations plus depreciation of property, plant and equipment and amortization of intangible assets minus revaluation of negative goodwill (if applicable). The EBITDA included in this report does not represent the term EBITDA as may be defined by any documentation for any financial liabilities of the group.
(3) The consolidation includes 50% of the MIBRAG Group only starting June 30, 2011 for the balance sheet purposed and July 1, 2011 for the profit and loss purposes.
(4) The consolidation includes 50% of the MIBRAG Group until June 28, 2012 and 100% of the MIBRAG Group starting June 29, 2012 for the balance sheet and profit and loss purposes, Pražská teplárenská a.s. is consolidated fully starting June 29, 2012 for the balance sheet and profit and loss purposes and Energotrans a.s. cased to be part of the consolidation starting June 28, 2012.
(5) The results are positively influenced by release of negative goodwill and as for profit before tax and net profit attributed to EPE also by sale of Energotrans a.s.
(6) Reported as were reported in Offering memorandum for the Bond issue

	YE 2011	1-9/2011	1-9/ 2012
Coal production[6] . . . . ………………. Mt	19.0	13.8	13.6
Installed *cogeneration* Capacity[7] . MWe	500	500	500
Installed *condensation* Capacity[7] ..MWe	360	360	760[9]
Installed heat capacity[7] ……………..MWth	4,105	4,105	4,105
Heat supplied[7,8] . . ………………… . . TJ	18,092.2	11,787.9	11,934.5
Power traded[7] .. . . ……………………. GWh	10,638.0	7,224.2	8,928.0
Power supplied[7]…………………….. . .GWh	1,709.4	1,184.0	1,366.3
Natural gas supplied[7] ……………….. GWh	1,866.1	1,303.5	1,227.8

(7) The operating data are based on the results of the entity on a 100% basis for the full period, regardless of the date when each entity joined the EP Energy a.s. group or the ownership share of the EPE group in each entity. Nevertheless, operating data for Energotrans are excluded.
(8) Represented by Elektrárny Opatovice a.s. (also "EOP"), United Energy a.s. (also "UE") (starting 2012 replaced by Severočeská teplárenská a.s.(also "ST")), Plzeňská energetika a.s. (also "PE") and Pražská teplárenská a.s.
(9) The data for Saale Energie GmbH are included first time as of September 30, 2012

CONTENT:

The consolidated financial statements and pro forma consolidated statement for the group are presented in separate files as attachments to this report.

>> We continue to benefit from our low risk profile focusing on regulated and long term contracted activities, which helps us maintain a strong performance. <<

Dear investors, customers and partners,

Please allow us, with the aim to provide you with an overview of our performance, to submit the first presentation of the group's quarterly results for the period ending September 30, 2012.

Benefiting from EPE's low risk profile with the dominant part of the cash-flow secured by regulated or long-term contracted businesses, we continue to outperform the budget by reaching a pro forma consolidated EBITDA of EUR 260.7 million in the first three quarters of 2012. In comparison to the corresponding period of 2011, our EBITDA has grown substantially. This growth can be primarily attributed to the extension of the scope of our group, nonetheless, on a like-for-like consolidation scope, we have still managed to outperform the corresponding 2011 period mainly thanks to the stronger performance of the Mining and Heat & Power divisions. Correspondingly, we remain confident that the results for full year 2012 will exceed the budget as well as the full year 2011 results.

The first three quarters of 2012 have been exceptionally important for our company in terms of strategy and overall business profile as we successfully finalized several transactions such as (i) the acquisition of the remaining 50% stake in MIBRAG;(ii) the acquisition of 400MWe capacity share of Schkopau power plant; (iii) the divestment of Energotrans a.s. (previously owned by Pražská teplárenská a.s.) and (iv) the renegotiation of the shareholder agreement with the minority shareholder in Pražská teplárenská a.s., which secures management control for EPE. In addition, we have successfully secured coal supplies for Elektrárny Opatovice a.s., our largest CHP plant in the challenging circumstances caused by the dispute with its coal supplier. All these events further reinforce our risk profile and serve as solid base for further improvement and growth.

In our effort to maintain an optimal capital structure for the EPE's group and to secure stable long-term financing, we have secured EUR 1 000 million of yet-undrawn committed funding for EPE in the middle of October with a club of 11 banks. Subsequently, we also placed a 7 year senior secured bond at the end of October 2012, which automatically resulted in a decrease of the available funds under the term loan facility to EUR 506 million. Since October 2012, EPE's strong financial profile is also substantiated by a BB+ (stable outlook) Fitch rating of our group and by a BBB- rating of the issued bonds.

In order to secure the long-term stability of our financial performance in the coming years, we remain focused on maintaining and improving our risk-profile and exploring further synergies across the group. At the same time, we closely follow the market development and, in line with our prudent acquisition strategy, are currently analysing a limited number of opportunities in our core markets with strong potential to further strengthen our vertical integration.

Dear investors, customers and our partners, we trust that this report will serve as a good basis for further close cooperation and look forward to announcing further positive results for EPE in the future.

Sincerely yours,

Jan Špringl
CEO EP Energy a.s.

Economy and Market development

Economy development:

According to preliminary estimates of the Czech Statistical Office, the Czech gross domestic product adjusted for price, seasonal, and calendar effects decreased in the third quarter 2012 by 1.5%, year-on-year, and by 0.3%, quarter-on-quarter. The key drivers were gradually weakening domestic demand, especially decreasing investments in structures, machinery equipment and transport equipment and lower consumer spending.

On the contrary, according to estimates of Federal Statistical Office (Destatis) the German gross domestic product adjusted for price, seasonal, and calendar effects grew in the third quarter 2012 by 0.9%, year-on-year, and by 0.2%, quarter-on-quarter.

The outlook for the economy development remains quite uncertain. Nevertheless, according to the Czech Central Bank, the Czech economy should return to 0.2% GDP growth in 2013; the Bundesbank expects German GDP to grow by 0.4% in 2013.

Weather:

The heat segment, the renewables segment and also, indirectly to some extent, electricity production in cogeneration mode are correlated to weather development. Thus, seasonality may be observed in the group performance, where the heat segment is the strongest in 1Q and also in 4Q accompanied by higher power production in cogeneration mode.

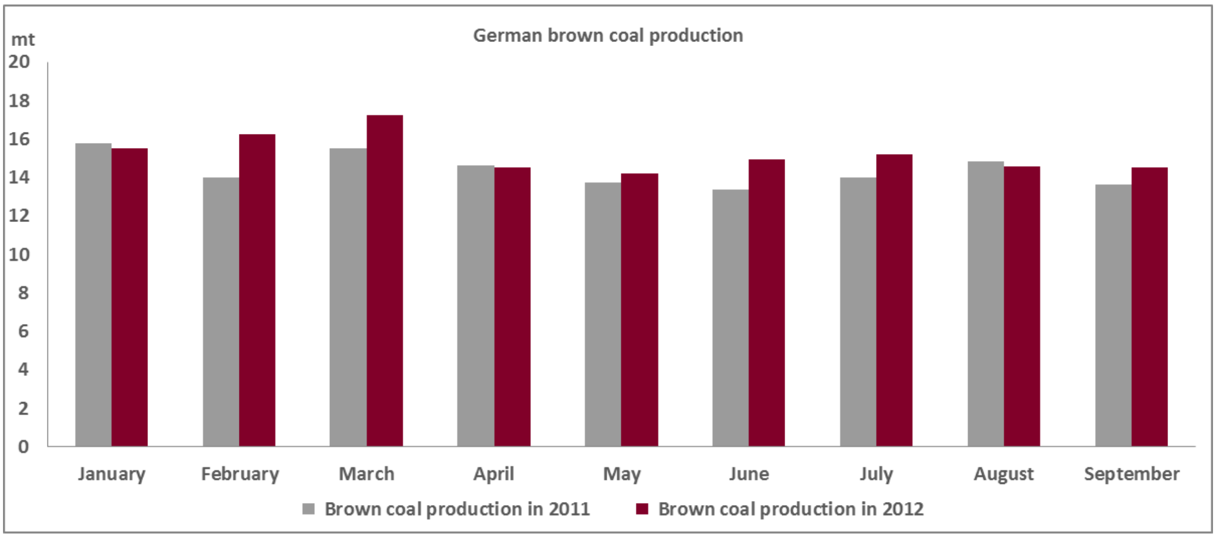
From the heating business perspective, the first three quarters of 2012 were slightly colder than the same period of 2011 (colder February and April). An approximate metrics representing “coldness” of the weather pattern is so called “day-degrees” (a metric integrating difference between reference indoor temperature and outdoor temperature over the given period of time), which was for the group and in the areas where we deliver the heat y-t-y 4.8% higher. Thus, weather pattern in 2012 had slightly positive impact on the heat and power division performance.

German brown coal market:

Unlike hard coal, brown coal is not a commodity traded on international markets and, therefore, brown coal prices and production volumes are less dependent on market developments compared to other fuels. Brown coal production is rather driven by local demand of several power plants, mainly due to relatively high transportation costs and specific design of such power plants to utilize a certain quality of brown coal. Since brown coal is usually sold under long term contracts, the prices of brown coal are typically driven by escalation formulas specified in such contracts. Overall, brown coal is a relatively cheap fuel, which secures better position of brown coal fuelled power plants in the power generation merit order compared to other fossil fuels such as hard coal, gas or oil. The favourable merit order position translates to a relatively stable share of brown coal on German power generation of around 25%.

Overall brown coal production in Germany increased from 129.4 million tons in the nine months ended September 30, 2011 to 136.9 million tons in the nine months ended on September 30, 2012, i.e. by 5.8% according to the statistics of Kohlenwirtschaft e.V., which is an evidence of the good performance of the brown coal market.

Through our German subsidiary, MIBRAG, we produce and sell brown coal in Central Germany. MIBRAG is the third largest producer of brown coal in Germany with a total annual production of approximately 19 million tons. Our two biggest customers (Lippendorf and Schkopau) are efficient, state-of-the-art power plants operating in base load and both well positioned in the German power merit order. This could be demonstrated by the stable demand of our customers, which persisted in 2012. Furthermore, we sell our brown coal based on long term contracts with a high degree of price stability, which mainly depends on indexation related to mining costs, such as labour costs increases. Our three major contracts last until 2039, 2020 and 2022 respectively.

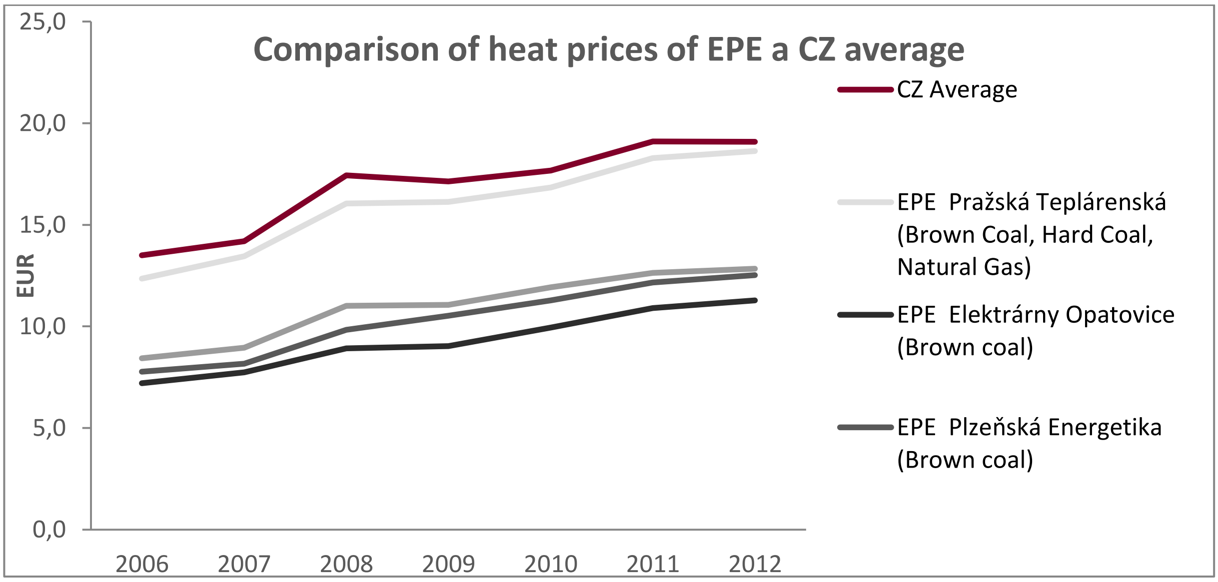


Source: Kohlenwirtschaft e.V.

Heat market:
The group heat business is concentrated in the Czech Republic, where the market remains solid and very stable. The market is regionally diversified with local natural “monopolies”, as the infrastructure for heat transportation creates substantial barriers to entry. The fuel basis varies, although the most commonly used ones in the Czech Republic are brown coal, black coal and natural gas.

Due to our favourable cost structure (given predominantly by the fact that we produce heat in cogeneration mode and based on brown coal, the most cost efficient source of primary energy), we are able to charge our customers highly competitive prices. This translates into almost no churn in our customer base.

Heat prices are based on a “costs plus reasonable profit” mechanism, required by the legislation and regulation by the independent Energy Regulatory Office, which we fully comply with. This mechanism supports the stability of the heat segment for market participants and allows us to benefit from our favourable cost position. Given the low price levels we charge compared to market average, we are allowed to set prices (i.e. there is no tariff imposed to us) and we are only monitored by the Energy Regulatory Office.



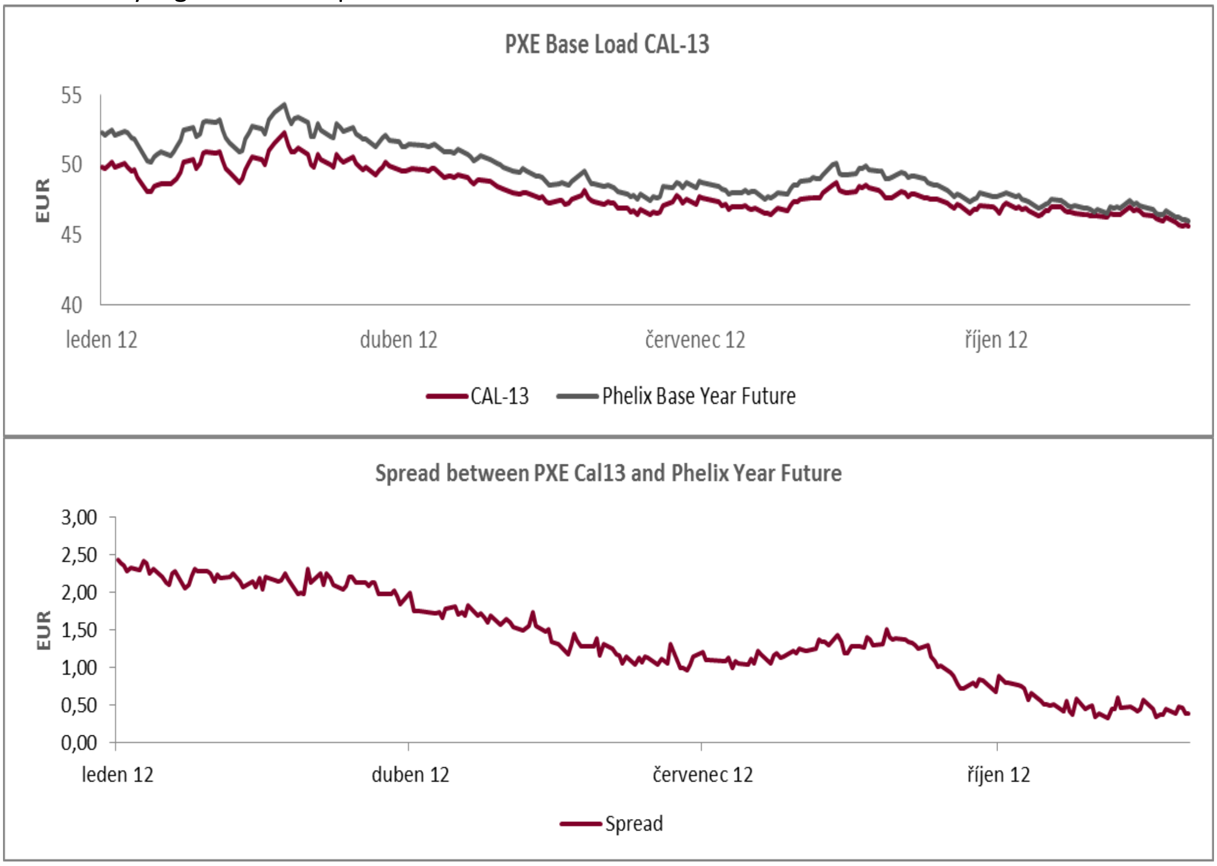
Source: EP Energy a.s. internal analysis

Electricity and CO2 market:

Electricity and standard EU Allowance ("EUA") prices are in 2012 under pressure due to lower economic activity in respective markets, decreasing prices of hard coal and increasing renewable energy production. In the first three quarters the 1year forward electricity prices on the European Energy Exchange (also "EEX") dropped in base load to EUR 51.8 per MWh (compared to EUR 58.7 per MWh year ago) and peak load dropped to EUR 64.1 MWh (compared to EUR 72.4 per MWh year ago). These represent a decrease for the base load and peak load of 11.8% and 11.5% respectively.[1]

EUA with spot delivery was traded at average around EUR 7.5 per ton in the first three quarters of 2012[2], which represents substantial drop of the y-t-y prices.

As for the Czech market, the power prices follow the German market, as the two markets are physically well interconnected. The spread between German and Czech power prices has decreased during 2012 and in third quarter 2012 dropped to levels well below 1 EUR/MWh. The low spreads encourage cross border trading and vice versa and the liquidity of the Czech market increases. In September 2012 spot market liquidity also increased because of the coupling of the Czech, Slovak and Hungarian power markets. The narrow spreads are considered positive for the group, due to convergence of Czech prices to relatively higher German prices.



Source: PXE Base Load CAL13; EEX Phelix Base Year Future.

On the Czech market, electricity production from cogenerating units benefits from regulatory support. Currently, CZK 45 is received as subsidy for each MWh produced in cogeneration mode. For 2013 the Czech Energy Regulatory Office in its recent price decision increased this subsidy to CZK 200 for one MWh, representing 344.4% y-t-y increase.

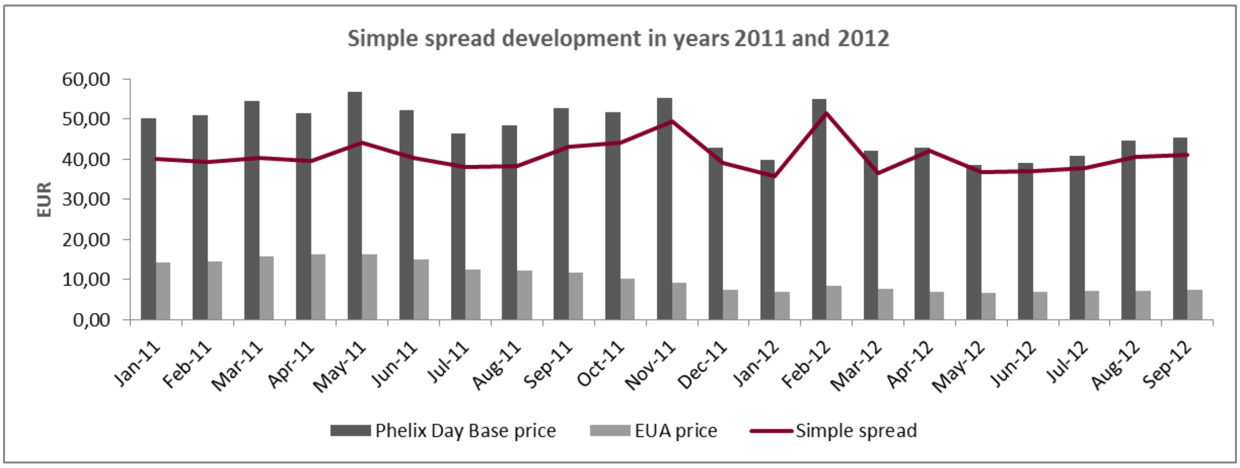
Additionally, the Czech Energy Regulatory Office has reintroduced a subsidy for producers supplying their power production to distribution grids for 2013. Based on that we will newly benefit from the

[1] Source: EEX, Phelix Base Year Future and Phelix Peak Year Future (simple average of the daily price for 1 year forward prices calculated for period January 1 until September 30 of respective year)

[2]Source: European Energy Exchange: EU Emission Allowances Rights, contract P1E1/EUSP, simple average

subsidy of 12 CZK for one MWh delivered to the distribution grid, which applies to our entire power production.

From the perspective of EPE performance, the drop in power prices alone has just a limited impact on financial performance of the group. Given the fact that we start purchasing emission allowances for our power production from 2013 onwards, we are rather exposed to the spread between the power price and the price of emission allowance. While both commodities (power and emissions) are relatively volatile the spread between the two prices shows relative stability, which can be demonstrated by the chart below.



Source: EEX.Simple Spread defined as the difference between Phelix Day Base and EUA price, using simple monthly averages.
Note: simple spread represents price difference between power price and EUA price.

Key developments in the 3Q 2012

Acquisition of Saale Energie GmbH (Schkopau)

In July 2012 the EPE Group acquired a 100% stake in Saale Energie GmbH, which holds a 41.9% interest in the Schkopau power plant. This 41.9 % share entitles EP Energy to 400 MWe net power generation capacity in the Schkopau power plant. The Schkopau power plant is supplied from MIBRAG mines and is one of the largest power plants in Central Germany. The whole capacity of 400 MWe is contracted on a capacity fee basis to Vattenfall until 2021.

Key developments after the end of the 3Q 2012

Dispute with Czech Coal a.s.

On June 7, 2012 Czech Coal a.s. attempted to terminate the mid-term contract for the supplies of coal to Elektrárny Opatovice a.s. for allegedly outstanding negligible amount of CZK 19.5 (EUR 0.8) million and on June 8, 2012 suspended the coal supplies. For prudential reasons, the disputed amount was paid on June 7, 2012. The Company's management took subsequently appropriate legal actions and on June 18, 2012 Elektrárny Opatovice a.s. filed a law suit against Czech Coal seeking interim injunction imposing the obligation on Czech Coal to promptly resume the coal supplies. On June 25, 2012 the court ordered Czech Coal to immediately resume the coal supplies for Elektrárny Opatovice until the end of 2012.

Recent development:

In order to secure the coal supplies for 2013, we submitted an application for extension of interim injunction for year 2013. Based on that the Regional Court in Ústí nad Labem delivered an interim injunction on November 27, 2012, ordering Czech Coal to continue supplying brown coal to Elektrárny Opatovice a.s. also in 2013. In addition, Elektrárny Opatovice a.s. is making necessary steps and adjustments of its technology to be able to burn a wide range of brown coals and, thus, eliminate its (even partial) dependency on deliveries from Czech Coal.

On-going optimization of the corporate structure

The group is actively working on reducing the number of the sub-holding companies through mergers to optimize the corporate structure. The steps will be taken in the first half of 2013 with effective date January 1, 2013. The merger of the První energetická a.s. and EP ENERGY TRADING a.s. is in progress with planned effective date January 1, 2013 as well. These are formal changes that will not affect our operating companies.

Acquisition processes update

Acquisition of Chvaletice power plant

On August 31, 2012, our parent company, Energetický a průmyslový holding a.s. (also "EPH"), filed binding bids to purchase a brown coal-fired plant, Chvaletice, located in the Czech Republic from ČEZ, a.s. We expect to get the decision from ČEZ a.s. in January 2013 and if a bid by our parent is successful, we expect the transaction to close in the first half of 2013. The Chvaletice power plant would become part of the consolidated EPE Group. We expect that significant synergies with other group companies would arise in connection with this acquisition.

Further acquisition prospects

Discussions about a potential acquisition of a brown coal fired power plant in Germany mentioned in the Offering Memorandum have gained momentum and we have submitted an updated offer recently. This offer is subject to the finalization of transaction documents, which is expected to be completed during the first half of 2013. In addition to that we have entered into preliminary discussions about the possible acquisition of a company engaged in power supply and distribution in one of the countries where we already operate. These investment opportunities would enhance the vertical integration of our group and further improve the performance of our group.

Acquisition of additional shares in PRVNÍ MOSTECKÁ a.s.

In December 2012, the Group has increased its share in *PRVNÍ MOSTECKÁ* a.s. gaining majority control of the company. *PRVNÍ MOSTECKÁ* a.s. supplies and distributes heat to the city of Most. This acquisition follows our strategy of vertical integration of the Group.

Reporting

This report (the "Report" or "report") is the report required under Section 4.03 of the indenture governing the senior secured notes (the "Notes" or "Bonds"), dated as of October 31, 2012 (the "Indenture") for the quarter ended September 30, 2012 and for the three quarters ended September 30, 2012.

Presentation of financial information

This Report summarizes consolidated financial and operating data derived from the unaudited financial statements of EP Energy, a.s. This Report includes the period prior to the closing of the offering of the Notes by EP Energy, a.s., which took place on October 31, 2012. The results of operations for prior or interim periods are not necessarily indicative of the results to be expected for any future period or for the full year. For a description of the accounting principles followed in preparing EP Energy, a.s.'s consolidated financial statements, please see Note 2 "Basis of Preparation" to the consolidated financial statements of EP Energy, a.s. included herein.

We have presented certain non-IFRS information in the Report. This includes mainly the whole Chapters "Business and operation performance" and "Financial performance". We present sales and adj. EBITDA in these Chapters, because we believe that it provides guidance, how each business line performed. Sales and adj. EBITDA is not a measure calculated in accordance with IFRS and our use of the term adj. EBITDA may vary from others in our industry. Adj. EBITDA and all the other non-IFRS measures presented herein have important limitations as analytical tools and you should not consider them in isolation or as substitutes for analysis of our results as reported under IFRS.

We have presented in this Report unaudited pro forma financial information as required by the Indenture. The adjustments made in order to present the unaudited pro forma consolidated financial information have been made based on available information and assumptions that our management believes are reasonable. The unaudited pro forma consolidated financial information is for informational purposes only and does not necessarily present what our results would actually have been had the transactions described herein actually occurred on January 1, 2011 (and January 1, 2012 as for the consolidation of Saale Energie GmbH), nor should it be used as the basis of projections of our results of operations or financial condition for any future period. The unaudited pro forma consolidated information has not been prepared in accordance with the rules or regulations of the United States Securities and Exchange Commission, and is not in compliance therewith or any other comprehensive basis of preparation. Any reliance you place on this information should fully take this into consideration.

Business, operational and financial performance

EPE lines of business

EPE has five principal lines of business (in the Report we use also “divisions”) Mining, Heat and Cogeneration, Power Generation, Renewables and Energy Supply and Trading. However, because we cannot separate sales of power generated in cogeneration mode from sales of power generated in condensation mode and because we cannot separate the costs of sales of heat and power (as they are produced in the same facilities), for financial presentation purposes and for purposes of this discussion and analysis, we present the Heat and Cogeneration and Power Generation lines of business as a single line of business “Heat and Power.”

For the purpose of the Chapters “Business and operation performance” and “Financial performance”, we comment on the lines of business and their performance, but the lines of business are commented based on the aggregated (added) revenues and aggregated (added) adjusted EBITDA (“adj. EBITDA”) of individual selected group companies and the revenues and adj. EBITDA were calculated for each of the selected group company based on its individual unaudited financial statements prepared according to local accounting standards. This said, as for the United Energy a.s., as the sales to end customers are realized through Severočeská teplárenská a.s., the figures for heat sold by United Energy a.s. are not included and heat sold by Severočeská teplárenská a.s.is included starting 2012. Because of this the volume of heat supplied comprise United Energy a.s., Pražská teplárenská a.s., Plzeňská energetika a.s. and Elektrárny Opatovice a.s. for 2011 and starting 2012 it comprise of Severočeská teplárenská a.s., Pražská teplárenská a.s., Plzeňská energetika a.s. and Elektrárny Opatovice a.s.
The information is not prepared according to IFRS and the adj. EBITDA is not a measure calculated in accordance with IFRS. Specifically in these Chapters the adj. EBITDA is calculated using the formula that can materially deviate from generally used formula for EBITDA (adj. EBITDA is arrived to making following adjustments, starting with Operating profit adding depreciation and amortization subtracting net gain (or loss) realized upon the sale or other disposition of any asset (with the exception of gain or (loss) realized upon the sale of emission allowances) adding change of operating reserves and provisions subtracting revaluation difference adding results from currency hedging activities subtract financial costs (eg. Cost of bank guarantees) adding creation/use of provisions/adjustments for bad debts. The adj. EBITDA and any other EBITDA included in this report does not represent EBITDA, as may be defined by any documentation for any financial liabilities of the group.
We decided to present such data for the different lines of business on voluntary bases, as our aim is to present more accurate information for the key drivers of our performance.
These information cannot be compared to the unaudited consolidated and or pro forma unaudited consolidated financial results and statements, as they are prepared on completely different basis.

For your convenience, we have translated certain Czech crown amounts into euros and vice versa. The base currency is CZK and all calculations are done based on CZK values including the percentage changes. For the avoidance of misunderstanding, percentage changes calculated on EUR amounts are different due exchange rate differences. The exchange rates for income statement items are the following average exchange rates of the Czech National Bank in Czech crowns per euro for the relevant period:
— year ended December 31, 2011: CZK 24.586 per EUR 1.00; and
— nine months ended September 30, 2011: CZK 24.361 per EUR 1.00
— six months ended June 30, 2012: CZK 25.169 per EUR 1.00.
— nine months ended September 30, 2012: CZK 25.136 per EUR 1.00.
The exchange rates for balance sheet items are the rates as of period end.

The segment revenues and adj. EBITDA in the first three quarters of 2012 and in the first three quarters of 2011 are presented on the basis of individual unaudited financial statements of the companies listed below. The list does not include all companies, but in our opinion represent the key operating companies of the group. All the data used and related comments are assuming 100% of each of the companies for full nine month both in 2011 and 2012 with exception of Saale Energie GmbH that is included for period July 1, 2012 to September 30, 2012 only.

"Mining" consists of the Mitteldeutsche Braunkohlengesellschaft mbH.
"Heat and Power" consists of Pražská teplárenská a.s., Elektrárny Opatovice, a.s., United Energy a.s., Plzeňská energetika a.s., TERMONTA PRAHA a.s., Energotrans SERVIS, a.s., Teplo Neratovice spol. s r.o., Severočeská teplárenská a.s., PRVNÍ MOSTECKÁ a.s., and ENERGZET, a.s. Following its acquisition by us in July 2012, Saale Energie GmbH is also included in this line of business. We conduct our heat and power operations in Germany through our Mining line of business, which includes several combined heat and power ("CHP") facilities, and neither the operating data nor the financial data for these CHP facilities in the Mining line of business is included within our Heat and Power operating data.
"Renewables" consists of POWERSUN a.s., Triskata, s.r.o., VTE Pchery, s.r.o., Alternative Energy, s.r.o., AISE, s.r.o., Arisun, s.r.o., Greeninvest Energy, a.s. and MIBRAG Neue Energie GmbH, which is part of the MIBRAG Group.
"Energy Supply and Trading" consists of První energetická a.s. ("PEAS"), United Energy Coal Trading, a.s. ("UECT"), and EP ENERGY TRADING, a.s. ("EPET").

Business and operation performance

Mining:
For the nine-month periods ended September 30, 2012, our brown coal sales remained flat and reached 12.2Mt as compared to 12.2 Mt for the nine months ended September 2011, with total production 13.6Mt as compared to 13.8 Mt for the nine months ending September 2011.

Heat and power:
For the nine-month periods ended September 30, 2012, our heat supplied reached 11,934.5 TJ (3315.1 GWh), compared to 11,787.9 TJ (3274.4 GWh) supplied in the first three quarters of 2011. This represents an increase of 146.6 TJ y-t-y (+1.2%). This increase is caused primarily by the colder weather in first half 2012 compared to the same period of the previous year.
The power production comparing first nine months 2012 to first nine months 2011 increased, as a result of acquisition of Saale Energie GmbH in July 2012.

Renewables:
In the nine-month periods ended September 30, 2012, the group generated 30.4 GWh from solar, wind and biogas power plans. This represents y-t-y improvement of 32.7% driven by better wind conditions and consequently higher production of our wind power plants and commissioning of biogas power plant in Slovakia.

Energy Supply and Trading:
In the nine-month periods ended September 30, 2012, the division in aggregate traded 8,928.0 GWh of electricity, which represents +23.6% y-t-y change. Additionally, in the nine-month periods ended September 30, 2012, the power supply reached 1,366.3 GWh, i.e. increased by 15.4% and natural gas supplied reached 1,227.8 GWh, i.e. decreased by 5.8%, compared to the same period of 2011. The power traded volumes grew due to an increased resale of power purchased on the wholesale market in connection with our power optimization process. The power supply is driven by group´s intention to grow the sales to end customers. The decrease in natural gas supply reflected more intense competition on the gas market.

Financial performance

Sales:

Mining:

Sales of MIBRAG increased by 14.5%, to CZK 8,015.9 (EUR 318.9) million for the nine months ended September 30, 2012 as compared to CZK 7,001.4 (EUR 287.4) million for the nine months ended September 30, 2011. The sales contain mainly sales of coal, but also external sales of power produced by MIBRAG´s own power plants. The increase in sales was caused primarily by the increase of the average prices for which we sold the brown coal while the volume remained flat.

Heat and power:

Sales of heat and electricity increased by 17.2%, to CZK 10,352.2 (EUR 411.8) million for the nine months ended September 30, 2012 as compared to CZK 8,829.5 (EUR 362.4) million for the nine months ended September 30, 2011. The increase was driven by acquisition of Saale Energie GmbH included to the group from July 1, 2012, increase in volume and prices of heat and power supplied. On top of these sales, EOP did its own power resale, which resulted in CZK 2,125.1 (EUR 84.5) million of additional sales in the first nine months of 2012 compared to CZK 833.7 (EUR 34.2) million in the first nine months of 2011.

Renewables:

Sales of electricity produced by renewables division increased 25.5%, to CZK 242.8 (EUR 9.7) million for the nine months ended September 30, 2012 as compared to CZK 193.5 (EUR 7.9) million for the nine months ended September 30, 2011. The key drivers were higher volumes produced by wind power plants in the Czech Republic and Germany and also commissioning of biogas power plant in Slovakia.

Energy Supply and Trading

The aggregated sales of power and gas increased by 8.5% to CZK 17,562.0 (EUR 698.7) million the nine months ended September 30, 2012, as compared to CZK 16,192.3 (EUR 664.7) million for the nine months ended September 30, 2011. This increase in sales of electricity was primarily due to a significant increase in sales of electricity by První energetická a.s., generally reflecting higher electricity re-sales stemming from our electricity optimization process, partially offset by decreases in gas sales by EP ENERGY TRADING a.s.

Operating results and adj. EBITDA:

Mining:

The mining line of business accounted for 40.4% of aggregate adj. EBITDA (aggregate adj. EBITDA of companies covered by this Chapter of the Report) for the nine months ended September 30, 2012 (before any intercompany eliminations). The adj. EBITDA increased by 31.6%, to CZK 2,659.5 (EUR 105.8) million for the nine months ended September 30, 2012 as compared to CZK 2,021.0 (EUR 83.0) million for the nine months ended September 30, 2011, with key driver being the for 2012 negotiated increased price of the sold brown coal.

Heat and power:

The Heat and Power combined lines of business accounted for 52.7% of combined adj. EBITDA (aggregate adj. EBITDA of companies covered by this Chapter of the Report) for the nine months ended September 30, 2012 (before intercompany eliminations at the line of business level). The adj. EBITDA increased by 27.9%, to CZK 3,468.0 (EUR 138.0) million for the nine months ended September 30, 2012 as compared to CZK 2,712.3 (EUR 111.3) million for the nine months ended September 30, 2011. This increase in adj. EBITDA was primarily due to an increased volumes and prices of heat; increased prices of electricity; increased revenues from grid balancing services; lower gift tax on EUA; and also inclusion of the Saale Energie GmbH for the period starting July 1, 2012.

Renewables

The Renewables line of business accounted for 2.2% of aggregate adj. EBITDA (aggregate adj. EBITDA of companies covered by this Chapter of the Report) for the nine months ended September 30, 2012 (before any intercompany eliminations) increasing to CZK 144.7 (EUR 5.8) million for the first three quarters of 2012 from CZK 130.0 (EUR 5.3) million for the first three quarters of 2011, i.e. by 11.3%. It is driven by increased revenues of the division caused by higher production in wind power generation and commissioning of the biogas power plant.

Energy supply and trading

The Energy Supply and Trading line of business accounted for 4.7% of combined adj. EBITDA (aggregate adj. EBITDA of companies covered by this Chapter of the Report) for the nine months ended September 30, 2012 (before intercompany eliminations at the line of business level). Adj. EBITDA increased by 323.5%, to CZK 306.6 (EUR 12.2) million for the nine months ended September 30, 2012 as compared to CZK 72.4 (EUR 3.0) million for the nine months ended September 30, 2011. Lower adj. EBITDA in the first nine months of 2011 primarily affected by one off loss incurred by První energetická a.s. in connection with the settlement at maturity of a power trading position that was acquired in the first six months of 2008 under a three-year contract in the amount of CZK 150.0 (EUR 6.2) million. As a result of this transaction in 2008, we implemented strict risk management and monitoring policies for trading activities.

Consolidated financial statements of the group

Notes on the reporting and used financial reports

The historical and other financial data presented in this Chapter of the report have been derived from our historical consolidated financial statements. Certain financial information also has been derived from the accounting records or management systems of EP Energy, a.s. and/or the respective entities of the group. Please see also Chapter “Key factors affecting comparability of the results of operations of the EPE Group” for more detailed description.

The consolidated financial statements of EP Energy, a.s. as at and for the financial years ended December 31, 2011 and as at and for the nine months ended September 30, 2011 and 2012 are presented in accordance with IFRS. The consolidated financial statements of EP Energy, a.s. as at and for the year ended December 31, 2011 were audited by KPMG Česká republika Audit, s.r.o. in accordance with International Standards of Auditing (“ISAs”). Their audit report includes an emphasis of matter paragraph describing a restatement of comparative amounts.
The unaudited condensed consolidated interim financial statements of EP Energy, a.s., as at and for the nine month ended September 30, 2012 and as at and for the nine month ended September 30, 2011 are also presented in for of Attachment of this Report. The results of operations for prior years or interim periods are not necessarily indicative of the results to be expected for the full year or any future period.

As part of this Report in form of Attachment, we are presenting unaudited pro forma financial information for the year ended December 31, 2011, the six months ended June 30, 2012, the three months ended September 30, 2012 and the nine months ended September 30, 2012. These financial statements present the EPE Group a.s. as if the acquisition of 100% of the JTSD and its subsidiaries (including MIBRAG), the full consolidation of Pražská teplárenská a.s., consolidation of Energotrans SERVIS a.s., acquisition of 100% share in EP Germany and its subsidiaries (Saale Energie, the owner of 41.9% in Schkopau power plant) and the disposition of Energotrans, a.s. had all occurred on January 1, 2011. Further the proforma financial information for the nine months ended September 30, 2012 (and for the three months ended September 30, 2012 respectively). There are also included the proceeds from the issue of senior secured notes and some of the related costs.
The adjustments made in order to present the unaudited pro forma consolidated financial information have been made based on available information and assumptions that our management believes are reasonable. The unaudited pro forma consolidated financial information is for informational purposes only and does not necessarily present what our results would actually have been had the transactions described above actually occurred on January 1, 2011, nor should it be used as the basis of projections of our results of operations or financial condition for any future period.
The unaudited pro forma consolidated information has not been prepared in accordance with the rules or regulations of the SEC, and is not in compliance therewith or any other comprehensive basis of preparation. Any reliance you place on this information should fully take this into consideration.

”We use EBITDA to assess our performance. EBITDA is not a measure calculated in accordance with IFRS and our use of the term EBITDA may vary from others in our industry. Although we believe EBITDA and EBITDA margin to be useful performance indicators for our group as a whole and certain of our lines of business, we believe that such measurements may accurately reflect our results of operations in Mining, Heat and Power and Renewables and may not serve as accurate performance indicators of our Energy Supply and Trading line of business, where increase volumes of traded power are decreasing the group EBITDA margin and so EBITDA margin needs to be read with respect to this. Furthermore the currency fluctuations impact the EBITDA margin, despite we undertake prudent hedging policy and so mitigate these, the impact in EBITDA is present. The EBITDA included in this report does not represent EBITDA, as may be defined by any documentation for any financial liabilities of the group.

Comments to the presented consolidated financial statement of the group:

Revenues:

The group reported consolidated total revenues of CZK 27,547.6 (EUR 1,095.9) million for the three quarters ending September 30, 2012, which represents CZK 5,744.1 (EUR 228.5) million y-t-y increase.

The biggest contributor to the group revenues are trading activities, followed by heat and power division and mining division, where all segments reported y-t-y growth. The only decrease in sales can be seen in supply of natural gas.

The y-t-y increase is also caused by the full consolidation of Pražská teplárenská a.s. and of the MIBRAG Group starting June 29, 2012 for balance sheet and profit and loss statement purposes. The sale of Energotrans a.s., with effect as of June 28,2012, had a negative impact on consolidated sales.

Operating profit and EBITDA :

The group reported for the first three quarters of 2012 an EBITDA of CZK 6,127.3 (EUR 243.8) million (with excluded material one off item) and operating profit of CZK 2,788.7 (EUR 110.9) million (with excluded material one off item), which represent an y-t-y increase of CZK 2,801.5 (EUR 111.4) million and CZK 1,915.3 (EUR 76.2) million respectively.

The key drivers were changes in the consolidation perimeter, as described in the paragraph "Revenues"; improved profitability of mining division (driven by an increase of the brown coal prices); increased heat and electricity prices, increase in grid balancing services; positive impact from lower gift tax on EUAs and improved performance of the Energy Supply and Trading.

The additional one off positive influence on top of the above mentioned operating profit is the release of negative goodwill in 2012. Negative goodwill release increased by CZK 2,726.6 (EUR 108.5) million to CZK 2,935.4 (EUR 116.8) million for the nine months ended September 30, 2012 as compared to CZK 208.8 (EUR 8.6) million the nine months ended September 30, 2011. This increase in negative goodwill was primarily due to the two-step acquisition of MIBRAG. The first 50% ownership interest was acquired in June 2011 and the second 50% ownership interest was acquired in June 2012. Pursuant to IFRS 3—business combinations, EPE booked these acquisitions at fair value determined by an independent valuation expert. The second valuation was higher than the first, reflecting improved business prospects for MIBRAG, and resulted in increases to negative goodwill in respect of both the first and second prongs of the MIBRAG acquisition. Additionally the release of negative goodwill increased in connection with acquisition of Saale Energie GmbH in July 2012.

Capital gain:

Gain on disposal of subsidiaries, special purpose entities, joint ventures and associates reached CZK 4,454.5 (EUR 177.2) million for the nine months ended September 30, 2012 as compared to CZK 0.00 million for the nine months ended September 30, 2011. This increase in gain on disposal of subsidiaries, special purpose entities, joint ventures and associates was primarily due to the sale of Energotrans, a.s., a subsidiary of PT, for an amount of CZK 2,559.7 (EUR 101.8) million, as well as to the impact of gaining control in PT for an amount of CZK 866.4 (EUR 34.5) million and to the impact from the step acquisition of the remaining 50% ownership in MIBRAG on June 28, 2012 in for an amount of CZK 1,028.4 (EUR 40.9) million.

Interest costs:

Net interest decreased by CZK 279.9 (EUR 11.1) million to CZK 796.6 (EUR 31.6) million for the nine months ended September 30, 2012 as compared to CZK 1,076.5 (EUR 44.2) million for the nine months ended September 30, 2011. The major reason was lower external debt and lower level of EURIBOR and PRIBOR.

Income tax:

The income tax cost for the current period reached CZK 675.4 (EUR 26.9) million and deferred tax was positive CZK 200.9 (EUR 8.0) million for the nine months ended September 30, 2012 as compared to

CZK 437.7 (EUR 18.0) million and CZK 199.9 (EUR 8.2) million respectively for the nine months ended September 30, 2011. This is driven by change of the consolidation perimeter and by the improved profitability of the group.

Net profit attributable to EPE:
Resulting from the solid operating performance in combination with the above described non-operating results, the group posted a net profit of CZK 8,576.4 (EUR 341.2) million for the first three quarters of 2012, compared to CZK 60.5 (EUR 2.5) million of the first three quarters of 2011. The net profit was in this period materially improved by one-off profits stemming from the capital gains and higher release of the negative goodwill, but even excluding these effects, the net profit reached CZK 1,186.5 (EUR 47.2) million in the first three quarters of 2012, compared to CZK 148.3 (EUR 6.1) million loss in the first three quarters of 2011. The level of 2012 net profit is negatively impacted by the fact that PT and MIBRAG are fully consolidated only starting June 29, 2012.

Minority interest:
In the period under review the minority interest amounted to negative CZK 92.9 (EUR 3.7) million. The key entity contributing to the minority interest is Pražská teplárenská a.s., where approx. 23% is owned by City of Prague. As this entity started to be fully consolidated only from June 29, 2012 for the profit and loss statement, the minority interest is attributed only to this time period, in which Pražská teplárenská a.s. posted a loss caused by seasonality of its operations.

Cash flow:

Our cash flow figures in the period analysed were significantly impacted by certain transactions that we have undertaken, specifically the sale of Energotrans a.s. by Pražská teplárenská a.s. and related financing arrangements.

Operating Activities
The group cash flow from (used in) operating activities (before change in working capital) reached CZK 5,875.2 (EUR 233.7) million in the nine months ended September 30, 2012, compared to CZK 3,757.5 (EUR 154.2) million in the first three quarters of 2011. The operating cash flow reflects the change in the scope of the consolidation and also the improved profitability of the group in this period.
The group cash flows from (used in) operating activities (after change in working capital) reached negative CZK 16,214.5 (EUR 645.1) million in the nine months ended September 30, 2012 as compared to CZK 5,834.3 (EUR 239.5) million for the nine months ended September 30, 2011. The principal reason for the decrease of working capital was a negative change in trade payables and other liabilities primarily due to repayments of the advance payment from CEZ to EBEH, the parent company of EOP, (CZK 12,767.4 (EUR 507.9) million) which was originally provided in connection with acquisition of EOP in 2009 and fully repaid in June 2012. Other factors that contributed to the decrease of working capital were changes in financial instruments in other than fair value as a result of the acquisition of the 50% ownership interest in MIBRAG and its financial instruments, and the increase of bills of exchange held to maturity by PT. Additionally, working capital decreased because of a change in assets held for sale and related liabilities during the first nine months of 2012. This change reflected the transfer of part of ET's the assets held for sale to Energotrans SERVIS, a.s., a subsidiary of ET remaining in the EPE Group following the sale of ET and the corresponding reclassification of such assets as not held for sale, as well as the reclassification of certain other assets also previously treated as held for sale, offset by the transfer of certain assets to ET and the corresponding reclassification of those assets as held for sale.

Investing Activities
Cash flows from (used in) investing activities increased by CZK 15,314.4 EUR 609.3) million to CZK 13,828.2 (EUR 550.1) million for the nine months ended September 30, 2012 as compared to cash outflow CZK 1,486.2 (EUR 61.0) million for the nine months ended September 30, 2011. This increase in cash flows from investing activities is primarily due to an increase in net cash inflow from the sale of ET

(CZK 12,113.1 (EUR 481.9) million) and to the change of consolidation method in PT (to full consolidation following an acquisition of additional interests in PT of a total holding of 73.0% in 2010 from equity-level consolidation), which resulted in a CZK 2,738.3 (EUR 108.8) million positive change in the Acquisition of subsidiaries and special purpose vehicles, net of cash acquired line, partially offset by the impact of the acquisition of the remaining 50% ownership share in MIBRAG and Saale Energie GmbH acquisition.

Financing Activities

Cash flows from (used in) financing activities increased by CZK 9,219.2 (EUR 366.8) million to CZK 5,567.8 (EUR 221.5) million for the nine months ended September 30, 2012, as compared to cash outflow CZK 3,651.4 (EUR 149.9) million for the nine months ended September 30, 2011. This increase in cash flow from financing activities is primarily due to an increase in principal amount of a loan from EPH to EPE from zero (at December 31, 2011) to CZK 12,304.3 (EUR 489.5) billion. Proceeds from the loan were used to acquire the remaining 50% interest in MIBRAG for approximately CZK 3.5 (EUR 0.14) billion) and for the cancellation of an advance payment from ČEZ concerning the sale of ET, and for the repayment of interest from this advance payment (approximately CZK 5.4 (EUR 0.2) billion) and financing of other acquisitions, mainly Saale Energie GmbH.

Capital expenditures

Our strategy is to focus capital investments on projects that maintain our technical equipment and increase operational efficiency. We have managed to keep capital expenditures at reasonably low levels by means of controlled business planning, engineering, procurement and project management at our operating subsidiaries.

Capital expenditures for tangible and intangible fixed assets reached CZK 1,537.0 (EUR 61.2) million for the nine months ended September 30, 2012 as compared to CZK 1,251.3 (EUR 51.4) million for the nine months ended September 30, 2011. The increase in capital expenditures for tangible fixed assets was primarily due to an increased on-going maintenance capital expenditures, including the replacement of block transformers and the refurbishment of EOP's substations, partially offset by higher capital expenditures in the first six months of 2011 as compared to the same period in 2012 at Pražská teplárenská a.s., which related to the purchase of reservation of future distribution capacities for a new energy project.

Total net debt of the group:

The group net debt as of September 30, 2012 reached CZK 18,462.3 (EUR 742.5) million. The debt position also includes the liabilities to parent company Energetický a Průmyslový Holding a.s. that amounted to CZK 12,304,3 (EUR 489.5) million and also cash on PT's balance sheet , that is solely to be paid to PT's minority shareholder .

As of the reporting date the bonds had not been issued yet and club loan facilities had not been signed, as these were both put in place in October 2012. Therefore, all the bank debt was, as of reporting date, fragmented between different operating companies. This situation changed after the bond issue, where the bond proceeds were used to repay almost all external bank debt, except for ring fenced bank term-loans provided to renewables projects. Starting November 2012, the Group has the majority of its debt at the EP Energy a.s. level.

Balance sheet:

Total assets as of September 30, 2012 were CZK 80,070.0 (EUR 3,185.5) million, a CZK 20,040.2 (EUR 7,958.3) million or 33.4% increase compared to end of 2011. The increase was driven by changes in consolidation, as described above in above paragraph “Revenues“ of this Chapter.

The group equity increased mainly as there were no dividends paid out and the group reported strong net profit in the first three quarters of 2012. Equity including non-controlling interest represented 42.6% of the balance sheet total, which is an improvement of 11.8 percentage points compared to end of 2011.

The key movements in the balance sheet compared to year end 2011 were caused by the full consolidation of MIBRAG group, Pražská teplárenská a.s. and the acquisition of Saale Energie GmbH on one side and by the divestment of Energotrans a.s. by Pražská teplárenská a.s. on the other side.

Key factors affecting comparability of the results of operations of the EPE group

The EPE Group was formed through a series of strategic acquisitions and business combinations. The current EPE Group was originally formed with acquisitions of ownership interests in Pražská energetika ("PRE") in 2004 and in UE in 2005 by J&T Group, which is a beneficial owner of EPH (our parent company). EPH was formed in 2009 and the ownership interests in PE, EOP, UE, EPET and PEAS were transferred to it by J&T Group. We were formed on December 16, 2010, but we have restated financial statements from August 2009, based on the results of our subsidiaries that were owned by EPH during such period. Before our formation, many of our current subsidiaries were subsidiaries of EPH, but because the EPE Group has grown steadily through acquisitions, these entities have been under common control for only a short period of time. The acquisition of various subsidiaries or additional interests in such subsidiaries and the disposition of certain subsidiaries mean that our results of operations necessarily differ before and after these acquisitions and dispositions and do not reflect a change in organic operating results but rather the impact of an acquisition or disposition.
The following table sets out the periods for which the major entities are included in our consolidated financial statements and the basis for the stand-alone financial information, which we used in Chapters "Business and operation performance" and "Financial performance":

Periods presented in the Issuer's consolidated IFRS financial statement			Local accounting standard
Subsidiary	Year ended December 31, 2011 and the nine months ended June 30, 2011	Nine months ended September 30, 2012	Basis for the calculation of the segments for first three quarters in 2012 and 2011 used in "Business and operation performance" a "Financial performance" Chapters of this Report
EOP	Fully consolidated	Fully consolidated	Czech GAAP unconsolidated financial statements for the nine months ended September 30, 2012 (with the nine months ended September 30, 2011 as a comparison period);.
UE	Fully consolidated	Fully consolidated	Czech GAAP unconsolidated financial statements for the nine months ended September 30, 2012 (with the nine months ended September 30, 2011 as a comparison period);.
PT	Proportionate consolidated (73.3%)	Balance sheet - Fully consolidated Income statement – Proportionate consolidation (73.3%), starting June 29, 2012 fully consolidated	Czech GAAP unconsolidated financial statements for the nine months ended September 30, 2012 (with the nine months ended September 30, 2011 as a comparison period);.
Plzeňská Energetika a.s.	Fully consolidated	Fully consolidated	Czech GAAP unconsolidated financial statements for the nine months ended September 30, 2012 (with the nine months ended September 30, 2011 as a comparison period);.
JTSD/MIBRAG	Proportionate consolidation	Balance sheet –fully consolidated	German GAAP unconsolidated financial statements for the nine months ended September 30, 2012

	(50%) from July 1, 2011	(100%) Income statement - Proportionate consolidation (50%), starting June 29, 2012 fully consolidated	(with the nine months ended September 30, 2011 as a comparison period);.
Saale Energie GmbH	n.a.	Fully consolidated starting 17 July 2012	n.a.
PEAS	Fully consolidated	Fully consolidated	Czech GAAP unconsolidated financial statements for the nine months ended September 30, 2012 (with the nine months ended September 30, 2011 as a comparison period);
EPET	Fully consolidated	Fully consolidated	Czech GAAP unconsolidated financial statements for the nine months ended September 30, 2012 (with the nine months ended September 30, 2011 as a comparison period);.

*Restated in 2011.

The subsidiary financial information included in this report are prepared on different bases and using different accounting standards. As a consequence, no subsidiary's financial information is comparable to that of any other subsidiary or EP Energy a.s. included herein. The financial information of our subsidiaries included in this report relate to such subsidiaries on an unconsolidated basis and so do not show the full results of operations of all of the EPE Group companies. We have recently added new businesses to the EPE Group and may have made and may make acquisitions in the future. Newly added or acquired businesses may not be integrated or managed successfully, and we may fail to realize the anticipated synergies, growth opportunities and other benefits expected from these additions or acquisitions. Our pro forma and consolidated financial statements and those of our subsidiaries included in this Report may not be representative of our historical or future results of operations and may not be comparable across periods, which may make it difficult to evaluate our results of operations and future prospects."

Development of the key risks for the group

The risk profile of the Group has not materially changed since the Bond issue and the risk analysis provided in the Offering Memorandum is still a valid indication of the key risks that the Group faces. . The Group continues to actively keep track of the risks and has dedicated staff to follow different risk areas. For the Group the key risks remain the global economy development; the risk of the operational break downs and any unexpected events; regulation and legislation approach to brown coal, associated to its high CO2 emissions; weather; congestions of the electricity transmission grid in Germany and the Czech Republic; volatility in prices for power, heat, natural gas, hard coal and emission allowances for CO2; customer concentration in the mining division; risks associated to personnel and currency, interest rate and commodity price risks.

Forward-looking statements

This Report contains "forward-looking statements" within the meaning of the securities laws of certain jurisdictions. In some cases, these forward-looking statements can be identified by the use of forward-looking terminology, including the words "assume," "believe," "could," "estimate," "anticipate," "expect," "intend," "may," "will," "plan," "continue," "on-going," "potential," "predict," "project," "risk," "target," "seek," "should" or "would" and similar expressions or, in each case, their negative or other variations or comparable terminology or by discussions of strategies, plans, objectives, targets, goals, future events or intentions. These forward-looking statements include all matters that are not historical facts. They appear in a number of places throughout this Report and include statements regarding our intentions, beliefs or current expectations concerning, among other things, our results of operations, financial condition, liquidity, prospects, growth and strategies, our reserves and the industry in which we operate.

By their nature, forward-looking statements involve known and unknown risks and uncertainties because they relate to events and depend on circumstances that may or may not occur in the future. Forward-looking statements are not guarantees of future performance. You should not place undue reliance on these forward-looking statements.

Many factors may cause our results of operations, financial condition, liquidity, reserves and the development of the industry in which we compete to differ materially from those expressed or implied by the forward-looking statements contained in this Report.

These factors include, among others:

- negative or uncertain global and regional economic conditions;
- failure to implement our key strategies;
- in the supply of, or the unexpected increase in the price of, fuel and other raw materials, as well as transportation costs;
- reliance on a small number of suppliers in our power and heat business;
- customer concentration in our mining business;
- failure to successfully integrate and manage acquired companies; and
- changes in laws or regulatory schemes.

Although we believe that the expectations reflected in such forward-looking statements are reasonable, we can give no assurance that such expectations will prove to be correct. Given these risks and uncertainties, you should not rely on forward-looking statements as a prediction of actual results.

Any forward-looking statements are only made as of the date of this Report and we do not intend, and do not assume any obligation, to update forward-looking statements set forth in this Report. You should interpret all subsequent written or oral forward-looking statements attributable to us or to persons acting on our behalf as being qualified by the cautionary statements in this Report. As a result, you should not place undue reliance on these forward-looking statements.

Attachments: these are available at www.epenergy.cz/investors/reports

1. Unaudited Condensed Consolidated Interim Financial Statements for the nine-month period ended 30 September 2012 prepared in accordance with International Financial Reporting Standards as adopted by the European Union
2. Unaudited pro forma consolidated financial statements as of and for the nine-month and three-month period ended 30 September 2012