

Report on the first quarter of the year 2015 for CE Energy, a.s.

- ✓ Consolidated EBITDA reached EUR 137¹ million
- ✓ Consolidated pro forma adjusted EBITDA for the last twelve months totaled EUR 390¹ million
- ✓ Indicative Net Consolidated Leverage Ratio amounted to 3.89x¹
- ✓ In March 2015, Moody's issued an update on CE Energy's rating: Corporate Family Rating – Ba2 with outlook stable

CE Energy, a.s. (also "Company" or "CE Energy" or "Group" or "CEE" or "CEE Group") is a vertically integrated energy utility that includes 87 companies. In January 2014 CE Energy acquired a 100% share in EP Energy, a.s. (also "EP Energy" or "EPE" or "EPE Group"), which was the leading heat supplier to final consumers in the Czech Republic, the second largest power generator in the Czech Republic, the second largest electricity distributor and supplier in the Slovak Republic and the third largest mining company in Germany in 2014. The Group benefits from relatively low exposure to market developments, as a significant majority of EBITDA is generated by regulated assets or assets with long term off take contracts. The Group's key operations are located in the Czech Republic, in the Slovak Republic and in Germany.

¹ Stredoslovenská energetika, a.s. (also "SSE") included on a proportionate basis

KEY FIGURES AT A GLANCE

Consolidated financial results in EUR millions

	1Q 2014	1Q 2015
Total sales	649.7 ¹³	669.9
EBITDA ¹	150.3 ¹³	163.7
EBITDA incl. SSE on a proportionate basis ²	133.1 ¹³	136.5
Pro forma Adjusted EBITDA (last twelve months) ³		468.9
Pro forma Adjusted EBITDA incl. SSE on a proportionate basis (last twelve months) ⁴		390.3
Total net debt per financial statements ⁵		1,574.6
Total net debt per financial statements incl. SSE on a proportionate basis ⁶		1,584.9
Indicative CE Energy Net Consolidated Leverage Ratio (incl. SSE on a prop. basis) ⁷		3.89x
Profit from operations	80.6 ¹³	96.1
Profit or loss before tax	67.0	65.5
Net profit or loss attributable to CEE	39.6	29.4
Total assets		3,708.3
CAPEX ⁸	16.3	23.8

Physical units (CEE excluding SSE)

	1Q 2014	1Q 2015
Coal production Mt	5.6	4.8
Installed <i>cogeneration</i> Capacity ⁹ ... MW _e	500	500
Installed <i>condensation</i> Capacity ⁹ ... MW _e	750	750
Installed heat capacity ^{9,12} MW _{th}	3,195	3,195
Heat supplied ^{9,10} TJ ¹¹	6,647	6,983
Power produced ⁹ GWh	1,545	1,365
Power traded ⁹ GWh	3,788	5,917
Power supplied ⁹ GWh	517	471
Natural gas supplied ⁹ GWh	1,014	500
Saale Energie - Installed capacity... MW _e	400	400

Physical units SSE

	1Q 2014	1Q 2015
Power distributed GWh	1,605	1,629
Power traded GWh	1,559	1,946
Power supplied GWh	1,192	1,117
Natural gas supplied GWh	79	138
Power produced GWh	4	4
Installed capacity MW _e	62	62

(1) EBITDA represents profit from operations plus depreciation of property, plant and equipment and amortization of intangible assets minus negative goodwill (if applicable) with the SSE EBITDA included on a fully consolidated basis (i.e. EUR 53.4 million for the first quarter of the year 2015 and EUR 33.8 million for the first quarter of the year 2014). 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 CEE Group. For further discussion over the CEE Group performance refer to the following pages and to the Report on the first quarter of the year 2015 for EP Energy, a.s.

(2) EBITDA incl. SSE on a proportionate basis represents profit from operations plus depreciation of property, plant and equipment and amortization of intangible assets minus negative goodwill (if applicable) with the SSE EBITDA included on the proportionate 49% basis (i.e. EUR 26.2 million for the first quarter of the year 2015 and EUR 16.6 million for the first quarter of the year 2014). The EBITDA incl. SSE on a proportionate basis included in this report does not represent the term EBITDA as may be defined by any documentation for any financial liabilities of the CEE Group. For further discussion over the CEE Group performance refer to the following pages and to the Report on the first quarter of the year 2015 for EP Energy, a.s.

(3) Pro forma Adjusted EBITDA (last twelve months) calculation in EUR millions:

Actual IFRS EBITDA for the period Jan – Mar 2015	163.7
Actual IFRS EBITDA for the period Jan – Dec 2014	454.3
Actual IFRS EBITDA for the period Jan – Mar 2014	(150.3) ¹³
System Operations Tariff adjustment	(10.4)
Pro forma EP Cargo scope adjustment for the period Mar – July 2014	1.3
Saale Energie adjustment	10.3
Pro forma Adjusted EBITDA (last twelve months)	468.9

To derive Pro forma Adjusted EBITDA for the period from April 1, 2014 to March 31, 2015, CEE utilized IFRS consolidated statement of comprehensive income of CE Energy, a.s. for the year ended December 31, 2014 (EBITDA of EUR 454.3 million), IFRS condensed consolidated interim statement of comprehensive income of CE Energy, a.s. for the three-month period ended March 31, 2015 (EBITDA of EUR 163.7 million) and IFRS condensed consolidated interim statement of comprehensive income of CE Energy, a.s. for the three-month period ended March 31, 2014 (EBITDA of EUR 150.3 million) as comparatives.

The historical financial information of the CEE Group have been further adjusted to reflect a consolidation of a 60% share in EP Cargo using the full method of consolidation as if EP Cargo was acquired effectively on January 1, 2014. Pro forma adjustment in the amount of EUR 1.3 million is related to the period Mar – July 2014, i.e. the pre-acquisition period.

Pro forma Adjusted EBITDA (last twelve months) represents pro forma profit from operations plus pro forma depreciation of property, plant and equipment and pro forma amortization of intangible assets minus pro forma negative goodwill (if applicable) with the SSE EBITDA included on a fully consolidated basis, further adjusted to exclude the items related to Saale Energie, which lead to an EUR 10.3 million decrease to EBITDA in the first quarter of the year 2015, which, due to the accounting treatment of the specific contractual arrangement with Schkopau (an associate of Saale Energie), are charged to operating costs of Saale Energie but relate to entries that would otherwise not be included in EBITDA.

In addition, the historical financial performance of the EPE Group have been adjusted for EUR 10.4 million of revenue relating to accounting for System Operations Tariff (“SOT”) at SSE in 2014. SSE 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 SOT which should be sufficient to cover costs relating to the purchases of produced green energy in the particular year. However, in 2013 the SOT was not sufficient to cover incurred green energy costs as a result of which SSE incurred overall loss from these transactions. In December 2014 SSE received a statement from Regulatory Office for Network Industries confirming the amount of a compensation to be paid in 2015 in relation to 2013 SOT loss. As a result of this statement, in December 2014 SSE recorded revenues and accrued income of EUR 41.5 million representing the confirmed compensation to be collected in 2015. In previous periods no accrued income could have been recorded by SSE because the regulatory system worked differently and the IFRS criteria for revenue recognition were not met. Beginning January 2015 SSE has been accruing revenue for the previous year’s SOT related loss on monthly basis. In order to reflect linear origination of the SOT related losses, for the purposes of the Pro forma Adjusted EBITDA for the twelve month period ended March 31, 2015 historical financial performance of the EPE Group was adjusted downward by one quarter of the 2014 recorded accrued income (i.e. EUR 10.4 million).

The Pro forma Adjusted EBITDA included in this report does not represent the term EBITDA as may be defined by any documentation for any financial liabilities of the CEE Group. For further discussion over the CEE Group performance refer to the Report on the first quarter of the year 2015 for EP Energy, a.s.

(4) Pro forma Adjusted EBITDA incl. SSE on a proportionate basis (last twelve months) represents Pro forma Adjusted EBITDA (last twelve months) further adjusted to exclude a non-controlling interest of 51% of SSE EBITDA (i.e. EUR 83.9 million) and excludes a non-controlling interest of 51% relating to negative EUR 10.4 million of System Operations Tariff adjustment (i.e. negative EUR 5.3 million).

The Pro forma Adjusted EBITDA incl. SSE on a proportionate basis included in this report does not represent the term EBITDA as may be defined by any documentation for any financial liabilities of the CEE Group. For further discussion over the CEE Group performance refer to the Report on the first quarter of the year 2015 for EP Energy, a.s.

(5) Total net debt balance is based on the consolidated financial statements (Total Loans and borrowings plus Total Financial instruments and financial liabilities less Cash and cash equivalents), but excludes the liabilities towards Pražská teplárenská Holding a.s. (also “PTH”) of EUR 12.6 million. The Total net debt included in this report does not represent the term Indebtedness as may be defined by any documentation for any financial liabilities of the CEE or EPE Group.

Net Debt calculation (in EUR millions)

		1Q 2015
Loans and borrowings (non-current)	<i>add</i>	1,761.1
Financial instruments and financial liabilities (non-current)	<i>add</i>	-
Loans and borrowings (current)	<i>add</i>	62.6
Financial instruments and financial liabilities (current)	<i>add</i>	0.7
PTH liability	<i>less</i>	12.6
Cash and cash equivalents	<i>less</i>	237.2
Net Debt		1,574.6

(6) Total net debt incl. SSE on a proportionate basis is represented by the Total net debt as defined above less a portion of negative net debt totalling EUR 10.3 million belonging to a minority shareholder of Stredoslovenská energetika, a.s. The Total net debt incl. SSE on a proportionate basis included in this report does not represent the term Indebtedness as may be defined by any documentation for any financial liabilities of the CEE or EPE Group.

(7) We include in this report the calculation as of March 31, 2015 of our "Net Consolidated Leverage Ratio", as defined in the CE Energy Indenture. The calculation of our Net Consolidated Leverage Ratio differs from any leverage ratio included in the offering memoranda for the senior notes or otherwise included herein, and consistent with the definition, is made on the basis of certain good faith judgments made by us.

(8) Excluding emission allowances

(9) The operating data is based on the results of the respective entities on a 100% basis for the full period, regardless of the date when each entity joined the CEE Group or the ownership share of the CEE Group in each entity. Nevertheless, operating data for MIBRAG and Saale Energie are excluded.

(10) Represented by Elektrárny Opatovice, a.s. (also "EOP"), Severočeská teplárenská, a.s. (also "ST"), Plzeňská energetika a.s. (also "PE") and Pražská teplárenská a.s. (also "PT").

(11) 1 TJ = 0.2778 GWh

(12) Installed heat capacity on heat exchangers.

(13) Restated: Fair value of derivatives where the underlying asset is a commodity (trading derivatives) is presented as part of Total sales instead of being recognised as profit or loss from financial operations since January 1, 2014 as described in the Notes to the condensed consolidated interim financial statements of EP Energy, a.s. as of and for the three-month period ended March 31, 2015. Data for three-month period ended March 31, 2014 were restated with impact of positive EUR 2.4 million on Total sales, Profit/(loss) from operations and EBITDA and Pro forma adjusted EBITDA.

For additional information please also refer to the Report on the first quarter of the year 2015 for EP Energy, a.s. which forms a part of the complete set of this report.

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Attachments:

EP Energy, a.s. – Unaudited condensed consolidated interim financial statements as of and for the three-month period ended March 31, 2015 are presented in a separate file as an attachment to this report

EP Energy, a.s. – Report on the first quarter of the year 2015 for EP Energy, a.s. is presented in a separate file as an attachment to this report

Dear investors, customers and partners,

Our first quarter 2015 IFRS EBITDA, reflecting proportional consolidation of SSE, reached EUR 137 million, which is in comparison to the first quarter 2014 higher by approximately 3%. The Pro forma Adjusted EBITDA for the last twelve-month period ended March 31, 2015, reflecting proportional consolidation of SSE, reached EUR 390 million as compared to EUR 393 million for the fiscal year ended December 31, 2014.

Our business operations, particularly in the Power Distribution and Supply segment, were positively influenced by improved business performance of power distribution and trading activities as well as by positive effect of accounting for compensation of regulatory charges relating to green energy subsidies to renewable energy producers in the central Slovakia region (paid by SSE and later reimbursed by the system operator). In December 2014 Stredoslovenská energetika recorded accrued income of EUR 42 million representing a compensation confirmed by the regulator for 2013, which from the business perspective related to the whole year 2014, whereas the financial effect was captured solely to the last quarter of 2014. At the same time, since January 1, 2015, SSE has been linearly accruing for 2014 compensation as opposed to the first quarter of 2014 where no such compensation was accrued. This timing inconsistency was reflected as an adjustment in the Pro forma Adjusted EBITDA for the twelve-month period ended March 31, 2015, to ensure a comparability of results.

On the other hand, Mining segment results have been influenced by windy weather in Germany during the first quarter of 2015 which reflected in temporarily decreased off-take from Mibrag's two major customers – power plants Lippendorf and Schkopau. Heat and power segment's performance declined as a result of lower power prices, expiration of beneficial power purchase agreement at HSR and lower allocation of free emission allowances. Overall, despite not particularly strong winter, Heat and Power segment reported 7% higher heat sales compared to the previous period.

As previously announced, to react on the pressure from external factors, we continue our operating expenses and capital expenditure cuts program. The first impacts materialized already in 2014 results with expected savings up to EUR 20 million per year ramping up based on particular deployment of specific savings and optimization measures.

On behalf of the Board of Directors, I would like to thank you for your ongoing support as we strive to implement our business strategies in the future.

Yours faithfully,

A handwritten signature in blue ink, appearing to read 'Pavel Horský', with a large, sweeping flourish extending to the right.

Pavel Horský
Member of the Board

Financial condition and results of operations of the CEE Group as of and for the three-month period ended March 31, 2015

Condensed consolidated interim statement of comprehensive income

For the three-month period ended March 31, 2015

In thousands of EUR ("TEUR")

	31 March 2015 (three months) (unaudited)	31 March 2014 (three months) (unaudited) (restated)
Sales: Energy	643,315	618,406
<i>of which: Electricity</i>	366,237	359,788
<i>Heat</i>	114,211	106,772
<i>Coal</i>	74,706	79,988
<i>Gas</i>	88,161	71,799
<i>Other energy products</i>	-	59
Sales: Other	21,949	28,891
Gain (loss) from commodity derivatives for trading with electricity and gas, net	4,637	2,428
Total sales	669,901	649,725
Cost of sales: Energy	(405,483)	(389,554)
Cost of sales: Other	(9,699)	(13,499)
Total cost of sales	(415,182)	(403,053)
	254,719	246,672
Personnel expenses	(61,633)	(58,966)
Depreciation and amortisation	(67,616)	(69,657)
Repairs and maintenance	(2,010)	(2,947)
Emission rights, net	(7,733)	(7,195)
Taxes and charges	(3,156)	(2,902)
Other operating income	17,140	12,609
Other operating expenses	(33,598)	(36,985)
Profit (loss) from operations	96,113	80,629
Finance income	6,490	17,674
Finance expense	(36,857)	(32,123)
Profit (loss) from derivative financial instruments	367	918
Net finance income (expense)	(30,000)	(13,531)
Share of profit (loss) of equity accounted investees, net of tax	(627)	(74)
Profit (loss) before income tax	65,486	67,024
Income tax revenues (expenses)	(17,544)	(14,129)
Profit (loss) for the period	47,942	52,895
Items that are or may be reclassified subsequently to profit or loss:		
Foreign currency translation differences for foreign operations	(5,558)	538
Foreign currency translation differences for presentation currency	4,319	(5,469)
Effective portion of changes in fair value of cash flow hedges, net of tax	5,756	(2,405)
Other comprehensive income for the period, net of tax	4,517	(7,336)
Total comprehensive income for the period	52,459	45,559
Profit (loss) attributable to:		
Owners of the Company	29,369	39,588
Non-controlling interest	18,573	13,307
Profit (loss) for the period	47,942	52,895
Total comprehensive income attributable to:		
Owners of the Company	32,848	32,033
Non-controlling interest	19,611	13,526
Total comprehensive income for the period	52,459	45,559

Condensed consolidated interim statement of financial position

As of March 31, 2015

In thousands of EUR ("TEUR")

	31 March 2015 (unaudited)	31 December 2014 (audited)
Assets		
Property, plant and equipment	2,209,231	2,245,936
Intangible assets	141,897	154,996
Goodwill	96,893	96,241
Participations with significant influence	126,841	127,376
Financial instruments and other financial assets	8,357	337,248
<i>of which receivables from the parent company</i>	-	280,096
Trade receivables and other assets	4,493	28,999
Deferred tax assets	10,298	9,627
Total non-current assets	2,598,010	3,000,423
Inventories	73,032	77,022
Extracted minerals and mineral products	9,173	7,926
Trade receivables and other assets	360,948	338,959
Financial instruments and other financial assets	369,373	491,959
<i>of which receivables from the parent company</i>	313,533	486,141
Prepayments and other deferrals	12,104	2,803
Tax receivables	24,873	21,448
Cash and cash equivalents	237,246	238,387
Assets/disposal groups held for sale	23,582	26,131
Total current assets	1,110,331	1,204,635
Total assets	3,708,341	4,205,058
Equity		
Share capital	78	78
Reserves	(307,889)	(311,368)
Retained earnings	523,536	494,598
Total equity attributable to equity holders	215,725	183,308
Non-controlling interest	480,565	462,175
Total equity	696,290	645,483
Liabilities		
Loans and borrowings	1,761,070	1,760,444
<i>of which owed to the parent company</i>	-	-
Financial instruments and other financial liabilities	14	680
Provisions	361,580	360,247
Deferred income	57,332	63,996
Deferred tax liabilities	238,300	242,325
Trade payables and other liabilities	68,027	71,951
Total non-current liabilities	2,486,323	2,499,643
Trade payables and other liabilities	338,157	350,993
Loans and borrowings	62,604	400,791
<i>of which owed to the parent company</i>	2,505	262,435
Liabilities from returned capital contribution	-	194,268
<i>of which owed to the parent company</i>	-	194,268
Financial instruments and other financial liabilities	748	830
Provisions	75,689	83,248
Deferred income	21,284	4,015
Current income tax liability	10,970	9,372
Liabilities from disposal groups held for sale	16,276	16,415
Total current liabilities	525,728	1,059,932
Total liabilities	3,012,051	3,559,575
Total equity and liabilities	3,708,341	4,205,058

Condensed consolidated interim statement of cash flows

For the three-month period ended March 31, 2015

In thousands of EUR ("TEUR")

	31 March 2015 (three months) (unaudited)	31 March 2014 (three months) (unaudited)
OPERATING ACTIVITIES		
Profit (loss) for the period	47,942	52,895
<i>Adjustments for:</i>		
Income taxes	17,544	14,129
Depreciation and amortisation	67,616	69,657
Impairment losses on property, plant and equipment and intangible assets	540	-
(Gain) loss on disposal of property, plant and equipment, investment property and intangible assets	(2,194)	513
(Gain) on disposal of inventories	(145)	-
Emission rights	7,733	7,195
Share of (profit) loss of equity accounted investees	627	74
(Gain) loss on financial instruments	(367)	(3,346)
Net interest expense	27,609	16,237
Change in allowance for impairment to trade receivables and other assets, write-offs	397	1,164
Change in provisions	(899)	(9,700)
Unrealised foreign exchange (gains) losses, net	(4,247)	(5,900)
Operating profit before changes in working capital	162,156	142,918
Change in financial instruments at other than fair value	1,887	11,742
Change in trade receivables and other assets	(12,108)	(12,453)
Change in inventories (including proceeds from sale)	3,989	2,667
Change in extracted minerals and mineral products	(1,247)	(1,156)
Change in assets held for sale and related liabilities	2,429	-
Change in trade payables and other liabilities	(9,610)	(49,260)
Cash generated from (used in) operations	147,496	94,458
Interest paid	(19,251)	(2,127)
Income taxes paid	(21,273)	(21,511)
Cash flows generated from (used in) operating activities	106,972	70,820
INVESTING ACTIVITIES		
Proceeds from sale of financial instruments – derivatives	(823)	(3,754)
Acquisition of property, plant and equipment, investment property and intangible assets	(23,767)	(16,274)
Purchase of emission rights	(512)	(7,543)
Proceeds from sale of emission rights	-	1,016
Proceeds from sale of property, plant and equipment, investment property and intangible assets	3,343	1,173
Increase in participation in existing subsidiaries and special purpose entities	(1,652)	-
Interest received	59	100
Cash flows from (used in) investing activities	(23,352)	(25,282)
FINANCING ACTIVITIES		
Proceeds from loans received	73,912	58
Repayments of borrowings	(84,817)	(521,651)
Proceeds from bonds issued	-	492,203
Repayment of bonds issued	(75,000)	-
Dividends paid	(45)	-
Cash flows from (used in) financing activities	(85,950)	(29,390)
<i>Net increase (decrease) in cash and cash equivalents</i>	<i>(2,330)</i>	<i>16,148</i>
Cash and cash equivalents at beginning of the period	238,387	288,321
Effect of exchange rate fluctuations on cash held	1,189	(108)
Cash and cash equivalents at end of the period	237,246	304,361

Description of material differences in the financial condition and results of operations between CE Energy and EP Energy (both on a fully consolidated basis)

For information purposes, on December 30, 2013, CE Energy drew a bank loan of EUR 269.6 million and provided funds of EUR 261.3 million to Energetický a průmyslový holding, a.s. (also “Energetický a průmyslový holding” or “EPH”).

On January 24, 2014, CE Energy acquired all of the outstanding shares of EP Energy from Energetický a průmyslový holding for EUR 1,500.3 million and recognized a subordinated intercompany loan of the same amount.

On January 30, 2014, EP Energy provided a loan of EUR 60.0 million to CE Energy.

On January 30, 2014, CE Energy made a repayment of the bank loan of EUR 45.9 million.

On February 7, 2014, CE Energy issued Senior Notes due in 2021 (the “2021 Notes”) of EUR 500.0 million, pursuant to an intercreditor agreement. The 2021 Notes bear interest at 7.000% per annum, payable semi-annually on each 1 February and August 1, beginning on 1 August 2014. The intercompany loans to Energetický a průmyslový holding are subordinated to the 2021 Notes.

The 2021 Notes are secured by a pledge of 100% of the capital stock of CE Energy and by a pledge of 50% minus one share of the capital stock of EP Energy. 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, the incurrence of indebtedness, restricted payments, transactions with affiliates, liens and sales of assets.

On February 7, 2014, proceeds from the 2021 Notes less upfront fee were used for a repayment of a remaining balance of the bank loan amounting to EUR 223.8 million and for a repayment of a part of the intercompany loans totalling EUR 250.5 million.

On May 7, 2014, EPE declared and distributed a dividend of EUR 89.9 million to CE Energy which was then used as a partial repayment of the intercompany loan to Energetický a průmyslový holding.

On August 14, 2014, CE Energy, as a sole shareholder of EPE, decided on a non-cash decrease of share capital by EUR 243 million (CZK 6,725 million) to optimise the EPE’s capital structure.

On October 22, 2014, CE Energy received an interim dividend from EP Energy totalling EUR 18 million.

At the end of 2014, Energetický a průmyslový holding capitalised EUR 691 million of the previously provided non-interest bearing intercompany loan to CE Energy’s equity.

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

On February 5, 2015, a non-cash decrease in the registered capital of EP Energy by EUR 243 million (CZK 6,725 million) was recorded in the Commercial Register. As at the same date, a principal of a short-term loan granted by EP Energy of EUR 60 million was offset with a receivable relating to the

decreased registered capital. The remaining portion of the receivable of EUR 183 million was ceded to Energetický a průmyslový holding at the same date. Subsequently, a receivable from the ceded receivable, and a loan provided to EPH, totalling EUR 261 million including a portion of unpaid interest was fully offset with the received non-interest bearing loan amounting to EUR 458 million. As a result, the principals of all loans provided between CEE and EPH were fully offset.

In March 2015, Moody's issued an update on CE Energy's rating: Corporate Family Rating – Ba2 with outlook stable.

For additional information on Economy and Market development, Reporting and Management's discussion and analysis of financial condition and results of operations, Risk factors please also refer to the Report on the first quarter of the year 2015 for EP Energy, a.s.

Subsequent events

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

As of the date of this report, CEE purchased additional EUR 19.5 million of CE Energy's Senior Notes due in 2021, which have not yet been cancelled. The purchase was financed by CEE UNI Loan Agreement.

On May 27, 2015 CEE received EUR 35 million of cash dividends from EP Energy. At the same time, CEE declared a non-cash dividend of app. EUR 16 million to EPH which shall be utilized to carry out specific non-cash settlement of intercompany liabilities and receivables between EPH, CEE and EPE.

Except for the matters described above and elsewhere in the Report on the first quarter of the year 2015 for CE Energy, a.s. or EP Energy, a.s. or in the Notes to the condensed consolidated interim financial statements of EP Energy, a.s. as of and for the three-month period ended March 31, 2015, the CEE's management is not aware of any other material subsequent events that could have an effect on the condensed consolidated interim financial statements as at March 31, 2015.

Appendix 1

Details of adjustments recorded to the EPE's condensed consolidated interim financial statements as of and for the three-month period ended March 31, 2015 to derive the CEE's condensed consolidated interim financial statements for the same period

The following tables set forth the condensed consolidated interim statement of comprehensive income of CE Energy for the three-month period ended March 31, 2015, the condensed consolidated interim statement of financial position of CE Energy as of March 31, 2015, and the condensed consolidated interim statement of cash flows of CE Energy for the three-month period ended March 31, 2015 derived from the EPE's condensed consolidated interim financial statements as of and for the three-month period ended March 31, 2015.

Condensed consolidated interim statement of comprehensive income

For the three-month period ended March 31, 2015

In thousands of EUR ("TEUR")

	EPE consolidated figures ¹ (unaudited)	CEE standalone income statement ² Adjustment 1 (unaudited)	Intercompany eliminations ³ Adjustment 2 (unaudited)	Related FX impact ⁴ Adjustment 3 (unaudited)	CE Energy consolidated figures (unaudited)
Sales: Energy	643,315	-	-	-	643,315
<i>of which: Electricity</i>	366,237	-	-	-	366,237
<i>Heat</i>	114,211	-	-	-	114,211
<i>Coal</i>	74,706	-	-	-	74,706
<i>Gas</i>	88,161	-	-	-	88,161
Sales: Other	21,949	-	-	-	21,949
Gain (loss) from commodity derivatives for trading with electricity and gas, net	4,637	-	-	-	4,637
Total sales	669,901	-	-	-	669,901
Cost of sales: Energy	(405,483)	-	-	-	(405,483)
Cost of sales: Other	(9,699)	-	-	-	(9,699)
Total cost of sales	(415,182)	-	-	-	(415,182)
	254,719	-	-	-	254,719
Personnel expenses	(61,633)	-	-	-	(61,633)
Depreciation and amortisation	(67,616)	-	-	-	(67,616)
Repairs and maintenance	(2,010)	-	-	-	(2,010)
Emission rights, net	(7,733)	-	-	-	(7,733)
Taxes and charges	(3,156)	-	-	-	(3,156)
Other operating income	17,140	-	-	-	17,140
Other operating expenses	(33,429)	(169)	-	-	(33,598)

Profit (loss) from operations	96,282	(169)	-	-	96,113
Finance income	4,755	5,393	(213)	(3,445)	6,490
Finance expense	(23,693)	(16,822)	213	3,445	(36,857)
Profit (loss) from derivative financial instruments	367	-	-	-	367
Net finance income (expense)	(18,571)	(11,429)	-	-	(30,000)
Share of profit (loss) of equity accounted investees, net of tax	(627)	-	-	-	(627)
Profit (loss) before income tax	77,084	(11,598)	-	-	65,486
Income tax revenues (expenses)	(17,544)	-	-	-	(17,544)
Profit (loss) for the period	59,540	(11,598)	-	-	47,942
Items that are or may be reclassified subsequently to profit or loss:					
Foreign currency translation differences for foreign operations	(5,558)	-	-	-	(5,558)
Foreign currency translation differences for presentation currency	7,734	-	-	(3,415)	4,319
Effective portion of changes in fair value of cash flow hedges, net of tax	5,756	-	-	-	5,756
Other comprehensive income for the period, net of tax	7,932	-	-	(3,415)	4,517
Total comprehensive income for the period	67,472	(11,598)	-	(3,415)	52,459
Profit (loss) attributable to:					
Owners of the Company	40,967	(11,598)	-	-	29,369
Non-controlling interest	18,573	-	-	-	18,573
Profit (loss) for the period	59,540	(11,598)	-	-	47,942
Total comprehensive income attributable to:					
Owners of the Company	47,861	(11,598)	-	(3,415)	32,848
Non-controlling interest	19,611	-	-	-	19,611
Total comprehensive income for the period	67,472	(11,598)	-	(3,415)	52,459

(1) Condensed consolidated interim statement of comprehensive income of EP Energy, a.s. for the three-month period ended March 31, 2015

(2) In the Adjustment 1, EPE consolidated figures have been adjusted to include CEE statutory statement of comprehensive income for the three-month period ended March 31, 2015.

(3) The Adjustment 2 covers eliminations of intercompany transactions between EPE and CEE for the three-month period ended March 31, 2015.

(4) The Adjustment 3 represents foreign exchange differences.

Condensed consolidated interim statement of financial position

As of March 31, 2015

In thousands of EUR ("TEUR")

	EPE consolidated figures ¹	CEE standalone statement of financial position ²	Intercompany eliminations ³	Elimination of investment and equity of EPE and related FX impact ⁴	CE Energy consolidated figures
	(unaudited)	Adjustment 1 (unaudited)	Adjustment 2 (unaudited)	Adjustment 3 (unaudited)	(unaudited)
Assets					
Property, plant and equipment	2,209,231	-	-	-	2,209,231
Intangible assets	141,897	-	-	-	141,897
Goodwill	96,893	-	-	-	96,893
Participations with control	-	1,255,717	-	(1,255,717)	-
Participations with significant influence	126,841	-	-	-	126,841
Financial instruments and other financial assets	8,357	-	-	-	8,357
<i>of which receivables from the parent company</i>	-	-	-	-	-
Trade receivables and other assets	4,493	-	-	-	4,493
Deferred tax assets	10,298	-	-	-	10,298
Total non-current assets	2,598,010	1,255,717	-	(1,255,717)	2,598,010
Inventories	73,032	-	-	-	73,032
Extracted minerals and mineral products	9,173	-	-	-	9,173
Trade receivables and other assets	379,041	11	(18,104)	-	360,948
Financial instruments and other financial assets	365,187	6,372	(2,186)	-	369,373
<i>of which receivables from the parent company</i>	309,347	6,372	(2,186)	-	313,533
Prepayments and other deferrals	12,104	-	-	-	12,104
Tax receivables	24,839	34	-	-	24,873
Cash and cash equivalents	219,478	17,768	-	-	237,246
Assets/disposal groups held for sale	23,582	-	-	-	23,582
Total current assets	1,106,436	24,185	(20,290)	-	1,110,331
Total assets	3,704,446	1,279,902	(20,290)	(1,255,717)	3,708,341
Equity					
Share capital	526,663	78	-	(526,663)	78
Share premium	116,434	-	-	(116,434)	-
Reserves	(431,908)	743,656	-	(619,637)	(307,889)
Retained earnings	502,620	13,899	-	7,017	523,536
Total equity attributable to equity holders	713,809	757,633	-	(1,255,717)	215,725
Non-controlling interest	480,565	-	-	-	480,565
Total equity	1,194,374	757,633	-	(1,255,717)	696,290

Liabilities					
Loans and borrowings	1,266,947	494,123	-	-	1,761,070
<i>of which owed to the parent company</i>	-	-	-	-	-
Financial instruments and other financial liabilities	14	-	-	-	14
Provisions	361,580	-	-	-	361,580
Deferred income	57,332	-	-	-	57,332
Deferred tax liabilities	236,887	1,413	-	-	238,300
Trade payables and other liabilities	68,027	-	-	-	68,027
Total non-current liabilities	1,990,787	495,536	-	-	2,486,323
Trade payables and other liabilities	338,155	18,106	(18,104)	-	338,157
Loans and borrowings	56,163	8,627	(2,186)	-	62,604
<i>of which owed to the parent company</i>	2,505	-	-	-	2,505
Financial instruments and other financial liabilities	748	-	-	-	748
Provisions	75,689	-	-	-	75,689
Deferred income	21,284	-	-	-	21,284
Current income tax liability	10,970	-	-	-	10,970
Liabilities from disposal groups held for sale	16,276	-	-	-	16,276
Total current liabilities	519,285	26,733	(20,290)	-	525,728
Total liabilities	2,510,072	522,269	(20,290)	-	3,012,051
Total equity and liabilities	3,704,446	1,279,902	(20,290)	(1,255,717)	3,708,341

- (1) Condensed consolidated interim statement of financial position of EP Energy, a.s. as of March 31, 2015
- (2) In the Adjustment 1, EPE consolidated figures have been adjusted to include the CEE statutory statement of financial position as of March 31, 2015.
- (3) The Adjustment 2 covers eliminations of intercompany balances between EPE and CEE as of March 31, 2015.
- (4) The Adjustment 3 is related to elimination of investment of CEE in EPE together with the associated FX impact and to elimination of equity of EPE.

Condensed consolidated interim statement of cash flows

For the three-month period ended March 31, 2015

In thousands of EUR ("TEUR")

	EPE consolidated figures ¹	CEE standalone statement of cash flows incl. impact from CEE consolidation ²	Repayment of 2021 Senior Notes ³	Proceeds from loans and repayments of borrowings ⁴	Intercompany eliminations ⁵	CE Energy consolidated figures
	(unaudited)	Adjustment 1 (unaudited)	Adjustment 2 (unaudited)	Adjustment 3 (unaudited)	Adjustment 4 (unaudited)	(unaudited)
OPERATING ACTIVITIES						
Profit (loss) for the period	59,540	(11,598)	-	-	-	47,942
<i>Adjustments for:</i>						
Income taxes	17,544	-	-	-	-	17,544
Depreciation and amortisation	67,616	-	-	-	-	67,616
Impairment losses on property, plant and equipment and intangible assets	540	-	-	-	-	540
(Gain) loss on disposal of property, plant and equipment, investment property and intangible assets	(2,194)	-	-	-	-	(2,194)
(Gain) loss on disposal of inventories	(145)	-	-	-	-	(145)
Emission rights	7,733	-	-	-	-	7,733
Share of (profit) loss of equity accounted investees	627	-	-	-	-	627
(Gain) loss on financial instruments	(367)	-	-	-	-	(367)
Net interest expense	14,860	12,749	-	-	-	27,609
Change in allowance for impairment to trade receivables and other assets, write-offs	397	-	-	-	-	397
Change in provisions	(899)	-	-	-	-	(899)
Unrealised foreign exchange (gains) losses, net	(1,505)	(2,742)	-	-	-	(4,247)
Operating profit (loss) before changes in working capital	163,747	(1,591)	-	-	-	162,156
Change in financial instruments at other than fair value	1,887	-	-	-	-	1,887
Change in trade receivables and other assets	(12,233)	(2)	-	-	127	(12,108)
Change in inventories (including proceeds from sale)	3,989	-	-	-	-	3,989
Change in extracted minerals and mineral products	(1,247)	-	-	-	-	(1,247)
Change in assets held for sale and related liabilities	2,429	-	-	-	-	2,429
Change in trade payables and other liabilities	(9,595)	112	-	-	(127)	(9,610)
Cash generated from (used in) operations	148,977	(1,481)	-	-	-	147,496
Interest paid	(1,916)	(17,335)	-	-	-	(19,251)
Income taxes paid	(21,273)	-	-	-	-	(21,273)
Cash flows generated from (used in) operating activities	125,788	(18,816)	-	-	-	106,972

INVESTING ACTIVITIES					
Proceeds from sale of financial instruments – derivatives	(823)	-	-	-	(823)
Acquisition of property, plant and equipment, investment property and other intangible assets	(23,767)	-	-	-	(23,767)
Purchase of emission rights	(512)	-	-	-	(512)
Proceeds from sale of property, plant and equipment, investment property and other intangible assets	3,343	-	-	-	3,343
Increase in participation in existing subsidiaries and special purpose entities	(1,652)	-	-	-	(1,652)
Interest received	59	-	-	-	59
Cash flows from (used in) investing activities	(23,352)	-	-	-	(23,352)
FINANCING ACTIVITIES					
Proceeds from loans received	-	-	-	73,912	73,912
Repayments of borrowings	(84,817)	-	-	-	(84,817)
Repayment of bonds issued	-	-	(75,000)	-	(75,000)
Dividends paid	(45)	-	-	-	(45)
Cash flows from (used in) financing activities	(84,862)	-	(75,000)	73,912	(85,950)
<i>Net increase (decrease) in cash and cash equivalents</i>	<i>17,574</i>	<i>(18,816)</i>	<i>(75,000)</i>	<i>73,912</i>	<i>(2,330)</i>
Cash and cash equivalents at beginning of the period	200,978	37,409	-	-	238,387
Effect of exchange rate fluctuations on cash held	926	263	-	-	1,189
Cash and cash equivalents at end of the period	219,478	18,856	(75,000)	73,912	237,246

- (1) Condensed consolidated interim statement of cash flows of EP Energy, a.s. for the three-month period ended March 31, 2015
- (2) In the Adjustment 1, EPE consolidated figures have been adjusted to include CEE statutory statement of cash flows for the three-month period ended March 31, 2015 and related FX impact.
- (3) The Adjustment 2 covers a cash outflow from repayment of 2021 Senior Notes.
- (4) The Adjustment 3 comprises a cash inflow (outflow) from proceeds from loans (repayment of borrowings).
- (5) The Adjustment 4 covers eliminations of intercompany balances between EPE and CEE for the three-month period ended March 31, 2015.