

EP Energy, a.s.

Condensed Consolidated Interim Financial Statements as of and for the nine-month period ended 30 September 2015

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

Content

Condensed consolidated interim statement of comprehensive income	3
Condensed consolidated interim statement of financial position	4
Condensed consolidated interim statement of changes in equity	5
Notes to the condensed consolidated interim financial statements	8
1. Background	8
2. Basis of preparation	10
3. Seasonality of operations	12
4. Operating segments	12
5. Acquisitions and contributions of subsidiaries, special purpose entities, joint-ventures and associates	19
6. Sales	24
7. Cost of sales	24
8. Personnel expenses	25
9. Emission rights	25
10. Taxes and charges	25
11. Other operating income	26
12. Other operating expenses	26
13. Finance income and expense, profit (loss) from financial instruments	27
14. Income tax expenses	27
15. Property, plant and equipment	28
16. Intangible assets (including goodwill)	30
17. Participations with significant influence	32
18. Inventories	34
19. Trade receivables and other assets	35
20. Cash and cash equivalents	35
21. Tax receivables	35
22. Assets and liabilities held for sale	35
23. Deferred tax assets and liabilities	35
24. Equity	36
25. Earnings per share	37
26. Non-controlling interest	38
27. Loans and borrowings	39
28. Provisions	39
29. Deferred income	41
30. Financial instruments	42
31. Trade payables and other liabilities	44
32. Commitments and contingencies	45
33. Related parties	47
34. Group entities	48
35. Litigations and claims	50
36. Subsequent events	52
Appendix 1 – Business combinations	53
Appendix 2 – Restated Consolidated statement of comprehensive income	55

Condensed consolidated interim statement of comprehensive income

For the nine-month period ended 30 September 2015

In thousands of EUR ("TEUR")

	Note	30 September 2015 (nine months)	30 September 2014 (nine months) Restated*
Sales: Energy	6	1,642,343	1,577,811
<i>of which: Electricity</i>		<i>1,027,077</i>	<i>1,055,142</i>
Coal		225,335	199,121
Gas		198,127	144,057
Heat		191,804	179,249
Other energy products		-	242
Sales: Other	6	76,348	80,158
Gain (loss) from commodity derivatives for trading with electricity and gas, net		10,363	10,716
Total sales		1,729,054	1,668,685
Cost of sales: Energy	7	(1,120,943)	(1,069,192)
Cost of sales: Other	7	(21,617)	(38,987)
Total cost of sales		(1,142,560)	(1,108,179)
Subtotal		586,494	560,506
Personnel expenses	8	(193,977)	(188,879)
Depreciation and amortisation	15, 16	(207,296)	(222,525)
Repairs and maintenance		(5,659)	(10,579)
Emission rights, net	9	(18,534)	(15,768)
Taxes and charges	10	(9,205)	(9,184)
Other operating income	11	54,086	44,805
Other operating expenses	12	(108,092)	(99,513)
Profit (loss) from operations		97,817	58,863
Finance income	13	12,744	27,884
Finance expense	13	(70,952)	(78,308)
Profit (loss) from financial instruments	13	(965)	2,967
Net finance income (expense)		(59,173)	(47,457)
Share of profit (loss) of equity accounted investees, net of tax	17	(545)	(1,243)
Profit (loss) before income tax		38,099	10,163
Income tax expenses	14	(19,791)	(3,839)
Profit (loss) for the period		18,308	6,324
Items that are or may be reclassified subsequently to profit or loss:			
Foreign currency translation differences for foreign operations		(13,772)	1,406
Foreign currency translation differences from presentation currency		25,620	4,813
Effective portion of changes in fair value of cash flow hedges, net of tax		14,293	(3,600)
Fair value reserve included in other comprehensive income		(183)	(3,454)
Other comprehensive income for the period, net of tax		25,958	(835)
Total comprehensive income for the period		44,266	5,489
Profit (loss) attributable to:			
Owners of the Company		(4,322)	2,977
Non-controlling interest		22,630	3,347
Profit (loss) for the period		18,308	6,324
Total comprehensive income attributable to:			
Owners of the Company		19,125	1,171
Non-controlling interest		25,141	4,318
Total comprehensive income for the period		44,266	5,489
Basic and diluted earnings per share in EUR	25	(0.22)	0.15

* For details refer to Note 2(c) – Changes in accounting policies

The notes presented on pages 8 to 55 form an integral part of these condensed consolidated interim financial statements.

Condensed consolidated interim statement of financial position

As at 30 September 2015

In thousands of EUR ("TEUR")

	Note	30 September 2015	31 December 2014
Assets			
Property, plant and equipment	15	2,184,763	2,245,936
Intangible assets	16	121,903	154,996
Goodwill	16	102,703	96,241
Investment property		2,516	-
Participations with significant influence	17	117,463	127,376
Financial instruments and other financial assets	30	7,350	57,152
<i>of which receivables from the parent company/ultimate parent company</i>		-	-
Trade receivables and other assets	19	9,427	28,999
Deferred tax assets	23	8,105	9,627
Total non-current assets		2,554,230	2,720,327
Inventories	18	92,468	77,022
Extracted minerals and mineral products		6,223	7,926
Trade receivables and other assets	19	322,669	356,919
Financial instruments and other financial assets	30	358,485	553,933
<i>of which receivables from the parent company/ultimate parent company</i>		302,974	548,115
Prepayments and other deferrals		3,643	2,803
Tax receivables	21	24,553	21,441
Cash and cash equivalents	20	203,100	200,978
Assets/disposal groups held for sale	22	23,550	26,131
Total current assets		1,034,691	1,247,153
Total assets		3,588,921	3,967,480
Equity			
Share capital	24	526,663	769,180
Share premium		116,434	116,434
Reserves		(415,355)	(438,802)
Retained earnings		359,436	462,084
Total equity attributable to equity holders		587,178	908,896
Non-controlling interest	26	449,958	462,175
Total equity		1,037,136	1,371,071
Liabilities			
Loans and borrowings	27	1,316,976	1,267,328
<i>of which owed to the parent company/ultimate parent company</i>		-	-
Financial instruments and financial liabilities	30	294	680
Provisions	28	355,606	360,247
Deferred income	29	57,440	63,996
Deferred tax liabilities	23	228,617	240,922
Trade payables and other liabilities	31	75,245	71,951
Total non-current liabilities		2,034,178	2,005,124
Trade payables and other liabilities	31	329,990	350,975
Loans and borrowings	27	68,123	126,430
<i>of which owed to the parent company/ultimate parent company</i>		2,593	2,462
Financial instruments and financial liabilities	30	1,100	830
Provisions	28	77,181	83,248
Deferred income	29	19,239	4,015
Current income tax liability		5,224	9,372
Liabilities from disposal groups held for sale	22	16,750	16,415
Total current liabilities		517,607	591,285
Total liabilities		2,551,785	2,596,409
Total equity and liabilities		3,588,921	3,967,480

The notes presented on pages 8 to 55 form an integral part of these condensed consolidated interim financial statements.

Condensed consolidated interim financial statements of EP Energy, a.s.
as of and for the nine-month period ended 30 September 2015

Condensed consolidated interim statement of changes in equity

For the nine-month period ended 30 September 2015

<i>In thousands of EUR ("TEUR")</i>	Share capital	Share premium	Other capital funds from capital contributions	Non-distributable reserves	Translation reserve	Attributable to owners of the Company Fair value reserve	Other capital reserves	Hedging reserve	Retained earnings	Total	Non-controlling interest	Total Equity
Balance at 1 January 2015 (A)	769,180	116,434	22,538	798	(46,508)	(9,705)	(320,210)	(85,715)	462,084	908,896	462,175	1,371,071
<i>Total comprehensive income for the period:</i>												
Profit or loss (B)	-	-	-	-	-	-	-	-	(4,322)	(4,322)	22,630	18,308
<i>Other comprehensive income:</i>												
Foreign currency translation differences for foreign operations	-	-	-	-	(6,900)	-	-	-	-	(6,900)	(6,872)	(13,772)
Foreign currency translation differences from presentation currency	-	-	-	-	16,127	-	-	-	-	16,127	9,493	25,620
Effective portion of changes in fair value of cash flow hedges, net of tax	-	-	-	-	-	-	-	14,293	-	14,293	-	14,293
Fair value reserve included in other comprehensive income	-	-	-	-	-	(73)	-	-	-	(73)	(110)	(183)
Total other comprehensive income (C)	-	-	-	-	9,227	(73)	-	14,293	-	23,447	2,511	25,958
Total comprehensive income for the period (D) = (B + C)	-	-	-	-	9,227	(73)	-	14,293	(4,322)	19,125	25,141	44,266
<i>Contributions by and distributions to owners:</i>												
Increase (decrease) in share capital	(242,517)	-	-	-	-	-	-	-	-	(242,517)	259	(242,258)
Dividends to equity holders	-	-	-	-	-	-	-	-	(96,156)	(96,156)	(34,684)	(130,840)
Total contributions by and distributions to owners (E)	(242,517)	-	-	-	-	-	-	-	(96,156)	(338,673)	(34,425)	(373,098)
<i>Changes in ownership interests in subsidiaries:</i>												
Effect of acquisitions through business combinations	-	-	-	-	-	-	-	-	-	-	471	471
Effect of changes in shareholdings on non-controlling interests	-	-	-	-	-	-	-	-	(2,170)	(2,170)	(3,404)	(5,574)
Total changes in ownership interests in subsidiaries (F)	-	-	-	-	-	-	-	-	(2,170)	(2,170)	(2,933)	(5,103)
Total transactions with owners (G) = (E + F)	(242,517)	-	-	-	-	-	-	-	(98,326)	(340,843)	(37,358)	(378,201)
Balance at 30 September 2015 (H) = (A + D + G)	526,663	116,434	22,538	798	(37,281)	(9,778)	(320,210)	(71,422)	359,436	587,178	449,958	1,037,136

The notes presented on pages 8 to 55 form an integral part of these condensed consolidated interim financial statements.

Condensed consolidated interim financial statements of EP Energy, a.s.
as of and for the nine-month period ended 30 September 2015

For the nine-month period ended 30 September 2014

<i>In thousands of EUR (“TEUR”)</i>	Attributable to owners of the Company											
	Share capital	Share premium	Other capital funds from capital contributions	Non-distributable reserves	Translation reserve	Fair value reserve	Other capital reserves	Hedging reserve	Retained earnings	Total	Non-controlling interest	Total Equity
Balance at 1 January 2014 (A)	769,180	116,434	22,538	75,891	(53,726)	(219)	(320,210)	(80,231)	445,608	975,265	480,186	1,455,451
<i>Total comprehensive income for the period:</i>												
Profit or loss (B)	-	-	-	-	-	-	-	-	2,977	2,977	3,347	6,324
<i>Other comprehensive income:</i>												
Foreign currency translation differences for foreign operations	-	-	-	-	1,406	-	-	-	-	1,406	-	1,406
Foreign currency translation differences for presentation currency	-	-	-	-	4,024	-	-	-	-	4,024	789	4,813
Effective portion of changes in fair value of cash flow hedges, net of tax	-	-	-	-	-	-	-	(3,600)	-	(3,636)	182	(3,454)
Fair value reserve included in other comprehensive income, net of tax	-	-	-	-	-	(3,636)	-	-	-	(3,600)	-	(3,600)
Total other comprehensive income (C)	-	-	-	-	5,430	(3,636)	-	(3,600)	-	(1,806)	971	(835)
Total comprehensive income for the period (D) = (B + C)	-	-	-	-	5,430	(3,636)	-	(3,600)	2,977	1,171	4,318	5,489
<i>Transfers within equity:</i>												
Transfer from non-distributable reserves (Note 24)	-	-	-	(75,878)	-	-	-	-	75,878	-	-	-
Transfer to non-distributable reserves	-	-	-	785	-	-	-	-	(785)	-	-	-
Total transfers within equity (E)	-	-	-	(75,093)	-	-	-	-	75,093	-	-	-
<i>Contributions by and distributions to owners:</i>												
Dividends to equity holders	-	-	-	-	-	-	-	-	(96,615)	(96,615)	(42,300)	(138,915)
Total contributions by and distributions to owners (F)	-	-	-	-	-	-	-	-	(96,615)	(96,615)	(42,300)	(138,915)
<i>Changes in ownership interests in subsidiaries:</i>												
Effect of acquisitions through business combinations	-	-	-	-	-	-	-	-	-	-	762	762
Effect of changes in ownership of non-controlling interest	-	-	-	-	-	-	-	-	328	328	(328)	-
Total changes in ownership interests in subsidiaries (G)	-	-	-	-	-	-	-	-	328	328	434	762
Total transactions with owners (H) = (E + F + G)	-	-	-	(75,093)	-	-	-	-	(21,194)	(96,287)	(41,866)	(138,153)
Balance at 30 September 2014 (I) = (A + D + H)	769,180	116,434	22,538	798	(48,296)	(3,855)	(320,210)	(83,831)	427,391	880,149	442,638	1,322,787

The notes presented on pages 8 to 55 form an integral part of these condensed consolidated interim financial statements.

Condensed consolidated interim financial statements of EP Energy, a.s.
as of and for the nine-month period ended 30 September 2015

Condensed consolidated interim statement of cash flows

For the nine-month period ended 30 September 2015

<i>In thousands of EUR ("TEUR")</i>	Note	30 September 2015 (nine months)	30 September 2014 (nine months)
OPERATING ACTIVITIES			
Profit (loss) for the period		18,308	6,324
Adjustments for:			
Income taxes	14	19,791	3,839
Depreciation and amortisation	15, 16	207,296	222,525
Dividend income	13	-	(235)
Impairment losses on property, plant and equipment and intangible assets	15	1,294	472
(Gain) loss on disposal of property, plant and equipment, investment property and intangible assets	11, 12	(2,503)	1,144
(Gain) loss on disposal of inventories	11	(1,036)	(451)
Emission rights	9	18,534	15,768
Share of profit (loss) of equity accounted investees	17	545	1,243
(Gain) loss on financial instruments	13	965	(2,967)
Net interest expense	13	45,176	48,018
Change in allowance for impairment to trade receivables and other assets, write-offs		2,879	2,011
Change in provisions		(8,325)	(29,138)
Unrealised foreign exchange (gains)/losses, net		(19,999)	(99)
Operating profit before changes in working capital		282,925	268,454
Change in financial instruments at other than fair value		15,317	(66,984)
Change in trade receivables and other assets		35,803	56,528
Change in inventories (including proceeds from sale)		(15,432)	(8,039)
Change in extracted minerals and mineral products		1,703	190
Change in assets held for sale and related liabilities		2,916	3,111
Change in trade payables and other liabilities		(16,342)	(26,946)
Cash generated from (used in) operations		306,890	226,314
Interest paid		(33,817)	(36,710)
Income taxes paid		(35,281)	(49,902)
Cash flows generated from (used in) operating activities		237,792	139,702
INVESTING ACTIVITIES			
Received dividends from equity accounted investees		1,550	4,183
Proceeds from sale of financial instruments – derivatives		(481)	7,927
Acquisition of property, plant and equipment and intangible assets	15, 16	(128,212)	(84,271)
Purchase of emission rights		(934)	(7,341)
Proceeds from sale of emission rights		144	1,169
Proceeds from sale of property, plant and equipment, investment property and other intangible assets		6,001	3,221
Acquisition of subsidiaries and special purpose entities, net of cash acquired		(3,645)	(2,326)
Increase in participation in existing subsidiaries and special purpose entities		(5,315)	-
Interest received		802	330
Cash flows from (used in) investing activities		(130,090)	(77,108)
FINANCING ACTIVITIES			
Proceeds from loans received		242,361	83,878
Repayment of borrowings		(256,635)	(119,365)
Proceeds from bonds issued		-	-
Dividends paid		(93,942)	(143,851)
Cash flows from (used in) financing activities		(108,216)	(179,338)
<i>Net increase (decrease) in cash and cash equivalents</i>		<i>(514)</i>	<i>(116,744)</i>
Cash and cash equivalents at beginning of the period		200,978	283,069
Effect of exchange rate fluctuations on cash held		2,636	(527)
Cash and cash equivalents at end of the period		203,100	165,798

Notes to the condensed consolidated interim financial statements

1. Background

EP Energy, a.s. (the “Parent Company” or the “Company” or “EPE” or “energy subholding”) is a joint-stock company, with its registered office at Příkop 843/4, 602 00 Brno, Czech Republic. The Company was founded by Energetický a průmyslový holding, a.s. (“EPH”) on 16 December 2010 as a subsidiary that will hold/consolidate investments in entities belonging to the energy segment of Energetický a průmyslový holding, a.s. and its subsidiaries (the “EPH Group”).

The energy subholding was established to separate the strategic energy assets from other business activities of the EPH Group.

The share capital at the establishment of the Company of EUR 763,650 thousand was settled by a non-cash consideration in the form of shares in Honor Invest, a.s.⁽²⁾, AISE, s.r.o., První energetická a.s.⁽¹⁾, Czech Energy Holding, a.s.⁽²⁾, Plzeňská energetika a.s., ROLLEON a.s., VTE Moldava II, a.s. (previously EP Renewables a.s.) and HC Fin3 N.V.⁽²⁾

On 26 August 2013 the share capital of EPE increased by a cash contribution of EUR 1,171 thousand based on a decision of the Company’s shareholder.

On 4 November 2013 the EPE Group completed the process of the cross-border merger of Honor Invest⁽²⁾, a.s., Czech Energy Holding, a.s.⁽²⁾, HC Fin3 N.V.⁽²⁾, EAST BOHEMIA ENERGY HOLDING LIMITED⁽²⁾, LIGNITE INVESTMENTS 1 LIMITED⁽²⁾ and EP Energy, a.s.

EP Energy, a.s. is the successor company and took over all assets, rights and obligations of the merged companies. As a result of the merger, on 4 November 2013 the Company’s nominal value of shares increased from CZK 1,000 to CZK 1,001 and the share capital of the Company thus increased by EUR 735 thousand.

On 18 December 2013 the shareholder of the Company decided to increase share capital by EUR 3,624 thousand which was settled by a contribution of EPH Financing II, a.s.⁽³⁾ and a receivable relating to a shareholder loan used to co-finance the acquisition of a 49% share (associated with a management control) in Stredoslovenská energetika, a.s. As a result of this transaction the Company also recorded a share premium of EUR 116,434 thousand.

On 24 January 2014, CE Energy, a.s., a 100% subsidiary of EPH, acquired all of the outstanding shares of EP Energy, a.s. from its sole shareholder EPH.

On 5 February 2015 the Company completed a process of decrease of share capital by EUR 242,517 thousand due to the capital structure optimisation. As a result of this transaction nominal value of shares decreased from CZK 1,001 per share to CZK 657 per share.

The condensed consolidated interim financial statements of the Company for the nine-month period ended 30 September 2015 include the statements of the Parent Company and its subsidiaries and the Group’s interests in associates (together referred to as the “Group” or the “EPE Group”). The Group entities are listed in Note 34 – Group entities.

- (1) *První energetická a.s. merged with EP ENERGY TRADING, a.s. as at 1 January 2013. EP ENERGY TRADING, a.s. is the successor company.*
- (2) *Honor Invest, a.s., Czech Energy Holding, a.s., EAST BOHEMIA ENERGY HOLDING LIMITED, LIGNITE INVESTMENTS 1 LIMITED and HC Fin3 N.V. merged with EP Energy, a.s. as at 4 November 2013. EP Energy, a.s. is the successor company.*
- (3) *EPH Financing II, a.s. merged with EP Energy, a.s. as at 25 August 2014. EP Energy, a.s. is the successor company.*

The shareholder of the Company as at 30 September 2015 was as follows:

	Interest in share capital		Voting rights	
	TEUR	%		%
CE Energy, a.s.	526,663	100.00		100.00
Total	526,663	100.00		100.00

The shareholder of the Company as at 31 December 2014 was as follows:

	Interest in share capital		Voting rights	
	TEUR	%		%
CE Energy, a.s.	769,180	100.00		100.00
Total	769,180	100.00		100.00

The shareholders of Energetický a průmyslový holding, a.s., the parent company of CE Energy, a.s. and ultimate parent of EP Energy, a.s. as at 30 September 2015 and 31 December 2014 were as follows:

	Interest in share capital %		Voting rights %	
	30 September 2015	31 December 2014	30 September 2015	31 December 2014
BIQUES LIMITED (part of J&T PARTNERS I L.P.)	18.52	18.52	33.33	33.33
EP Investment S.à r.l (owned by Daniel Křetínský)	18.52	18.52	33.33	33.33
MILEES LIMITED (part of J&T PARTNERS II L.P.)	18.52	18.52	33.33	33.33
Own shares ⁽¹⁾	44.44	44.44	-	-
Total	100.00	100.00	100.00	100.00

(1) In 2014 the parent company EPH acquired 44.44% of its own shares from TIMEWORTH HOLDINGS LIMITED. As of 30 September 2015 these shares were reported within EPH's equity as the shares were not yet cancelled.

The members of the Board of Directors as at 30 September 2015 were:

- Daniel Křetínský (Chairman of the Board of Directors)
- Jan Špringl (Vice-chairman of the Board of Directors)
- Marek Spurný (Member of the Board of Directors)
- Pavel Horský (Member of the Board of Directors)
- Jiří Feist (Member of the Board of Directors)
- Tomáš David (Member of the Board of Directors)

Information relating to the establishment of the ultimate parent company Energetický a průmyslový holding, a.s. and its shareholder structure was disclosed in the 2010 consolidated financial statements of Energetický a průmyslový holding, a.s. published on 20 May 2011.

As the Company was established by its parent Energetický a průmyslový holding, a.s. under the common control principle, the Company opted to restate its comparatives, i.e. reported the entities contributed to the share capital of the Company as at 16 December 2010 as if contributed by the parent company on the date when the respective entities were acquired by the EPH Group or were contributed to the EPH Group.

Under Czech law the non-cash contribution to the share capital must be valued by an independent valuation specialist. The difference between the value contributed to the statutory share capital as determined by the independent valuation specialist and net book value (after potential fair value adjustments recorded during the Purchase Price Allocation process when acquired by EPH) of the contributed entity as of the date when acquired or contributed by the parent company was presented as a pricing difference in Other capital reserves in Equity.

2. Basis of preparation

(a) Statement of compliance

These condensed consolidated interim financial statements have been prepared in accordance with international accounting standards (International Accounting Standards – IAS and International Financial Reporting Standards – IFRS), specifically IAS 34 Interim Financial Reporting issued by International Accounting Standards Board (IASB), as adopted by the European Union. These statements do not include all the information required for a complete set of IFRS financial statements, and should be read in conjunction with the consolidated financial statements of the EPE Group as of and for the year ended 31 December 2014.

These condensed consolidated interim financial statements were approved by the Board of Directors on 27 November 2015.

(b) Critical accounting estimates and assumptions

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

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

In preparing these condensed consolidated interim financial statements, the significant judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the consolidated financial statements as of and for the year ended 31 December 2014.

(c) Changes in accounting policies

Except as described below, the accounting policies applied in these condensed consolidated interim financial statements are the same as those applied in the Group's consolidated financial statements as at and for the year ended 31 December 2014. The following changes in accounting policies are also expected to be reflected in the Group's consolidated financial statements as at and for the year ending 31 December 2015.

In 2014 the Group implemented new accounting policy related to derivatives where underlying asset is a commodity (for detail refer to the consolidated financial statements as at 31 December 2014 published on 28 April 2015). Therefore the Group opted to restate its comparatives (condensed consolidated interim statement of comprehensive income) presented in these condensed consolidated interim financial statements.

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

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

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

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

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

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

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

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

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

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

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

(d) Basis of preparation

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

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

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

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

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

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

Date	Closing exchange rate CZK/EUR	Average exchange rate CZK/EUR for the 9-month (12-month) period
30 September 2015	27.180	27.357
31 December 2014	27.725	27.533
30 September 2014	27.500	27.504
31 December 2013	27.425	25.974

3. Seasonality of operations

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

4. Operating segments

The Group operates in five reportable segments: Mining, Heat and Power, Renewables, Power Distribution and Supply and Other. Mining, Heat and Power and Power Distribution and Supply are the core segments of the Group.

i. Mining

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

ii. Heat and Power

The Heat and Power segment owns and operates four large-scale combined heat and power plants (CHPs) in the Czech Republic operated in highly efficient cogeneration mode and represented primarily by: Elektrárny Opatovice, a.s., United Energy, a.s., Plzeňská energetika a.s. and Pražská teplárenská a.s., which is operating the largest district heating system in the Czech Republic, supplying heat to the City of Prague. The heat generated in its cogeneration power plants is supplied mainly to retail customers through well maintained and robust district heating systems that the EPE Group owns in most of the cases. The segment also includes Saale Energie GmbH purchased in 2012, which owns 41.9% of the Schkopau-power plant representing a beneficial use right over 400MW of the plant's total capacity of 900MW. In December 2013, the EPE Group acquired a 100% share in Helmstedter Revier GmbH which operates a condensation mode power plant Buschhaus with an installed capacity of 390MW.

iii. Renewables

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

iv. Power Distribution and Supply

The Power Distribution and Supply segment consists of a Power Distribution division and a Supply division. The Supply division supplies power and natural gas to end-consumers in the Czech Republic and Slovakia. The Power Distribution division purchases and sells in the wholesale market power generated by the Heat and Power segment and purchases from external sources and purchases electricity and natural gas to supply customers through the Supply division. In addition, this segment distributes electricity in the central Slovakia region. This segment is mainly represented by Stredoslovenská energetika Group, EP Coal Trading, a.s., EP Cargo a.s. and EP ENERGY TRADING, a.s.

v. Other

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

Condensed consolidated interim financial statements of EP Energy, a.s.
as of and for the nine-month period ended 30 September 2015

Profit or loss

For the nine-month period ended 30 September 2015

In thousands of EUR

	Mining	Heat and power	Power distribution and supply	Renewables	Other	Total segments	Inter-segment eliminations	Consolidated financial information
Sales: Energy	235,625	440,012	1,200,659	5,062	-	1,881,358	(239,015)	1,642,343
<i>external revenues</i>	196,054	309,804	1,131,696	4,789	-	1,642,343	-	1,642,343
<i>inter-segment revenues</i>	39,571	130,208	68,963	273	-	239,015	(239,015)	-
Sales: Other	51,415	14,165	17,152	-	3,165	85,897	(9,549)	76,348
<i>external revenues</i>	42,903	14,022	16,936	-	2,487	76,348	-	76,348
<i>inter-segment revenues</i>	8,512	143	216	-	678	9,549	(9,549)	-
Gain (loss) from commodity derivatives from trading with electricity and gas, net	-	-	10,363	-	-	10,363	-	10,363
Total sales	287,040	454,177	1,228,174	5,062	3,165	1,977,618	(248,564)	1,729,054
Cost of sales: Energy	(46,886)	(252,391)	(1,011,967)	(278)	-	(1,311,522)	190,579	(1,120,943)
<i>external cost of sales</i>	(43,219)	(195,902)	(881,557)	(265)	-	(1,120,943)	-	(1,120,943)
<i>inter-segment cost of sales</i>	(3,667)	(56,489)	(130,410)	(13)	-	(190,579)	190,579	-
Cost of sales: Other	(7,598)	(22,274)	(43,967)	(22)	(2,057)	(75,918)	54,301	(21,617)
<i>external cost of sales</i>	(7,598)	(9,364)	(2,587)	(18)	(2,050)	(21,617)	-	(21,617)
<i>inter-segment cost of sales</i>	-	(12,910)	(41,380)	(4)	(7)	(54,301)	54,301	-
Personnel expenses	(101,686)	(61,439)	(29,261)	(99)	(1,492)	(193,977)	-	(193,977)
Depreciation and amortisation	(74,208)	(76,464)	(54,006)	(2,584)	(34)	(207,296)	-	(207,296)
Repairs and maintenance	(2,610)	(1,746)	(1,210)	(319)	(9)	(5,894)	235	(5,659)
Emission rights, net	(5,458)	(13,080)	4	-	-	(18,534)	-	(18,534)
Taxes and charges	(6,995)	(1,386)	(710)	(109)	(5)	(9,205)	-	(9,205)
Other operating income	20,769	18,614	14,817	307	388	54,895	(809)	54,086
Other operating expenses	(48,736)	(28,357)	(33,205)	(897)	(1,100)	(112,295)	4,203	(108,092)
Operating profit	13,632	15,654	68,669	1,061	(1,144)	97,872	(55)	97,817
Finance income	913	4,036	159	-	*119,087	*124,195	*(111,451)	12,744
<i>external finance revenues</i>	101	2,428	94	-	10,121	12,744	-	12,744
<i>inter-segment finance revenues</i>	812	1,608	65	-	*108,966	*111,451	*(111,451)	-
Finance expense	(21,585)	(13,951)	(3,597)	(1,721)	(68,755)	(109,609)	38,657	(70,952)
Profit (loss) from derivative financial instruments	-	483	278	(84)	(1,642)	(965)	-	(965)
Share of profit (loss) of equity accounted investees, net of tax	1,297	(2,021)	179	-	-	(545)	-	(545)
Profit (loss) before income tax	(5,743)	4,201	65,688	(744)	47,546	110,948	*(72,849)	38,099
Income tax expenses	3,466	(5,127)	(15,003)	(54)	(3,073)	(19,791)	-	(19,791)
Profit (loss) for the period	(2,277)	(926)	50,685	(798)	44,473	91,157	*(72,849)	18,308

* EUR 72,963 thousand is attributable to inter-group dividends primarily recognised by EP Energy, a.s.

Other financial information:

EBITDA ⁽¹⁾	87,840	92,118	122,675	3,645	(1,110)	305,168	(55)	305,113
Adjusted EBITDA ⁽²⁾	87,840	98,370	122,675	3,645	(1,110)	311,420	(55)	311,365

1) EBITDA represents profit from operations plus depreciation of property, plant and equipment and amortisation of intangible assets (negative goodwill not included, if applicable).

2) See further in this note the reconciliation of Adjusted EBITDA.

Condensed consolidated interim financial statements of EP Energy, a.s.
as of and for the nine-month period ended 30 September 2015

For the nine-month period ended 30 September 2014

<i>In thousands of EUR</i>	Mining	Heat and power	Power distribution and supply	Renewables	Other	Total segments	Inter-segment eliminations	Consolidated financial information
Sales: Energy	255,965	434,987	1,077,711	4,612	-	1,773,275	(195,464)	1,577,811
<i>external revenues</i>	208,351	352,539	1,012,511	4,410	-	1,577,811	-	1,577,811
<i>inter-segment revenues</i>	47,614	82,448	65,200	202	-	195,464	(195,464)	-
Sales: Other	51,124	13,338	22,135	121	2,504	89,222	(9,064)	80,158
<i>external revenues</i>	42,819	13,327	21,999	121	1,892	80,158	-	80,158
<i>inter-segment revenues</i>	8,305	11	136	-	612	9,064	(9,064)	-
Gain (loss) from commodity derivatives from trading with electricity and gas, net	-	-	10,716	-	-	10,716	-	10,716
Total sales	307,089	448,325	1,110,562	4,733	2,504	1,873,213	(204,528)	1,668,685
Cost of sales: Energy	(39,149)	(242,805)	(944,221)	(275)	-	(1,226,450)	157,258	(1,069,192)
<i>external cost of sales</i>	(26,207)	(181,132)	(861,578)	(275)	-	(1,069,192)	-	(1,069,192)
<i>inter-segment cost of sales</i>	(12,942)	(61,673)	(82,643)	-	-	(157,258)	157,258	-
Cost of sales: Other	(8,216)	(17,089)	(56,430)	(26)	(535)	(82,296)	43,309	(38,987)
<i>external cost of sales</i>	(8,216)	(17,089)	(13,121)	(26)	(535)	(38,987)	-	(38,987)
<i>inter-segment cost of sales</i>	-	-	(43,309)	-	-	(43,309)	43,309	-
Personnel expenses	(97,720)	(62,963)	(26,855)	(251)	(1,090)	(188,879)	-	(188,879)
Depreciation and amortisation	(79,247)	(84,410)	(56,225)	(2,603)	(40)	(222,525)	-	(222,525)
Repairs and maintenance	(1,427)	(7,882)	(1,182)	(324)	(8)	(10,823)	244	(10,579)
Emission rights, net	(5,465)	(10,305)	2	-	-	(15,768)	-	(15,768)
Taxes and charges	(7,017)	(1,334)	(724)	(103)	(6)	(9,184)	-	(9,184)
Other operating income	21,313	18,961	3,986	(504)	206	43,962	843	44,805
Other operating expenses	(53,751)	(23,600)	(21,346)	(1,032)	(2,953)	(102,682)	3,169	(99,513)
Operating profit	36,410	16,898	7,567	(385)	(1,922)	58,568	295	58,863
Finance income	1,173	9,009	460	409	*359,964	*371,015	*(343,131)	27,884
<i>external finance revenues</i>	913	7,466	416	409	18,680	27,884	-	27,884
<i>inter-segment finance revenues</i>	260	1,543	44	-	*341,284	*343,131	*(343,131)	-
Finance expense	(18,387)	(35,502)	(3,297)	(2,140)	(54,174)	(113,500)	35,192	(78,308)
Profit (loss) from derivative financial instruments	-	(12)	2,047	(91)	1,023	2,967	-	2,967
Share of profit (loss) of equity accounted investees, net of tax	-	(1,243)	-	-	-	(1,243)	-	(1,243)
Profit (loss) before income tax	19,196	(10,850)	6,777	(2,207)	304,891	317,807	*(307,644)	10,163
Income tax expenses	(3,317)	(569)	314	(253)	(14)	(3,839)	-	(3,839)
Profit (loss) for the period	15,879	(11,419)	7,091	(2,460)	304,877	313,968	*(307,644)	6,324

* EUR 282,997 thousand is attributable to inter-group dividends primarily recognised by EP Energy, a.s.

Other financial information:

EBITDA ⁽¹⁾	115,657	101,308	63,792	2,218	(1,882)	281,093	295	281,388
Adjusted EBITDA ⁽²⁾	115,657	107,601	63,792	2,218	(1,882)	287,386	295	287,681

1) EBITDA represents profit from operations plus depreciation of property, plant and equipment and amortisation of intangible assets (negative goodwill not included, if applicable).

2) See further in this note the reconciliation of Adjusted EBITDA.

Condensed consolidated interim financial statements of EP Energy, a.s.
as of and for the nine-month period ended 30 September 2015

EBITDA reconciliation to the closest IFRS measure

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

For the period ended 30 September 2015

In thousands of EUR

	Mining	Heat and power	Power distribution and supply	Renewables	Other	Total segments	Inter-segment eliminations	Consolidated financial information
Profit from operations	13,632	15,654	68,669	1,061	(1,144)	97,872	(55)	97,817
Depreciation and amortisation	(74,208)	(76,464)	(54,006)	(2,584)	(34)	(207,296)	-	(207,296)
EBITDA	87,840	92,118	122,675	3,645	(1,110)	305,168	(55)	305,113
Adjusted EBITDA⁽¹⁾	87,840	98,370	122,675	3,645	(1,110)	311,420	(55)	311,365

1) Adjusted EBITDA represents EBITDA as calculated above further adjusted to exclude the items related to Saale Energie (Heat and power segment), which lead to an EUR 6,252 thousand decrease to EBITDA in the nine-month period ended 30 September 2015, which, due to the accounting treatment of the specific contractual arrangement with Schkopau, are charged to operating costs of Saale Energie but relate to entries that would otherwise not be included in EBITDA.

For the period ended 30 September 2014

In thousands of EUR

	Mining	Heat and power	Power distribution and supply	Renewables	Other	Total segments	Inter-segment eliminations	Consolidated financial information
Profit from operations	36,410	16,898	7,567	(385)	(1,922)	58,568	295	58,863
Depreciation and amortisation	(79,247)	(84,410)	(56,225)	(2,603)	(40)	(222,525)	-	(222,525)
EBITDA	115,657	101,308	63,792	2,218	(1,882)	281,093	295	281,388
Adjusted EBITDA⁽¹⁾	115,657	107,601	63,792	2,218	(1,882)	287,386	295	287,681

1) Adjusted EBITDA represents EBITDA as calculated above further adjusted to exclude the items related to Saale Energie, which lead to an EUR 6,293 thousand decrease to EBITDA in the nine-month period ended 30 September 2014, which, due to the accounting treatment of the specific contractual arrangement with Schkopau, are charged to operating costs of Saale Energie but relate to entries that would otherwise not be included in EBITDA.

Condensed consolidated interim financial statements of EP Energy, a.s.
as of and for the nine-month period ended 30 September 2015

Segment assets and liabilities

As at and for the period ended 30 September 2015

In thousands of EUR

	Mining	Heat and power	Power distribution and supply	Renewables	Other	Total segments	Inter-segment eliminations	Consolidated financial information
Reportable segment assets	874,665	1,277,098	1,194,218	54,030	1,297,680	4,697,691	(1,108,770)	3,588,921
Reportable segment liabilities	(801,274)	(872,447)	(435,723)	(56,390)	(1,495,088)	(3,660,922)	1,109,137	(2,551,785)
Additions to tangible and intangible assets	33,828	78,486	28,885	127	32	141,358	-	141,358
Additions to tangible and intangible assets (excl. emission rights)	32,894	66,274	28,885	127	32	128,212	-	128,212
Equity accounted investees	23,967	92,175	1,321	-	-	117,463	-	117,463

As at and for the year ended 31 December 2014

In thousands of EUR

	Mining	Heat and power	Power distribution and supply	Renewables	Other	Total segments	Inter-segment eliminations	Consolidated financial information
Reportable segment assets	861,846	1,322,396	1,223,923	62,481	1,500,522	4,971,168	(1,003,688)	3,967,480
Reportable segment liabilities	(769,923)	(884,613)	(457,741)	(65,987)	(1,421,801)	(3,600,065)	1,003,656	(2,596,409)
Additions to tangible and intangible assets	52,231	78,373	30,610	497	18	161,729	-	161,729
Additions to tangible and intangible assets (excl. emission rights)	50,486	52,083	30,610	497	18	133,694	-	133,694
Equity accounted investees	24,220	103,156	-	-	-	127,376	-	127,376

Condensed consolidated interim financial statements of EP Energy, a.s.
as of and for the nine-month period ended 30 September 2015

Information about geographical areas

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

As at and for the period ended 30 September 2015

In thousands of EUR

	Czech Republic	Slovakia	Germany	Other	Total segments	Consolidated financial information
Property, plant and equipment	684,189	833,738	666,833	3	2,184,763	2,184,763
Intangible assets	133,169	23,143	68,294	-	224,606	224,606
Investment property	2,516	-	-	-	2,516	2,516
Total	819,874	856,881	735,127	3	2,411,885	2,411,885

In thousands of EUR

	Czech Republic	Slovakia	Germany	Other	Total segments	Consolidated financial information
Sales: Electricity	206,510	614,530	111,656	94,381	1,027,077	1,027,077
Sales: Coal	23,284	784	184,008	17,259	225,335	225,335
Sales: Gas	115,277	48,116	9,425	25,309	198,127	198,127
Sales: Heat	190,116	-	1,688	-	191,804	191,804
Sales: Other	16,828	4,927	48,060	6,533	76,348	76,348
Gain (loss) from commodity derivatives from trading with electricity and gas, net	10,363	-	-	-	10,363	10,363
Total	562,378	668,357	354,837	143,482	1,729,054	1,729,054

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

Condensed consolidated interim financial statements of EP Energy, a.s.
as of and for the nine-month period ended 30 September 2015

For the year ended 31 December 2014

<i>In thousands of EUR</i>	Czech Republic	Slovakia	Germany	Other	Total segments	Consolidated Financial Information
Property, plant and equipment	674,336	861,468	710,129	3	2,245,936	2,245,936
Intangible assets	135,270	25,873	90,094	-	251,237	251,237
Total	809,606	887,341	800,223	3	2,497,173	2,497,173

For the period ended 30 September 2014

<i>In thousands of EUR</i>	Czech Republic	Slovakia	Germany	Other	Total segments	Consolidated Financial Information
Sales: Electricity	233,467	636,259	169,969	15,447	1,055,142	1,055,142
Sales: Coal	1,648	419	195,944	1,110	199,121	199,121
Sales: Gas	138,150	5,499	-	408	144,057	144,057
Sales: Heat	177,607	-	1,642	-	179,249	179,249
Sales: Other energy products	242	-	-	-	242	242
Sales: Other	20,235	2,475	45,947	11,501	80,158	80,158
Gain (loss) from commodity derivatives from trading with electricity and gas, net	10,716	-	-	-	10,716	10,716
Total	582,065	644,652	413,502	28,466	1,668,685	1,668,685

The geographical area “Other” comprises income items primarily from Poland and Luxemburg.

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

As described in the Note 1 – Background, the Company was established on 16 December 2010 by a common control contribution of shares in entities owned by the parent company Energetický a průmyslový holding, a.s. and the Company, as a part of its accounting policy on common control transactions, opted to restate its comparatives. For the purpose of preparation of these condensed consolidated interim financial statements, the contributions by the parent company are presented using one of the following two methods:

1. If the contributed entities were previously acquired by the parent company Energetický a průmyslový holding, a.s. under the scope of IFRS 3, the Company presents the contributed entities in its consolidated financial statements under the scope of IFRS 3 from the original date of acquisition by the parent company Energetický a průmyslový holding, a.s. From the view of the EPE Group consolidated financial statements, these transactions are reflected as if carried out directly by the Company, including all goodwill or negative goodwill impacts. The difference between the value contributed to the statutory share capital of the Company as determined by the independent valuation specialist, and net book value (including fair value adjustments as part of the net book value in EPH's consolidated financial statements) of the contributed entity in EPH's consolidated financial statement as at the date when acquired by the parent company, was presented as a pricing difference in Other capital reserves in Equity. This approach relates to the following entities:
 - a. AISE, s.r.o. (acquired by EPH on 8 October 2009)
 - b. PT Holding Investment B.V. and its associates (acquired by EPH on 20 September 2010)
 - c. Plzeňská energetika a.s. (acquired by EPH on 6 October 2009)
 - d. VTE Moldava II, a.s. (former EP Renewables a.s.) and its subsidiaries (acquired by EPH on 1 September 2010)
 - e. ROLLEON a.s. and its subsidiary (acquired by EPH on 6 October 2009)
 - f. HC Fin3 N.V.⁽²⁾ (acquired by EPH on 16 March 2010) including:
 - (a) EAST BOHEMIA ENERGY HOLDING LIMITED⁽²⁾ and its subsidiaries (acquired by EPH on 31 December 2010)
 - (b) LIGNITE INVESTMENTS 1 LIMITED⁽²⁾ and its joint-venture (acquired by EPH on 28 June 2011)
2. If the contributed entities were previously acquired by the parent company Energetický a průmyslový holding, a.s. in a transaction under common control, the Company presents the contributed entities in its consolidated financial statements as common control acquisition from the original date of acquisition by the parent company Energetický a průmyslový holding, a.s. The difference between the value contributed to the statutory share capital of the Company as determined by the independent valuation specialist and the net book value of the contributed entity as at the date when contributed to the parent company was presented as a pricing difference in Other capital reserves in Equity. This approach relates to the following entities:
 - a. Czech Energy Holding, a.s.⁽²⁾ and its subsidiaries and associate (acquired by EPH on 6 October 2009)
 - b. Honor Invest, a.s.⁽²⁾ and its associate Pražská energetika, a.s. (acquired by EPH on 10 August 2009)
 - c. První energetická a.s.⁽¹⁾ (acquired by EPH on 6 October 2009)

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

(2) *Honor Invest, a.s., Czech Energy Holding, a.s., HC Fin3 N.V., EAST BOHEMIA ENERGY HOLDING LIMITED and LIGNITE INVESTMENTS 1 LIMITED merged with EP Energy, a.s. as at 4 November 2013. EP Energy, a.s. is the successor company.*

(a) Acquisitions

i. 30 September 2015

In thousands of EUR

	Date of acquisition	Purchase price	Cash paid	Other consid-eration	Equity interest acquired %	Equity interest after acquisition %
New subsidiaries						
LokoTrain s.r.o.	21/07/2015	1,108	(1,108)	-	65	65
Optimum Energy, s.r.o.	01/08/2015	4,890	(4,890)	-	100	100
Total		5,998	(5,998)	-	-	-

Acquisition of non-controlling interest

On 28 January 2015 NPTH, a.s. acquired a 0.35% share and on 30 March 2015 additional 0.07% share in Pražská teplárenská a.s. This transaction resulted in change of ownership interest from 73.40% to 73.82% share and derecognition of non-controlling interest in amount of EUR 1,221 thousand.

On 16 September 2015 EPE acquired a 40% share in EP Cargo a.s. for EUR 3,947 thousand and became a 100% shareholder. As a result of this transaction the Group derecognised non-controlling interest in amount of EUR 2,183 thousand.

ii. 31 December 2014

In thousands of EUR

	Date of acquisition	Purchase price	Purchase price liability	Other consid-eration	Equity interest acquired %	Equity interest after acquisition %
New subsidiaries						
EP Cargo a.s.	31/07/2014	5,803	(5,803)	-	60	60
Total		5,803	(5,803)	-	-	-

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

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

Acquisition of non-controlling interest

On 3 July 2014 Severočeská teplárenská, a.s., a subsidiary of United Energy, a.s., acquired the final 2.37% share in PRVNÍ MOSTECKÁ a.s. for EUR 313 thousand, which resulted in change of ownership interest to 100% share and derecognition of non-controlling interest in amount of EUR 313 thousand.

(b) Effect of acquisitions

i. 30 September 2015

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

<i>In thousands of EUR</i>	Carrying amount⁽¹⁾	Fair value adjustment⁽²⁾	2015 Total⁽¹⁾
Property, plant, equipment, land, buildings	238	-	238
Intangible assets	25	-	25
Trade receivables and other assets	12,088	-	12,088
Cash and cash equivalents	2,353	-	2,353
Loans and borrowings	(21)	-	(21)
Trade payables and other liabilities	(12,869)	-	(12,869)
Net identifiable assets and liabilities	1,814	-	1,814
Non-controlling interest			(471)
Goodwill on acquisitions of a subsidiary			4,655
Cost of acquisition			5,998
Consideration paid (A)			5,998
Total consideration transferred			5,998
Less: Cash acquired (B)			2,353
Net cash inflow (outflow) (C) = (B – A)			(3,645)

(1) Represents values at 100% share.

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

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

ii. 31 December 2014

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

<i>In thousands of EUR</i>	Carrying amount⁽¹⁾	Fair value adjustment⁽²⁾	2014 Total⁽¹⁾
Property, plant, equipment, land, buildings	129	-	129
Trade receivables and other assets	3,687	-	3,687
Financial instruments – assets	300	-	300
Cash and cash equivalents	3,477	-	3,477
Trade payables and other liabilities	(5,698)	-	(5,698)
Net identifiable assets and liabilities	1,895	-	1,895
Non-controlling interest			(758)
Goodwill on acquisitions of a subsidiary			4,666
Cost of acquisition			5,803
Consideration paid (A)			-
Purchase price liability, not yet settled ⁽³⁾			5,803
Total consideration transferred			5,803
Less: Cash acquired (B)			3,477
Net cash inflow (outflow) (C) = (B – A)			3,477

(1) Represents values at 100% share.

(2) The result of purchase price allocation was not significant and therefore management of the Group decided not to recognise any fair value adjustments resulting from business combinations in 2014.

(3) As at 31 December 2014 the purchase price was not settled and is classified as liability (refer to Note 31 – Trade payables and other liabilities).

In 2014, the EPE Group completed the Purchase Price Allocation (“PPA”) process for SSE which did not result in any change of fair value of acquired net assets, however classification of certain fixed assets was updated. For details on the restated opening balances of fixed assets please refer to the Note 15 – Property, plant and equipment.

iii. Rationale for acquisitions

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

- The subsidiaries’ businesses are complementary to EPE’s portfolio;
- Potential for synergic effects;
- The subsidiaries have an advantageous position within the market;
- Subject industries are expected to grow in the future;
- Further vertical integration of the Heat and Power segment with the Mining segment, i.e. securing coal supplies for own coal heating plants.

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

The Group’s view is that there is long-term strategic value in these investments due to development of the market. As at 30 September 2015 the Group reported goodwill in total amount of EUR 102,703 thousand (31 December 2014: EUR 96,241 thousand). The increase in the total amount of goodwill compared to prior year balance was caused by acquisition of LokoTrain s.r.o. (EUR 235 thousand), Optimum Energy, s.r.o. (EUR 4,420 thousand) and changes in foreign exchange rate of CZK compared to EUR.

For the nine-month period ended 30 September 2015 the Group did not recognise any negative goodwill (30 September 2014: EUR 0 thousand).

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

<i>In thousands of EUR</i>	30 September 2015
	Total
Revenue of the acquirees recognised since the acquisition date (subsidiaries)	1,610
Profit (loss) of the acquirees recognised since the acquisition date (subsidiaries)	121

<i>In thousands of EUR</i>	30 September 2014
	Total
Revenue of the acquirees recognised since the acquisition date (subsidiaries)	4,575
Profit (loss) of the acquirees recognised since the acquisition date (subsidiaries)	413

The following table provides information on the estimated revenues and profit or loss that would have been included in the consolidated statement of comprehensive income, if the acquisition had occurred at the beginning of the reporting period (i.e. as at 1 January 2015 or as at 1 January 2014); this financial information was derived from the statutory or IFRS financial statements of the acquired entities.

<i>In thousands of EUR</i>	2015 Total
Revenue of the acquirees recognised in the period ended 30 September 2015 (subsidiaries)*	15,805
Profit (loss) of the acquirees recognised in the period ended 30 September 2015 (subsidiaries)*	551

<i>In thousands of EUR</i>	2014 Total
Revenue of the acquirees recognised in the period ended 30 September 2014 (subsidiaries)*	21,346
Profit (loss) of the acquirees recognised in the period ended 30 September 2014 (subsidiaries)*	2,428

* *Before intercompany eliminations*

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

(c) Business combinations – acquisition accounting 2015 and 2014

The acquiree's identifiable assets, liabilities and contingent liabilities were recognised and measured at their fair values at the acquisition date; in line with the above, the established fair values were subsequently reported in the condensed consolidated interim financial statements of the Company. Allocation of the total purchase price among the net assets acquired for financial statement reporting purposes was performed with the support of professional advisors.

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

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

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

The fair value adjustments resulting from the purchase price allocation were not significant and therefore management of the Group decided not to recognise any fair value adjustment resulting from the business combinations in the years 2015 or 2014.

(d) Disposal of investments in 2015 and 2014

For the period ended 30 September 2015 and for the year ended 31 December 2014 the Group did not dispose of any material investment.

6. Sales

In thousands of EUR

	30 September 2015 (nine months)	30 September 2014 (nine months) Restated
Sales: Energy		
Electricity	1,027,077	1,055,142
Coal	225,335	199,121
Gas	198,127	144,057
Heat	191,804	179,249
Other energy products	-	242
Total Energy	1,642,343	1,577,811
Sales: Other	76,348	80,158
Gain (loss) from commodity derivatives for trading with electricity and gas, net	10,363	10,716
Total	1,729,054	1,668,685
Domestic revenues	562,378	582,064
Foreign sales	1,166,676	1,086,621
Total	1,729,054	1,668,685

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

7. Cost of sales

In thousands of EUR

	30 September 2015 (nine months)	30 September 2014 (nine months) Restated
Cost of Sales: Energy		
Cost of sold electricity	652,094	709,766
Cost of sold/consumed gas and other energy products	255,840	151,744
Consumption of coal and other material ⁽¹⁾	134,941	140,074
Consumption of energy	59,408	52,472
Other cost of sales	18,660	15,136
Total Energy	1,120,943	1,069,192
Cost of Sales: Other		
Cost of goods sold	8,646	21,058
Consumption of material	8,224	12,059
Consumption of energy	3,481	5,663
Changes in WIP, semi-finished products and finished goods	(2,280)	(964)
Other cost of sales	3,546	1,171
Total Other	21,617	38,987
Total	1,142,560	1,108,179

(1) This position includes primarily coal consumed during production of electricity and heat.

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

8. Personnel expenses

In thousands of EUR

	30 September 2015 (nine months)	30 September 2014 (nine months) Restated
Wages and salaries	(136,062)	(133,658)
Compulsory social security contributions	(44,229)	(42,040)
Board members' remuneration (including boards of subsidiaries)	(9,427)	(8,163)
Expenses and revenues related to employee benefits (IAS 19)	(1,202)	(1,032)
Other social expenses	(3,057)	(3,986)
Total	(193,977)	(188,879)

The average number of employees as at 30 September 2015 was 6,587 (30 September 2014: 6,441), of which 331 (30 September 2014: 314) were executives.

9. Emission rights

In thousands of EUR

	30 September 2015 (nine months)	30 September 2014 (nine months) Restated
Deferred income (grant) released to profit and loss	5,187	9,507
Profit (loss) from sale of emission rights	4	(440)
Net creation of provision for emission rights	(23,725)	(24,835)
Use of provision for emission rights	32,288	40,116
Consumption of emission rights	(32,288)	(40,116)
Total	(18,534)	(15,768)

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

The companies that participate in the emission rights programme are United Energy, a.s., Plzeňská energetika a.s., Pražská teplárenská a.s., JTSD Braunkohlebergbau GmbH, Stredoslovenská energetika, a.s., Helmstedter Revier GmbH and Elektrárny Opatovice, a.s.

10. Taxes and charges

In thousands of EUR

	30 September 2015 (nine months)	30 September 2014 (nine months) Restated
Electricity tax	6,417	6,359
Property and real estate transfer tax	1,028	897
Other taxes and charges	1,760	1,928
Total	9,205	9,184

11. Other operating income

<i>In thousands of EUR</i>	30 September 2015 (nine months)	30 September 2014 (nine months) Restated
Own work, capitalised ⁽¹⁾	12,527	5,531
Consulting fees	10,584	10,911
Compensation from insurance and other companies	8,780	5,892
Ecological tax reimbursement	4,516	6,146
Rental income	4,095	4,211
Property acquired free-of-charge and fees from customers ⁽²⁾	2,665	3,627
Profit from disposal of tangible and intangible assets	2,503	-
Inventories surplus	1,766	1,952
Profit from sale of material, net	1,036	451
Contractual penalties	664	995
Decentralisation and cogeneration fee	242	239
Other	4,708	4,850
Total	54,086	44,805

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

(2) For detailed information related to deferred income to be released refer to Note 29 – Deferred income.

12. Other operating expenses

<i>In thousands of EUR</i>	30 September 2015 (nine months)	30 September 2014 (nine months) Restated
Office equipment and other material	27,104	22,006
Outsourcing and other administration fees	19,311	20,570
Rent expenses	15,416	9,139
Consulting expenses	9,402	10,141
Information technology costs	4,181	5,236
Impairment losses, net	3,410	862
Change in provisions, net	3,179	(2,226)
Transport expenses	2,597	14,022
Administrative expenses	2,485	2,064
Insurance expenses	2,438	2,571
Advertising expenses	2,433	1,506
Training, courses, conferences	1,552	1,355
Gifts and sponsorship	1,510	1,543
Contractual penalties	947	500
Loss from receivables written-off	684	1,414
Communication expenses	679	561
Shortages and damages	601	628
Net loss on disposal of property, plant and equipment, investment property and intangible assets	-	1,144
Other	10,163	6,477
Total	108,092	99,513

No research and development expenses were recognised in profit and loss for the nine-month period ended 30 September 2015 and 30 September 2014.

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

Recognised in profit or loss

In thousands of EUR

	30 September 2015 (nine months)	30 September 2014 (nine months) Restated
Interest income	12,395	25,851
Net foreign exchange profit (loss)	-	1,796
Dividend income	-	235
Other finance income	349	2
Finance income	12,744	27,884
Interest expense	(50,956)	(57,768)
Net foreign exchange profit (loss)	(11,514)	-
Interest expense from unwind of provision discounting	(6,615)	(16,101)
Fees and commissions expense for payment transactions	(366)	(142)
Fees and commissions expense for guarantees	(77)	(104)
Fees and commissions expense for other financing services	(1,424)	(4,193)
Finance expense	(70,952)	(78,308)
Profit (loss) from commodity derivatives for trading	199	2,025
Profit (loss) from interest rate derivatives for trading	(1)	(44)
Profit (loss) from hedging activities	(85)	(91)
Profit (loss) from other financial instruments	(203)	-
Profit (loss) from currency derivatives for trading	(875)	1,077
Profit (loss) from financial instruments	(965)	2,967
Net finance income (expense) recognised in profit or loss	(59,173)	(47,457)

14. Income tax expenses

Income taxes recognised in profit or loss

In thousands of EUR

	30 September 2015 (nine months)	30 September 2014 (nine months) Restated
<i>Current taxes:</i>		
Current period	(32,611)	(23,799)
Adjustment for prior periods	715	67
Withholding tax	(9)	(18)
Total current taxes	(31,905)	(23,750)
<i>Deferred taxes:</i>		
Origination and reversal of temporary differences	12,114	19,911
Total deferred taxes	12,114	19,911
Total income taxes (expense)/benefit recognised in profit or loss	(19,791)	(3,839)

Deferred taxes are calculated using currently enacted tax rates expected to apply when the asset is realised or the liability settled. According to Czech legislation the corporate income tax rate is 19% for fiscal years ended in 2015 and 2014. The Slovak corporate income tax rate is 22% for fiscal year 2015 and 2014. The German federal income tax rate for 2015 and 2014 is 27.62%. The Polish income tax rate for fiscal years 2015 and 2014 is 19%.

15. Property, plant and equipment

In thousands of EUR

	Land and buildings	Technical equipment, plant and machinery	Other equipment, fixtures and fittings	Under construction	Total
Cost					
Balance at 1 January 2015	1,382,603	1,514,767	1,770	70,163	2,969,303
Effects of movements in foreign exchange rates	10,215	8,420	36	787	19,458
Additions	19,374	40,966	15	65,193	125,548
Disposals	(3,463)	(9,159)	(55)	(26)	(12,703)
Acquisitions through business combinations	210	28	-	-	238
Transfers	21,919	19,670	1	(41,590)	-
Transfer to intangible assets	-	-	-	(167)	(167)
Transfer to investment property	(2,516)	-	-	-	(2,516)
Balance at 30 September 2015	1,428,342	1,574,692	1,767	94,360	3,099,161
Depreciation and impairment losses					
Balance at 1 January 2015	(237,820)	(479,543)	(541)	(5,463)	(723,367)
Effects of movements in foreign exchange rates	(1,804)	(3,985)	(9)	(141)	(5,939)
Depreciation charge for the period	(77,654)	(116,179)	(192)	-	(194,025)
Disposals	1,862	8,327	38	-	10,227
Impairment losses recognised/released in profit or loss	(1,294)	-	-	-	(1,294)
Balance at 30 September 2015	(316,710)	(591,380)	(704)	(5,604)	(914,398)
Carrying amounts					
At 1 January 2015	1,144,783	1,035,224	1,229	64,700	2,245,936
At 30 September 2015	1,111,632	983,312	1,063	88,756	2,184,763

Condensed consolidated interim financial statements of EP Energy, a.s.
as of and for the nine-month period ended 30 September 2015

<i>In thousands of EUR</i>	Land and buildings	Technical equipment, plant and machinery	Other equipment, fixtures and fittings	Under construction	Total
Cost					
Balance at 1 January 2014	1,337,310	1,480,377	1,774	76,768	2,896,229
Reclassification of the opening balances as a result of completed Purchase Price Allocation for SSE	10,735	(8,086)	-	(2,649)	-
Effects of movements in foreign exchange rates	(842)	(1,085)	-	(121)	(2,048)
Additions	16,346	22,273	9	43,751	82,379
Disposals	(5,983)	(2,267)	(57)	(1,849)	(10,156)
Acquisitions through business combinations	-	129	-	-	129
Transfers	11,971	14,845	-	(26,816)	-
Transfer to assets groups held for sale	(6,096)	(18,872)	-	-	(24,968)
Balance at 30 September 2014	1,363,441	1,487,314	1,726	89,084	2,941,565
Depreciation and impairment losses					
Balance at 1 January 2014	(134,868)	(319,357)	(316)	(8,216)	(462,757)
Effects of movements in foreign exchange rates	321	396	65	22	804
Depreciation charge for the period	(79,190)	(126,054)	(214)	-	(205,458)
Disposals	4,104	1,561	-	-	5,665
Impairment losses recognised in profit or loss	(472)	-	-	-	(472)
Balance at 30 September 2014	(210,105)	(443,454)	(465)	(8,194)	(662,218)
Carrying amounts					
At 1 January 2014	1,213,177	1,152,934	1,458	65,903	2,433,472
At 30 September 2014	1,153,336	1,043,860	1,261	80,890	2,279,347

Idle assets

As at 30 September 2015 and as at 31 December 2014 the Group had no significant idle assets.

Finance lease liabilities

As at 30 September 2015 and as at 31 December 2014 the Group had no significant finance lease liabilities.

Security

At 30 September 2015 property, plant and equipment with a carrying value of EUR 336,133 thousand (31 December 2014: EUR 335,437 thousand) is subject to pledges to secure bank loans.

16. Intangible assets (including goodwill)

<i>In thousands of EUR</i>	Goodwill	Software	Emission rights	Customer relationships and other contracts	Other intangible assets	Total
Cost						
Balance at 1 January 2015	104,361	43,501	56,223	108,833	4,108	317,026
Effect of movements in foreign exchange rates	1,947	207	609	239	42	3,044
Additions	-	1,418	13,146	-	1,246	15,810
Disposals	-	-	(36,651)	-	-	(36,651)
Acquisitions through business combinations	4,655	25	-	-	-	4,680
Transfers	-	696	-	-	(696)	-
Transfer from tangible assets	-	167	-	-	-	167
Balance at 30 September 2015	110,963	46,014	33,327	109,072	4,700	304,076
Amortisation and impairment losses						
Balance at 1 January 2015	(8,120)	(15,297)	-	(42,092)	(280)	(65,789)
Effect of movements in foreign exchange rates	(140)	(166)	-	(93)	(11)	(410)
Amortisation for the period	-	(5,297)	-	(7,865)	(109)	(13,271)
Balance at 30 September 2015	(8,260)	(20,760)	-	(50,050)	(400)	(79,470)
Carrying amount						
At 1 January 2015	96,241	28,204	56,223	66,741	3,828	251,237
At 30 September 2015	102,703	25,254	33,327	59,022	4,300	224,606
<i>In thousands of EUR</i>	Goodwill	Software	Emission rights	Customer relationship and other contracts	Other intangible assets	Total
Cost						
Balance at 1 January 2014	100,742	40,646	71,115	108,935	2,049	323,487
Effect of movements in foreign exchange rates	(245)	(10)	(133)	(33)	(2)	(423)
Additions	-	1,190	19,014	-	702	20,906
Disposals	-	(9)	(42,153)	-	(7)	(42,169)
Acquisitions through business combinations	4,666	-	-	-	-	4,666
Transfers	-	(241)	(5)	-	246	-
Balance at 30 September 2014	105,163	41,576	47,838	108,902	2,988	306,467
Amortisation and impairment losses						
Balance at 1 January 2014	(8,197)	(7,795)	-	(28,113)	(152)	(44,257)
Effect of movements in foreign exchange rates	20	12	-	11	1	44
Amortisation for the period	-	(6,205)	-	(10,756)	(106)	(17,067)
Disposals	-	32	-	-	-	32
Balance at 30 September 2014	(8,177)	(13,956)	-	(38,858)	(257)	(61,248)
Carrying amount						
At 1 January 2014	92,545	32,851	71,115	80,822	1,897	279,230
At 30 September 2014	96,986	27,620	47,838	70,044	2,731	245,219

In 2015, the EPE Group purchased emission allowances of EUR 934 thousand (31 December 2014: EUR 17,180 thousand). The remaining part of EUR 12,212 thousand (31 December 2014: EUR 10,855 thousand) was allocated to the Group by the Ministry of the Environment of the Czech Republic.

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

Other intangible assets comprise valuable rights.

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

Impairment testing for cash-generating units containing goodwill

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

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

<i>In thousands of EUR</i>	30 September 2015
Elektrárny Opatovice, a.s.	85,499
Helmstedter Revier GmbH	5,053
EP Cargo a.s.	4,734
Optimum Energy, s.r.o.	4,396
Plzeňská energetika a.s.	2,662
LokoTrain s.r.o.	234
ARISUN, s.r.o.	125
Total goodwill	102,703

<i>In thousands of EUR</i>	31 December 2014
Elektrárny Opatovice, a.s.	83,813
Helmstedter Revier GmbH	5,053
EP Cargo a.s.	4,640
Plzeňská energetika a.s.	2,610
ARISUN, s.r.o.	125
Total goodwill	96,241

For the nine-month period ended 30 September 2015 the increase of goodwill balance by EUR 6,462 thousand was earned by acquisition of LokoTrain s.r.o. (EUR 235 thousand), acquisition of Optimum Energy, s.r.o. (EUR 4,420 thousand) and positive effect of changes in the FX rate.

For the year ended 31 December 2014 the balance of goodwill increased by EUR 4,666 thousand primarily as a result of EP Cargo a.s. acquisition. The net increase in the goodwill of EUR 3,696 thousand was earned by recognition of the new goodwill as a result of EP Cargo a.s. acquisition and negative effect of changes in the FX rate.

For the nine-month period ended 30 September 2015 the EPE group did not recognise any goodwill impairment (30 September 2014: EUR 0 thousand).

Goodwill and impairment testing

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

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

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

Cash-flows were projected based on past experience, actual operating results and the one-year business plan followed by additional four years of modelled projections followed by projected results based on

estimated growth factor plus a terminal value if relevant. Cash flows for a terminal period were extrapolated using a constant growth rate of 0.5% – 2%, which does not exceed the long-term average growth rate for the industry. Other key assumptions considered by management include forecasts of commodity market prices, future electricity and gas prices, investment activity, changes in working capital and changes in the regulatory framework.

The discount rates used in estimating value in use were estimated based on the principle of an average market participant using peer companies (i.e. companies operating in a comparable industry and listed on world markets) as a standard for observing respective betas, debt to equity ratios and size adjustment parameters used for calculation. The resulting discount rates ranged from 6.69% to 9.53%. Decrease of used discount rates compared to prior year reflect recent market development, namely decrease in risk-free rates used for cost of equity calculation.

There were no impairment indicators as of 30 September 2015.

17. Participations with significant influence

The Group has the investments in associates that are stated in the table below. All these associates are in line with the Group strategic activities.

In thousands of EUR

Associates	Country	Ownership 30 September 2015 %	Carrying amount 30 September 2015
Pražská teplárenská Holding a.s.	Czech Republic	49.00	6,804
Associates of Stredoslovenská energetika a.s.	Slovakia	(1)	1,321
Associates of JTSD			
Braunkohlebergbau GmbH	Germany	(1)	23,967
Associates of Saale Energie GmbH	Germany	(1)	85,371
Total			117,463

In thousands of EUR

Associates	Country	Ownership 31 December 2014 %	Carrying amount 31 December 2014
Pražská teplárenská Holding a.s.	Czech Republic	49.00	13,044
Associates of JTSD			
Braunkohlebergbau GmbH	Germany	(1)	24,220
Associates of Saale Energie GmbH	Germany	(1)	90,112
Total			127,376

(1) Ownership percentage varies, for details refer to Note 34 – Group entities.

Condensed consolidated interim financial statements of EP Energy, a.s.
as of and for the nine-month period ended 30 September 2015

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

In thousands of EUR

		Ownership 30 September 2015 %	Share of profit (loss) for the nine-month period ended 30 September 2015
Associates	Country		
Pražská teplárenská Holding a.s.	Czech Republic	49.00	(53)
Associates of Stredoslovenská energetika a.s.	Slovakia	(1)	179
Associates of JTSD			
Braunkohlebergbau GmbH	Germany	(1)	1,297
Associates of Saale Energie GmbH	Germany	(1)	(1,968)
Total			(545)

In thousands of EUR

		Ownership 30 September 2014 %	Share of profit (loss) for the nine-month period ended 30 September 2014
Associates	Country		
Pražská teplárenská Holding a.s.	Czech Republic	49.00	585
Associates of JTSD			
Braunkohlebergbau GmbH	Germany	(1)	-
Associates of Saale Energie GmbH	Germany	(1)	(1,828)
Total			(1,243)

(1) Ownership percentage varies, for details refer to Note 34 – Group entities.

Summary financial information for significant standalone associates presented at 100% as at and for the nine-month period ended 30 September 2015:

In thousands of EUR

	Revenue	Profit (loss)	Other compre- hensive income	Total compre- hensive income	Assets	Liabilities	Equity
Associates							
Pražská teplárenská Holding a.s.	13,577	*13,167	-	*13,167	99,692	23	99,669
Energotel,a.s.	9,940	1,716	-	1,716	11,941	4,713	7,228
Kraftwerk Schkopau GbR ⁽¹⁾	19,879	4,590	-	4,590	223,903	117,055	106,848
Kraftwerk Schkopau Betriebsgesellschaft GmbH ⁽¹⁾	75,569	2	-	2	10,390	10,364	26
Mitteldeutsche Umwelt- und Entsorgung GmbH ⁽¹⁾	38,838	2,924	-	2,924	63,080	36,866	26,214
Fernwärme GmbH Hohenmölsen - Webau ⁽¹⁾	3,128	264	-	264	14,475	8,431	6,044
	160,931	22,663	-	22,663	423,481	177,452	246,029

In thousands of EUR

	Non-current assets	Current assets	Non-current liabilities	Current liabilities
Associates				
Pražská teplárenská Holding a.s.	85,797	13,895	-	23
Energotel,a.s.	5,007	6,934	64	4,649
Kraftwerk Schkopau GbR ⁽¹⁾	-	223,903	102,258	14,797
Kraftwerk Schkopau Betriebsgesellschaft GmbH ⁽¹⁾	-	10,390	-	10,364
Mitteldeutsche Umwelt- und Entsorgung GmbH ⁽¹⁾	36,831	26,249	22,985	13,881
Fernwärme GmbH Hohenmölsen - Webau ⁽¹⁾	13,344	1,131	1,132	7,299
	140,979	282,502	126,439	51,013

* Profit and Loss item represents primarily dividend income from an associate.

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

Summary financial information for significant standalone associates presented at 100% as at and for the year ended 31 December 2014:

In thousands of EUR

Associates	Revenue	Profit (loss)	Other comprehensive income	Total comprehensive income	Assets	Liabilities	Equity
Pražská teplárenská Holding a.s.	27,648	*26,822	-	*26,822	110,761	44	110,717
Kraftwerk Schkopau GbR ⁽¹⁾	36,716	6,266	-	6,266	234,964	126,440	108,524
Kraftwerk Schkopau Betriebsgesellschaft GmbH ⁽¹⁾	100,857	2	-	2	10,234	10,206	28
Mitteldeutsche Umwelt- und Entsorgung GmbH ⁽¹⁾	47,662	3,080	-	3,080	66,797	40,493	26,304
Fernwärme GmbH Hohenmölsen - Webau ⁽¹⁾	4,609	191	-	191	13,030	7,389	5,641
Ingenieurbüro für Grundwasser GmbH ⁽¹⁾	1,969	190	-	190	1,259	688	571
	219,461	36,551	-	36,551	437,045	185,260	251,785

In thousands of EUR

Associates	Non-current assets	Current assets	Non-current liabilities	Current liabilities
Pražská teplárenská Holding a.s.	84,111	26,650	-	44
Kraftwerk Schkopau GbR ⁽¹⁾	-	234,964	102,258	24,182
Kraftwerk Schkopau Betriebsgesellschaft GmbH ⁽¹⁾	-	10,234	-	10,206
Mitteldeutsche Umwelt- und Entsorgung GmbH ⁽¹⁾	40,181	26,616	22,529	17,964
Fernwärme GmbH Hohenmölsen - Webau ⁽¹⁾	8,187	4,843	1,088	6,301
Ingenieurbüro für Grundwasser GmbH ⁽¹⁾	702	557	-	688
	133,181	303,864	125,875	59,385

* Profit and Loss item represents primarily dividend income from an associate.

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

18. Inventories

In thousands of EUR

	30 September 2015	31 December 2014
Fossil fuel	28,261	24,039
Overburden	27,483	25,504
Raw material and supplies	23,948	22,758
Work in progress	7,159	1,246
Spare parts	3,714	3,388
Finished goods and merchandise	1,903	87
Total	92,468	77,022

As at 30 September 2015 inventories in the amount of EUR 34,701 thousand (31 December 2014: EUR 21,672 thousand) were subject to pledges.

19. Trade receivables and other assets

<i>In thousands of EUR</i>	30 September 2015	31 December 2014
Trade receivables	195,606	237,174
Accrued income	50,237	41,531
Advance payments	45,154	54,542
Estimated receivables	16,392	15,322
Uninvoiced supplies	11,970	15,541
Receivables from employees	1,467	-
Other receivables and assets	23,604	31,947
Allowance for bad debts	(12,334)	(10,139)
Total	332,096	385,918
Non-current	9,427	28,999
Current	322,669	356,919
Total	332,096	385,918

As at 30 September 2015 trade receivables with a carrying value of EUR 80,457 thousand (31 December 2014: EUR 87,391 thousand) were subject to pledges.

20. Cash and cash equivalents

<i>In thousands of EUR</i>	30 September 2015	31 December 2014
Current accounts with banks	200,878	200,483
Term deposits	2,038	338
Cash on hand	184	157
Total	203,100	200,978

Term deposits with original maturity of up to three months are classified as cash equivalents.

As at 30 September 2015 cash equivalents of EUR 101,492 thousand are subject to pledges (31 December 2014: EUR 102,203 thousand). According to the bond documentation cash balances at specific entities are pledged in favour of the bondholders in case the Company defaults on bonds payments. As such, the pledged cash is readily available to the EPE Group and does not represent restricted cash.

21. Tax receivables

<i>In thousands of EUR</i>	30 September 2015	31 December 2014
Value added tax receivables	16,606	12,287
Current income tax receivables	7,805	8,577
Road tax receivables	51	3
Other tax receivables	91	574
Total	24,553	21,441

22. Assets and liabilities held for sale

As at 30 September 2015 the balance of assets held for sale (EUR 23,550 thousand; 31 December 2014: EUR 26,131 thousand) and balance of liabilities held for sale (EUR 16,750 thousand; 31 December 2014: EUR 16,415 thousand) is represented by specific assets and liabilities of Stredoslovenska energetika, a.s.

23. Deferred tax assets and liabilities

As at 30 September 2015 the net deferred tax liability amounts to EUR 220,512 thousand (31 December 2014: EUR 231,295 thousand) and comprises of deferred tax asset of EUR 8,105 thousand (31 December 2014: EUR 9,627 thousand) and deferred tax liability of EUR 228,617 thousand (31 December 2014: EUR 240,922 thousand).

24. Equity

Share capital and share premium

The authorised, issued and fully paid share capital as at 30 September 2015 consisted of 19,549,548 ordinary shares with a par value of CZK 657 each (31 December 2014: 19,549,548 ordinary shares with a par value of CZK 1,001 each).

The shareholder is entitled to receive dividends and to cast 1 vote per 1 share of nominal value CZK 657, at meetings of the Company's shareholders.

30 September 2015	Number of shares 657 CZK	Ownership %	Voting rights %
CE Energy, a.s.	19,549,548	100.00	100.00
Total	19,549,548	100.00	100.00

31 December 2014	Number of shares 1,001 CZK	Ownership %	Voting rights %
CE Energy, a.s.	19,549,548	100.00	100.00
Total	19,549,548	100.00	100.00

The reconciliation of the number of shares outstanding at the beginning and at the end of the period is hereby provided.

	Number of shares	
	30 September 2015	31 December 2014
Shares outstanding at the beginning of the period	19,549,548	19,549,548
Shares outstanding at the end of the period	19,549,548	19,549,548

Reserves recognised in equity comprise the following items:

<i>In thousands of EUR</i>	30 September 2015	31 December 2014
Non-distributable reserves	798	798
Fair value reserve	(9,778)	(9,705)
Translation reserve	(37,281)	(46,508)
Hedging reserve	(71,422)	(85,715)
Other capital reserves	(320,210)	(320,210)
Total	(437,893)	(461,340)
Other capital funds from capital contributions	22,538	22,538
Reserves	(415,355)	(438,802)

Non-distributable reserves

The creation of a legal reserve fund in the Czech Republic was prior to 1 January 2014 required at a minimum of 20% (10% for limited liability companies) of net profit (annually) and up to a minimum of 10% (5% for limited liability companies) of the registered share capital (cumulative balance). The legal reserve fund could have only been used to cover losses of the Company and may not have been distributed as a dividend. The calculation of the legal reserve was based on local statutory regulations. The legal reserve of EUR 798 thousand was reported as at 30 September 2015 (31 December 2014: EUR 798 thousand). From 1 January 2014, in relation to the newly enacted legislation, legal reserve fund and its creation are no longer, under certain circumstances, obligatory. Similarly, legal reserve fund can be from 1 January 2014, under certain conditions, distributed in a form of dividend.

Translation reserve

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

Other capital reserves

In 2009 the Group accounted for pricing differences that arose both from establishment of the Group as at 10 August 2009 and acquisition of certain new subsidiaries in the subsequent periods prior to 31 December 2010. Such subsidiaries were acquired under common control of Energetický a průmyslový holding, a.s. and therefore excluded from scope of IFRS 3, which defines recognition of goodwill raised from business combinations as the excess of the cost of an acquisition over the fair value of the Group's share of the net identifiable assets, liabilities and contingent liabilities of the acquired subsidiary. Acquirees under common control are recorded at the book value, which is presented in the consolidated financial statements of Energetický a průmyslový holding, a.s. (i.e. including historical goodwill less potential impairment). The difference between the cost of acquisition, carrying values of net assets and original goodwill carried forward as at the acquisition date was recorded in consolidated equity as pricing differences.

In 2010 other capital reserves decreased by EUR 47,385 thousand in relation to the disposal of Pražská energetika, a.s. (associate), previously acquired under common control. The amount corresponds to pricing differences assigned directly to the disposed associate and its direct parent company (Honor Invest, a.s.). The increase in other capital reserves was recognised against retained earnings.

In 2011 other capital reserves decreased by EUR 31,557 thousand in relation to the acquisition of LIGNITE INVESTMENTS 1 LIMITED which was contributed by EPH to the Company's share capital.

In 2013 other capital reserves decreased by EUR 1,047 thousand in relation to the disposal of 47.06% share in PRVNÍ MOSTECKÁ a.s. as a part of the step acquisition process and the increase in share capital originating from the revaluation of Czech Energy Holding, a.s. during the merger with EP Energy, a.s.

Hedging reserves

The effective portion of fair value changes in financial derivatives designated as cash flow hedges are recognised in equity. The balance as at 30 September 2015 represents primarily derivative agreements to hedge an interest rate concluded by POWERSUN a.s. and an electricity price and a foreign exchange rate concluded by EP ENERGY TRADING, a.s. and an effect from a cash flow hedge recognised on the EPE Group level (for more details please refer to Note 30 – Financial instruments).

25. Earnings per share

Basic earnings per share

Basic earnings per share in EUR per 1 share of CZK 657 (30 September 2014: in EUR per 1 share of CZK 1,001) nominal value is negative 0.22 (30 September 2014: 0.15).

The calculation of basic earnings per share as at 30 September 2015 was based on loss attributable to ordinary shareholders of EUR 4,322 thousand, and a weighted average number of ordinary shares outstanding of 19,550 thousand.

The calculation of basic earnings per share as at 30 September 2014 was based on profit attributable to ordinary shareholders of EUR 2,977 thousand, and a weighted average number of ordinary shares outstanding of 19,550 thousand.

Condensed consolidated interim financial statements of EP Energy, a.s.
as of and for the nine-month period ended 30 September 2015

Weighted average number of ordinary shares as at 30 September 2015

<i>In thousands of pieces</i>	Nominal	Weighted
Issued ordinary shares at 10 August 2009 (1 share/CZK 1,000)	5,020	5,020
Issued ordinary shares at 9 October 2009 (1 share/CZK 1,000)	8,136	8,136
Issued ordinary shares at 1 September 2010 (1 share/CZK 1,000)	399	399
Issued ordinary shares at 20 September 2010 (1 share/CZK 1,000)	4,162	4,162
Issued ordinary shares at 31 December 2010 (1 share/CZK 1,000)	933	933
Issued ordinary shares at 28 June 2011 (1 share/CZK 1,000)	770	770
Issued ordinary shares at 26 August 2013 (1 share/CZK 1,000)	30	30
Issued ordinary shares at 18 December 2013 (1 share/CZK 1,000)	100	100
Decrease of share capital – all shares adjusted to CZK 657	-	-
Total	19,550	19,550

Weighted average number of ordinary shares as at 30 September 2014

<i>In thousands of pieces</i>	Nominal	Weighted
Issued ordinary shares at 10 August 2009 (1 share/CZK 1,000)	5,020	5,020
Issued ordinary shares at 9 October 2009 (1 share/CZK 1,000)	8,136	8,136
Issued ordinary shares at 1 September 2010 (1 share/CZK 1,000)	399	399
Issued ordinary shares at 20 September 2010 (1 share/CZK 1,000)	4,162	4,162
Issued ordinary shares at 31 December 2010 (1 share/CZK 1,000)	933	933
Issued ordinary shares at 28 June 2011 (1 share/CZK 1,000)	770	770
Issued ordinary shares at 26 August 2013 (1 share/CZK 1,000)	30	30
Issued ordinary shares at 18 December 2013 (1 share/CZK 1,000)	100	100
Total	19,550	19,550

Dilutive earnings per share

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

26. Non-controlling interest

<i>In thousands of EUR</i>	30 September 2015	31 December 2014
Stredoslovenská energetika, a.s.	366,257	373,400
Pražská teplárenská a.s.	82,539	87,522
Norddeutsche Gesellschaft zur Ablagerung von Mineralstoffen mbH	1,037	1,287
PT měření, a.s.	848	-
LokoTrain s.r.o.	761	-
AISE, s.r.o.	285	290
EOP & HOKA s.r.o.	4	4
EP Cargo a.s.	-	1,348
Claymore Equity, s.r.o.	(68)	(60)
VTE Pchery, s.r.o.	(133)	(198)
Alternative Energy, s.r.o.	(1,572)	(1,418)
Total	449,958	462,175

27. Loans and borrowings

<i>In thousands of EUR</i>	30 September 2015	31 December 2014
Issued debentures at amortised cost	1,110,467	1,094,298
Loans payable to credit institutions	234,866	199,335
Bank overdraft	28,716	59,123
Loans payable to other than credit institutions	9,192	15,124
<i>of which owed to the parent company/ultimate parent company</i>	2,593	2,462
<i>of which owed to other related companies</i>	6,593	12,656
Liabilities from financial leases	1,858	867
Revolving credit facility	-	25,011
Total	1,385,099	1,393,758
Non-current	1,316,976	1,267,328
<i>of which owed to other related companies</i>	6,546	12,452
Current	68,123	126,430
<i>of which owed to the parent company/ultimate parent company</i>	2,593	2,462
<i>of which owed to other related companies</i>	47	204
Total	1,385,099	1,393,758

28. Provisions

<i>In thousands of EUR</i>	Em- ployee benefits	Warran- ties	Provision for emission rights	Provision for lawsuits and litigations	Provision for restoration and decommissioning	Other	Total
Balance at 1 January 2015	91,112	186	36,250	175	313,540	2,232	443,495
Provisions made during the period	10,283	-	23,725	6,955	332	548	41,843
Provisions used during the period	(20,035)	(5)	(32,288)	-	(3,632)	(158)	(56,118)
Provisions reversed during the period	(770)	-	-	(167)	(2,139)	(407)	(3,483)
Unwinding of discount*	241	-	-	-	6,372	2	6,615
Effects of movements in foreign exchange rates	67	3	345	1	7	12	435
Balance at 30 September 2015	80,898	184	28,032	6,964	314,480	2,229	432,787
Non-current	41,155	-	-	9	313,985	457	355,606
Current	39,743	184	28,032	6,955	495	1,772	77,181

* Unwinding of discount is included in interest expense.

Condensed consolidated interim financial statements of EP Energy, a.s.
as of and for the nine-month period ended 30 September 2015

<i>In thousands of EUR</i>	Emp- loyee benefits	Warr- anties	Provision for emission rights	Provision for lawsuits and litigations	Provision for restoration and decommissioning	Other	Total
Balance at 1 January 2014	89,919	199	40,540	1,381	295,400	5,506	432,945
Provisions made during the period	11,701	-	24,835	-	550	1,057	38,143
Provisions used during the period	(30,136)	-	(40,116)	-	(3,453)	(2,017)	(75,722)
Provisions reversed during the period	(231)	-	-	(1,200)	-	(62)	(1,493)
Effects of movements in foreign exchange rates	(9)	(1)	(83)	-	(2)	(3)	(98)
Unwind of discount*	5,395	-	-	-	10,704	2	16,101
Transfer	-	(49)	-	-	-	49	-
Balance at 30 September 2014	76,639	149	25,176	181	303,199	4,532	409,876
Non-current	32,800	-	-	82	302,920	461	336,263
Current	43,839	149	25,176	99	279	4,071	73,613

* *Unwinding of discount is included in interest expense.*

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

Employee benefits

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

The provision for employee benefits in the amount of EUR 80,898 thousand (31 December 2014: EUR 91,112 thousand) was recorded by Mitteldeutsche Braunkohlengesellschaft GmbH, United Energy, a.s., Elektrárny Opatovice, a.s., Pražská teplárenská a.s., Stredoslovenská energetika, a.s. and Helmstedter Revier GbmH.

Provision for emission rights

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

Provision for lawsuits

A provision of EUR 6,964 thousand was recorded by Pražská teplárenská a.s. and Mitteldeutsche Braunkohlengesellschaft GmbH (31 December 2014: EUR 175 thousand recorded by Stredoslovenská energetika, a.s. and Pražská teplárenská a.s.). For further details refer to Note 35 – Litigations and Claims.

As disclosed in Note 35 – Litigations and Claims, there are other legal proceedings in which the Group is involved whose results cannot be reliably estimated as at the date of the preparation of these condensed consolidated interim financial statements, and therefore no provision was recorded as at 30 September 2015 and 31 December 2014.

Provision for restructuring, restoration and decommissioning

According to the German Federal Mining Law, a mining company is obliged to re-cultivate/reclaim all the land used for mining purposes after discontinuation of mining operations. The requirements to be met

for this purpose are set forth in a comprehensive framework operations plan and compliance is monitored by the mining authorities.

The following expense items are considered:

- Dewatering and flooding expenses
- Creation and stability of slope systems
- Soil preparation and treatment for subsequent agricultural and forest use
- Removal of all technical plants and equipment

29. Deferred income

<i>In thousands of EUR</i>	30 September 2015	31 December 2014
Government grants	32,867	30,171
Government grants for emission rights	4,522	-
Other deferred income	39,290	37,840
Total	76,679	68,011
<i>Non-current</i>	57,440	63,996
<i>Current</i>	19,239	4,015
Total	76,679	68,011

Balance of government grants in amount of EUR 32,867 thousand is mainly represented by Elektrárny Opatovice, a.s. of EUR 22,140 thousand (31 December 2014: EUR 22,857) and Alternative Energy, s.r.o. of EUR 4,978 thousand (31 December 2014: EUR 5,270 thousand). These companies were provided with government grants to reduce emission pollutions and to build a biogas facility.

Part of other deferred income in amount of EUR 38,075 thousand (31 December 2014: EUR 36,550 thousand) is represented by Stredoslovenská energetika, a.s. This balance consists of deferred income related to the following items: fee for grid connection paid by customers (EUR 24,631 thousand; 31 December 2014: EUR 23,165 thousand), contributions for the acquisitions of tangible assets paid by customers (EUR 5,015 thousand; 31 December 2014: EUR 3,939 thousand), property acquired free-of-charge (EUR 4,828 thousand; 31 December 2014: EUR 5,683 thousand) and contributions paid by customers for the restoration of tangible assets related to distribution network (EUR 3,601 thousand; 31 December 2014: 3,763 thousand).

30. Financial instruments

Financial instruments and other financial assets

<i>In thousands of EUR</i>	30 September 2015	31 December 2014
Assets carried at amortised cost		
Loans to other than credit institutions	357,194	600,281
<i>of which owed by the parent company/ultimate parent company</i>	302,974	548,115
<i>of which owed by other Group related companies</i>	5,600	5,581
Shares available for sale held at cost	1,245	2,598
Other equity instruments	23	487
Total	358,462	603,366
Assets carried at fair value		
Currency forwards reported as trading used for risk mgt. purposes	4,385	5,560
Commodity derivatives reported as trading used for risk mgt. purposes	2,764	264
Currency options for trading	224	159
Currency forwards cash flow hedge	-	1,516
Equity options for trading	-	220
Total	7,373	7,719
<i>Non-current</i>	7,350	57,152
<i>Current</i>	358,485	553,933
Total	365,835	611,085

Financial instruments and other financial liabilities

<i>In thousands of EUR</i>	30 September 2015	31 December 2014
Liabilities carried at fair value		
Currency forwards reported as trading used for risk mgt. purposes	898	659
Interest rate swaps reported as trading used for risk mgt. purposes	-	95
Interest rate swaps cash flow hedge	335	396
Commodity derivatives reported as trading used for risk mgt. purposes	112	360
Other financial liabilities	49	-
Total	1,394	1,510
<i>Non-current</i>	294	680
<i>Current</i>	1,100	830
Total	1,394	1,510

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

<i>In thousands of EUR</i>	30 September 2015	30 September 2015	30 September 2015	30 September 2015
	Nominal	Nominal	Fair value	Fair value
	amount buy	amount sell	buy	sell
Currency forwards reported as trading used for risk mgt. purposes	124,744	(120,122)	4,385	(898)
Commodity derivatives reported as trading used for risk mgt. purposes	291,581	(286,652)	2,764	(112)
Currency options for trading	114,628	(115,093)	224	
Interest rate swaps cash flow hedge	311	-	-	(335)
Total	531,264	(521,867)	7,373	(1,345)

Condensed consolidated interim financial statements of EP Energy, a.s.
as of and for the nine-month period ended 30 September 2015

<i>In thousands of EUR</i>	31 December 2014 Nominal amount buy	31 December 2014 Nominal amount sell	31 December 2014 Fair value buy	31 December 2014 Fair value sell
Currency forwards reported as trading used for risk mgt. purposes	232,524	(225,643)	5,560	(659)
Currency forwards cash flow hedge	-	-	1,516	-
Commodity derivatives reported as trading used for risk mgt. purposes	372,580	(372,918)	264	(360)
Equity options for trading	14,402	-	220	-
Currency options for trading	-	-	159	-
Interest rate swaps reported as trading used for risk mgt. purposes				(95)
Interest rate swaps cash flow hedge				(396)
Total	619,506	(598,561)	7,719	(1,510)

Fair value hierarchy for financial instruments carried at fair value

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

<i>In thousands of EUR</i>	Level 1	2015 Level 2	Level 3	Total
Financial assets carried at fair value:				
Currency forwards reported as trading used for risk mgt. purposes	-	4,385	-	4,385
Commodity derivatives reported as trading used for risk mgt. purposes	-	2,764	-	2,764
Currency options for trading	-	224	-	224
Total	-	7,373	-	7,373
Financial liabilities carried at fair value:				
Currency forwards reported as trading used for risk mgt. purposes	-	898	-	898
Interest rate swaps cash flow hedge	-	335	-	335
Commodity derivatives reported as trading used for risk mgt. purposes	-	112	-	112
Total	-	1,345	-	1,345

Condensed consolidated interim financial statements of EP Energy, a.s.
as of and for the nine-month period ended 30 September 2015

<i>In thousands of EUR</i>	2014			Total
	Level 1	Level 2	Level 3	
Financial assets carried at fair value:				
Currency forwards reported as trading used for risk mgt. purposes	-	5,560	-	5,560
Currency forwards cash flow hedge	-	1,516	-	1,516
Commodity derivatives reported as trading used for risk mgt. purposes	-	264	-	264
Equity options for trading	-	220	-	220
Currency options for trading	-	159	-	159
Total	-	7,719	-	7,719
Financial liabilities carried at fair value:				
Currency forwards reported as trading used for risk mgt. purposes	-	659	-	659
Commodity derivatives reported as trading used for risk mgt. purposes	-	360	-	360
Interest rate swaps reported as trading used for risk mgt. purposes	-	95	-	95
Interest rate swaps cash flow hedge	-	396	-	396
Total	-	1,510	-	1,510

There were no transfers between fair value levels in either 2015 or 2014.

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

<i>In thousands of EUR</i>	Carrying value amount	Fair value
Financial assets	30 September 2015	30 September 2015
Loans to other than credit institutions	357,194	420,323
Shares available for sale	1,245	1,245
Other equity instruments	23	23
Financial instruments held at amortised costs	358,462	421,591

Financial liabilities		
Loans and borrowings	1,385,099	1,428,252

<i>In thousands of EUR</i>	Carrying value amount	Fair value
Financial assets	31 December 2014	31 December 2014
Loans to other than credit institutions	600,281	631,362
Shares available for sale	2,598	2,598
Other equity instruments	487	487
Financial instruments held at amortised costs	603,366	634,447

Financial liabilities		
Loans and borrowings	1,393,758	1,406,351

31. Trade payables and other liabilities

<i>In thousands of EUR</i>	30 September 2015	31 December 2014
Trade payables	235,353	255,257
Advance payments received	85,169	47,352
Other tax liabilities	30,397	41,808
Payroll liabilities	24,049	21,993
Estimated payables	13,253	21,799
Uninvoiced supplies	5,329	3,687
Liabilities arising from acquisitions of subsidiaries and SPEs	3,926	5,771
Accrued expenses	1,171	9,823
Retentions to contractors	45	55
Other liabilities	6,543	15,381
Total	405,235	422,926
<i>Non-current</i>	75,245	71,951
<i>Current</i>	329,990	350,975
Total	405,235	422,926

Trade payables and other liabilities have not been secured as at 30 September 2015, or as at 31 December 2014.

As at 30 September 2015 and 31 December 2014 no liabilities to social and health insurance or tax authorities were overdue.

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

32. Commitments and contingencies

Off balance sheet liabilities

<i>In thousands of EUR</i>	30 September 2015	31 December 2014
Granted pledges – securities	1,032,147	1,010,929
Guarantees given	371,173	293,460
Other contingent liabilities	1,686,131	1,940,890
Total	3,089,451	3,245,279

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

Other granted pledges

<i>In thousands of EUR</i>	30 September 2015	31 December 2014
Loans and borrowings ⁽¹⁾	1,133,348	1,394,187
Tangible assets	336,133	335,437
Cash and cash equivalents	101,492	102,203
Trade receivables	80,457	87,391
Inventories	34,701	21,672
Total	1,686,131	1,940,890

(1) Total balance of pledged granted loans includes intercompany loans of EUR 824,749 thousand (31 December 2014: EUR 846,057 thousand).

(2) According to the bond documentation cash balances at specific entities are pledged in favour of the bondholders in case the Company defaults on bonds payments. As such, the pledged cash is readily available to the EPE Group and does not represent restricted cash.

Off balance sheet assets

In thousands of EUR

	30 September 2015	31 December 2014
Other granted promises	288,343	292,560
Other contingent assets	1,154	1,810
Total	289,497	294,370

Other granted promises

Other granted promises comprise EUR 212,549 thousand (31 December 2014: EUR 239,421 thousand), which are represented by the contracts for future energy supply, and EUR 75,794 thousand (31 December 2014: EUR 53,139 thousand), which are represented by the contingent assets related to green energy for the year 2014 and period ended 30 September 2015 (31 December 2014: contingent assets cover year 2014).

Regulatory contingent assets related to green energy

The SSE Group is legally bound to connect producers of green energy, if they comply with requirements set by Regulatory Office for Network Industries (“URSO”) and to purchase the green electricity generated, which is used to cover network losses. The purchase tariff for green energy is set by URSO and is covered by the Tariff for system operation (“TPS”). For the nine-month period ended 30 September 2015 the SSE Group recognised a loss of EUR 22,655 thousand (30 September 2014: loss of EUR 63,840 thousand) as the difference between the costs of purchased green energy and costs related to the subvention of electricity produced from coal and revenues from TPS in the period from 1 January 2015 to 30 September 2015. The 2015 loss is included in the contingent asset of EUR 75,794 thousand (31 December 2014: EUR 53,139 thousand) specified above. Based on the current Regulatory Framework the losses incurred will be compensated in two years’ time, i.e. relevant amounts in 2016 and 2017 through an increase of revenues from TPS (2014: in 2015 and 2016).

Other commitments and contingencies

EPE’s parent company, Energetický a průmyslový holding, a.s. (“EPH”), and a major energy company (the “Interested Party”) are parties to contractual arrangements under of which they have agreed to use their best efforts to agree on the potential sale of certain heating assets currently held by a certain member of EPE Group (the “Transaction”), provided that the specified conditions will be met, inter alia, that the terms and conditions of the transaction will be agreed between the parties and the transaction will be approved by the respective corporate bodies of each relevant entity. If the Transaction is not completed within the agreed period, EPH will use its best efforts to provide the Interested Party with a similar alternative asset (“the Alternative Transaction”). If the transaction is not completed by the extended deadline either, EPH will pay to the Interested Party compensation of approximately EUR 7,340 thousand. As these transactions are subject to a confidentiality obligation, disclosure of more detailed information herein is prohibited.

However, the parties have not yet finally agreed as at the date hereof whether, or under what terms and conditions, the Transaction or the Alternative Transaction will be entered into and completed. Currently EPH is engaged in negotiations with the Interested Party concerning the terms and conditions of the foregoing transactions; this should provide a basis to conclude with certainty whether or not any of the transactions will be entered into and completed.

For the above reasons, the heating assets in question have not yet been recorded as Assets Held for Sale under IFRS 5 and the above compensation has not yet been recorded by EPH.

33. Related parties

Identity of related parties

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

(a) The summary of outstanding balances with related parties as at 30 September 2015 and 31 December 2014 was as follows:

In thousands of EUR

	Accounts receivable and other financial assets	Accounts payable and other financial liabilities	Accounts receivable and other financial assets	Accounts payable and other financial liabilities
	30 September 2015	30 September 2015	31 December 2014	31 December 2014
Ultimate shareholders	306,956	2,593	571,635	2,482
Companies controlled by ultimate shareholders	19,993	11,949	5,900	7,423
Associates	5,717	8,239	-	12,656
Other related parties	1,503	174	2	619
Total	334,169	22,955	577,537	23,180

(b) The summary of transactions with related parties during the period ended 30 September 2015 and 30 September 2014 was as follows:

In thousands of EUR

	Revenues 30 September 2015	Expenses 30 September 2015	Revenues 30 September 2014	Expenses 30 September 2014
Ultimate shareholders	9,439	1,793	16,453	140
Companies controlled by ultimate shareholders	18,637	61,650	2,780	4,813
Associates	*16,070	7,764	*140,943	1,697
Key management	-	23	-	-
Other related parties	54	245	115	109
Total	44,200	71,475	160,291	6,759

* Amount primarily represents dividend income from an associate Pražská teplotárenská Holding a.s.

Transactions with Key management are described in Note 34 – Group entities.

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

34. Group entities

The list of the Group entities as at 30 September 2015 and 31 December 2014 is set out below:

		30 September 2015		31 December 2014		2015	2014
	Country of incorporation	Owner-ship %	Owner-ship interest	Owner-ship %	Owner-ship interest	Conso-lidation method	Conso-lidation method
EP Energy, a.s.	Czech Republic	-	-	-	-	-	-
AISE, s.r.o.	Czech Republic	80	Direct	80	Direct	Full	Full
PT Holding Investment B.V. *	Netherlands	100	Direct	100	Direct	Full	Full
Pražská teplárenská Holding a.s. *	Czech Republic	49	Direct	49	Direct	Equity	Equity
Pražská teplárenská a.s.	Czech Republic	47.42	Direct	47.42	Direct	Full	Full
Pražská teplárenská Trading, a.s.	Czech Republic	100	Direct	100	Direct	Full	Full
Termonta Praha a.s.	Czech Republic	100	Direct	100	Direct	Full	Full
Energotrans SERVIS, a.s.	Czech Republic	95	Direct	95	Direct	Full	Full
Teplo Neratovice, spol. s r.o.	Czech Republic	100	Direct	100	Direct	Full	Full
RPC, a.s.	Czech Republic	100	Direct	100	Direct	Full	Full
Pražská teplárenská LPZ, a.s.	Czech Republic	100	Direct	100	Direct	Full	Full
Nový Veleslavín, a.s.	Czech Republic	100	Direct	100	Direct	Full	Full
Pod Juliskou, a.s.	Czech Republic	100	Direct	100	Direct	Full	Full
Nová Invalidovna, a.s.	Czech Republic	100	Direct	100	Direct	Full	Full
Michelský trojúhelník, a.s.	Czech Republic	100	Direct	100	Direct	Full	Full
Nové Modřany, a.s.	Czech Republic	100	Direct	100	Direct	Full	Full
PT Properties I, a.s.	Czech Republic	100	Direct	100	Direct	Full	Full
PT Properties II, a.s.	Czech Republic	100	Direct	100	Direct	Full	Full
PT Properties III, a.s.	Czech Republic	100	Direct	100	Direct	Full	Full
PT Properties IV, a.s.	Czech Republic	100	Direct	100	Direct	Full	Full
PT měření, a.s.	Czech Republic	47.42	Direct	-	-	Full	-
United Energy, a.s.	Czech Republic	100	Direct	100	Direct	Full	Full
United Energy Moldova, s.r.o.	Czech Republic	100	Direct	100	Direct	Full	Full
EKY III, a.s. ⁽¹⁾	Czech Republic	-	-	100	Direct	-	Full
United Energy Invest, a.s.	Czech Republic	100	Direct	100	Direct	Full	Full
EVO – Komořany, a.s.	Czech Republic	100	Direct	100	Direct	Full	Full
Severočeská teplárenská, a.s.	Czech Republic	100	Direct	100	Direct	Full	Full
PRVNÍ MOSTECKÁ a.s. ⁽²⁾	Czech Republic	-	-	100	Direct	-	Full
PRVNÍ MOSTECKÁ Servis a.s. ⁽²⁾	Czech Republic	-	-	100	Direct	-	Full
EP Coal Trading, a.s.	Czech Republic	100	Direct	100	Direct	Full	Full
EOP & HOKA s.r.o.	Czech Republic	99.79	Direct	99.79	Direct	Full	Full
EOP HOKA POLSKA SPÓŁKA Z OGRANICZONA ODPOWIEDZIALNOSCIA	Poland	100	Direct	100	Direct	At cost	At cost
EP COAL TRADING POLSKA S.A	Poland	100	Direct	100	Direct	Full	Full
EP ENERGY TRADING, a.s.	Czech Republic	100	Direct	100	Direct	Full	Full
Optimum Energy, s.r.o.	Czech Republic	100	Direct	-	-	Full	-
ADCONCRETUM REAL ESTATE ltd	Serbia	100	Direct	100	Direct	Full	Full
Plzeňská energetika a.s.	Czech Republic	100	Direct	100	Direct	Full	Full
VTE Moldava II, a.s. *	Czech Republic	100	Direct	100	Direct	Full	Full
MR TRUST s.r.o. *	Czech Republic	99.50	Direct	99.50	Direct	Full	Full
VTE Moldava, a.s. ⁽³⁾	Czech Republic	-	-	100	Direct	-	Full
VTE Pastviny s.r.o. ⁽³⁾	Czech Republic	-	-	100	Direct	-	Full
EP Renewables a.s. ^{*(4)}	Czech Republic	-	-	100	Direct	-	Full
Arisun, s.r.o.	Slovakia	100	Direct	100	Direct	Full	Full
Greeninvest Energy, a.s.	Czech Republic	41.70	Direct	41.70	Direct	IFRS 5	IFRS 5
ČKD Blansko Wind, a.s. ⁽⁴⁾	Czech Republic	-	-	100	Direct	-	Full
POWERSUN a.s.	Czech Republic	100	Direct	100	Direct	Full	Full
Triskata, s.r.o.	Slovakia	100	Direct	100	Direct	Full	Full
MR TRUST s.r.o. *	Czech Republic	0.50	Direct	0.50	Direct	Full	Full
VTE Pchery, s.r.o.	Czech Republic	64	Direct	64	Direct	Full	Full
CHIFFON ENTERPRISES LIMITED *	Cyprus	100	Direct	100	Direct	Full	Full
Claymore Equity, s. r. o. *	Slovakia	80	Direct	80	Direct	Full	Full
Alternative Energy, s.r.o.	Slovakia	90	Direct	90	Direct	Full	Full

Condensed consolidated interim financial statements of EP Energy, a.s.
as of and for the nine-month period ended 30 September 2015

		30 September 2015		31 December 2014		2015	2014
	Country of incorporation	Owner-ship %	Owner-ship interest	Owner-ship %	Owner-ship interest	Conso- lidation method	Conso- lidation method
ROLLEON a.s. *	Czech Republic	100	Direct	100	Direct	Full	Full
ENERGZET, a.s.	Czech Republic	100	Direct	100	Direct	Full	Full
EBEH Opatovice, a.s.	Czech Republic	100	Direct	100	Direct	Full	Full
Elektrárny Opatovice, a.s.	Czech Republic	100	Direct	100	Direct	Full	Full
Reatex a.s.	Czech Republic	-	-	100	Direct	-	At cost
V A H O s.r.o.	Czech Republic	100	Direct	100	Direct	At cost	At cost
NPTH, a.s. *	Czech Republic	100	Direct	100	Direct	Full	Full
Pražská teplárenská a.s.	Czech Republic	50.58	Direct	50.16	Direct	Full	Full
Pražská teplárenská Trading, a.s.	Czech Republic	100	Direct	100	Direct	Full	Full
Termonta Praha a.s.	Czech Republic	100	Direct	100	Direct	Full	Full
Energotrans SERVIS, a.s.	Czech Republic	95	Direct	95	Direct	Full	Full
Teplo Neratovice, spol. s r.o.	Czech Republic	100	Direct	100	Direct	Full	Full
RPC, a.s.	Czech Republic	100	Direct	100	Direct	Full	Full
Pražská teplárenská LPZ, a.s.	Czech Republic	100	Direct	100	Direct	Full	Full
Nový Veleslavin, a.s.	Czech Republic	100	Direct	100	Direct	Full	Full
Pod Juliskou, a.s.	Czech Republic	100	Direct	100	Direct	Full	Full
Nová Invalidovna, a.s.	Czech Republic	100	Direct	100	Direct	Full	Full
Michelský trojúhelník, a.s.	Czech Republic	100	Direct	100	Direct	Full	Full
Nové Modřany, a.s.	Czech Republic	100	Direct	100	Direct	Full	Full
PT Properties I, a.s.	Czech Republic	100	Direct	100	Direct	Full	Full
PT Properties II, a.s.	Czech Republic	100	Direct	100	Direct	Full	Full
PT Properties III, a.s.	Czech Republic	100	Direct	100	Direct	Full	Full
PT Properties IV, a.s.	Czech Republic	100	Direct	100	Direct	Full	Full
PT měření, a.s.	Czech Republic	50.58	Direct	-	-	Full	-
JTSD Braunkohlebergbau GmbH	Germany	100	Direct	100	Direct	Full	Full
Mitteldeutsche Braunkohlengesellschaft mbH	Germany	100	Direct	100	Direct	Full	Full
MIBRAG Consulting International GmbH	Germany	100	Direct	100	Direct	Full	Full
GALA-MIBRAG-Service GmbH	Germany	100	Direct	100	Direct	Full	Full
Mitteldeutsche Umwelt- und Entsorgung GmbH	Germany	50	Direct	50	Direct	Equity	Equity
Fernwärme GmbH Hohenmölsen – Webau	Germany	48.96	Direct	48.96	Direct	Equity	Equity
Ingenieurbüro für Grundwasser GmbH	Germany	25	Direct	25	Direct	Equity	Equity
Bohr & Brunnenbau GmbH	Germany	100	Direct	100	Direct	Full	Full
Helmstedter Revier GmbH	Germany	100	Direct	100	Direct	Full	Full
Norddeutsche Gesellschaft zur Ablagerung von Mineralstoffen mbH	Germany	51	Direct	51	Direct	Full	Full
Terrakomp GmbH	Germany	100	Direct	100	Direct	Full	Full
MIBRAG Neue Energie GmbH	Germany	100	Direct	100	Direct	Full	Full
EP Germany GmbH *	Germany	100	Direct	100	Direct	Full	Full
Saale Energie GmbH	Germany	100	Direct	100	Direct	Full	Full
Kraftwerk Schkopau GbR	Germany	41.90	Direct	41.90	Direct	Equity	Equity
Kraftwerk Schkopau Betriebsgesellschaft mbH	Germany	44.40	Direct	44.40	Direct	Equity	Equity
Stredoslovenská energetika, a.s.	Slovakia	49	Direct	49	Direct	Full	Full
Stredoslovenská energetika – Distribúcia, a.s.	Slovakia	100	Direct	100	Direct	Full	Full
Elektroenergetické montáže, a.s.	Slovakia	100	Direct	100	Direct	Full	Full
SSE - Metrológia s.r.o.	Slovakia	100	Direct	100	Direct	Full	Full
Stredoslovenská energetika - Projekt Development, s.r.o.	Slovakia	100	Direct	100	Direct	Full	Full
SSE-Solar, s.r.o.	Slovakia	100	Direct	100	Direct	IFRS 5	IFRS 5
SPX, s.r.o.	Slovakia	33.33	Direct	33.33	Direct	Equity	At cost
Energotel, a.s.	Slovakia	20	Direct	20	Direct	Equity	At cost
SSE CZ, s.r.o.	Czech Republic	100	Direct	100	Direct	Full	Full
EP ENERGY HR d.o.o.	Croatia	100	Direct	100	Direct	At cost	At cost
EP Cargo a.s.	Czech Republic	100	Direct	60	Direct	Full	Full
LokoTrain s.r.o.	Czech Republic	65	Direct	-	-	Full	-
EP Cargo Deutschland GmbH	Germany	100	Direct	100	Direct	At cost	At cost
EP CARGO POLSKA s.a.	Poland	100	Direct	-	-	Full	-
PGP Terminal, a.s.	Czech Republic	60	Direct	60	Direct	At cost	At cost

		30 September 2015		31 December 2014		2015	2014
	Country of incorporation	Owner-ship %	Owner-ship interest	Owner-ship %	Owner-ship interest	Conso- lidation method	Conso- lidation method
PLAZMA LIPTOV, a.s.	Slovakia	50	Direct	-	-	At cost	-
EP Hungary, a.s.	Czech Republic	100	Direct	-	-	Full	-
ENERGZET SERVIS a.s.	Czech Republic	100	Direct	-	-	Full	-
* <i>Special purpose entity (SPE)</i>							
(1)	<i>EKY III, a.s. merged with United Energy, a.s. as at 1 July 2015. United Energy, a.s. is the successor company.</i>						
(2)	<i>PRVNÍ MOSTECKÁ a.s. and PRVNÍ MOSTECKÁ Servis a.s. merged with Severočeská teplárenská, a.s. as at 1 July 2015. Severočeská teplárenská, a.s. is the successor company.</i>						
(3)	<i>VTE Moldava, a.s. and VTE Pastviny s.r.o., merged with VTE Moldava II, a.s. as at 1 August 2015. VTE Moldava II, a.s. is the successor company.</i>						
(4)	<i>EP Renewables a.s. and ČKD Blansko Wind, a.s. merged with EP Energy, a.s. as at 1 August 2015. EP Energy, a.s. is the successor company.</i>						

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

Transactions with Members of the EPE Board

As at 30 September 2015 EPE has provided EUR 23 thousand monetary remuneration (31 December 2014: EUR 318 thousand) to the members of Board of Directors of the Company.

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

35. Litigations and claims

Elektrárny Opatovice, a.s.

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

United Energy, a.s.

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

In May 2014, Court of appeal came to the conclusion that one claim challenging the validity of the underlying resolution of the general shareholders meeting is not relevant and UE believes that this conclusion may serve as a precedent for the other claims.

Plzeňská energetika a.s.

In August 2012, Škoda Investment a.s. filed a claim for unjust enrichment against Plzeňská energetika a.s. for approximately EUR 2.31 million. This unjust enrichment claim allegedly arises from the fact that Plzeňská energetika a.s. owns and operates utility distribution systems (e.g., for gas, water and heat), which lie on the property of Škoda Investment a.s., thereby illegally restricting the ownership of Škoda Investment a.s. EPE Group's management believes that the claim is unfounded and should be dismissed by the court. For this reason Plzeňská energetika a.s. did not create a provision for this litigation as at 31 December 2014.

Last court hearing took place in second quarter of 2015 with no outcome as PE provided its opinion prior to this hearing and Škoda Investment a.s. asked for additional time in order to study this opinion. PE consequently provided additional documentation in order to amend its opinion. Next court hearing is expected to be held in Q1 2016 as there has been no fixed date given by the court yet.

Mitteldeutsche Braunkohlengesellschaft mbH

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

On 6 February 2014, MIBRAG’s appeal was turned down by the Higher Regional Court, however, a further appeal of the partial judgement has been filed with the Federal Supreme Court (Bundesgerichtshof). A final decision was made in the second quarter of 2015, the appeal was rejected and MIBRAG was required to provide detailed data to 50Hertz for the purposes of a calculation of a potential EEG surcharge for the above noted period. Based on MIBRAG’s analysis a provision of EUR 6,955 thousand was recorded as of 30 September 2015, which should reflect the expected payments with respect to EEG surcharge. MIBRAG continues to analyse the situation and its potential financial impact.

Stredoslovenská energetika, a.s. Group (“SSE Group”)

As of 30 September 2015 no legal provisions were recorded (31 December 2014: EUR 99 thousand).

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

The SSE Group further faces a claim for EUR 43,813 thousand plus lawsuit costs. Based on the legal analysis of the case the SSE Group’s management does not expect an impact on the SSE Group and considers the risk of failure in these proceedings to be unlikely. The SSE Group did not record any provision related to this lawsuit.

36. Subsequent events

In February 2015 the European Court of Justice issued preliminary ruling on gas emission allowances taxation in the Czech Republic. The Czech Republic levied a gift tax at a rate of 32% on greenhouse gas emission allowances acquired free of charge for electricity production. The European Court of Justice concluded that European law (namely Article 10 of Directive 2003/87/EC of the European Parliament and of the Council of 13 October 2003) precludes the imposition of such tax if it does not respect the 10% ceiling on the allocation of emission allowances for consideration laid down in cited article. The Supreme Administrative Court of the Czech Republic is now obliged to apply this preliminary ruling and to determine an amount in which the tax shall be refundable. Following the Supreme Administrative Court ruling, the other public authorities (courts, tax offices) should conclude all disputes regarding the tax payment in such a way that the tax shall be refunded (in the amount set by the Supreme Administrative Court ruling). With respect to the EPE Group the refund might be in the region of up to EUR 11 million and it is expected around the end of 2015.

On 30 June 2015, EP Energy, a.s., has, through its subsidiary company EP Hungary, entered into an agreement with France-based E.D.F. International (EDF) on the sale of its majority stake in Hungary-based Budapesti Erőmű Zrt. EP Energy will acquire more than 95% of the shares in a company that owns three gas-fired cogeneration plants (combined heat & power plants – „CHP“): Kelenföld (with an installed capacity of 188 MWe and 219 MWth), Újpest (105 MWe and 347 MWth) and Kispest (113 MWe and 282 MWth). These CHP plants meet almost 60% of the demand for heat in Budapest and generate approximately 3% of Hungarian electricity. The transaction is expected to be completed in the first half of December 2015

Optimum Energy, s.r.o. and EP ENERGY TRADING, a.s. are undergoing a merger with the effective date 1 January 2016, where EP ENERGY TRADING, a.s. shall be the successor company.

Pražská teplárenská a.s. is undergoing another step of an internal restructuring, where its real estate subsidiaries are being spun-off to a newly established sister company PT Real Estate, a.s. which has the same shareholders' structure as Pražská teplárenská a.s. The project is expected to be finalized in second half of 2015.

On 1 November 2015 EP Coal Trading, a.s. was renamed as EP Sourcing, a.s.


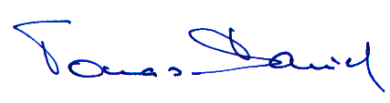
Except for the matters described above and elsewhere in the Notes, the Company's management is not aware of any other material subsequent events that could have an effect on the condensed consolidated interim financial statements as at 30 September 2015.

Appendices*:

Appendix 1 – Business combinations

Appendix 2 – Restated Consolidated statement of comprehensive income

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

Date:	Signature of the authorised representative	
		
27 November 2015	Pavel Horský Member of the Board of Directors	Tomáš David Member of the Board of Directors

Appendix 1 – Business combinations

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

<i>In thousands of EUR</i>	Carrying amount⁽¹⁾	Fair value adjustment⁽²⁾	2015 Total⁽¹⁾
Property, plant, equipment, land, buildings	238	-	238
Intangible assets	25	-	25
Trade receivables and other assets	1,582	-	1,582
Cash and cash equivalents	203	-	203
Loans and borrowings	(21)	-	(21)
Trade payables and other liabilities	(683)	-	(683)
Net identifiable assets and liabilities	1,344	-	1,344
Non-controlling interest			(471)
Goodwill on acquisitions of a subsidiary			235
Cost of acquisition			1,108
Consideration paid (A)			1,108
Total consideration transferred			1,108
Less: Cash acquired (B)			203
Net cash inflow (outflow) (C) = (B – A)			(905)

(1) Represents values at 100% share.

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

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

<i>In thousands of EUR</i>	30 September 2015 Total
Revenue of the acquirees recognised since the acquisition date (subsidiaries)	772
Profit (loss) of the acquirees recognised since the acquisition date (subsidiaries)	100

<i>In thousands of EUR</i>	2015 Total
Revenue of the acquirees recognised in the period ended 30 September 2015 (subsidiaries)*	3,020
Profit (loss) of the acquirees recognised in the period ended 30 September 2015 (subsidiaries)*	187

* Before intercompany elimination

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

<i>In thousands of EUR</i>	Carrying amount	Fair value adjustment⁽¹⁾	2015 Total
Trade receivables and other assets	10,506	-	10,506
Cash and cash equivalents	2,150	-	2,150
Trade payables and other liabilities	(12,186)	-	(12,186)
Net identifiable assets and liabilities	470	-	470
Non-controlling interest			-
Goodwill on acquisitions of a subsidiary			4,420
Cost of acquisition			4,890
Consideration paid (A)			4,890
Total consideration transferred			4,890
Less: Cash acquired (B)			2,150
Net cash inflow (outflow) (C) = (B – A)			(2,740)

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

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

<i>In thousands of EUR</i>	30 September 2015 Total
Revenue of the acquirees recognised since the acquisition date (subsidiaries)	838
Profit (loss) of the acquirees recognised since the acquisition date (subsidiaries)	21

<i>In thousands of EUR</i>	2015 Total
Revenue of the acquirees recognised in the period ended 30 September 2015 (subsidiaries)*	12,785
Profit (loss) of the acquirees recognised in the period ended 30 September 2015 (subsidiaries)*	364

* *Before intercompany elimination*

Appendix 2 – Restated Consolidated statement of comprehensive income

The following table summarises the material impacts resulting from the change in accounting policies in the EPE Group's statement of comprehensive income.

Condensed consolidated interim statement of comprehensive income

For the nine-month period ended 30 September 2014

In thousands of EUR ("TEUR")

	30 September 2014 (nine months) Original	Restatement effect from Note 2(c)	30 September 2014 (nine months) Restated
Sales: Energy	1,577,811	-	1,577,811
of which: Electricity	1,055,142	-	1,055,142
Coal	199,121	-	199,121
Heat	179,249	-	179,249
Gas	144,057	-	144,057
Other energy products	242	-	242
Sales: Other	80,158	-	80,158
Gain (loss) from commodity derivatives for trading with electricity and gas, net	-	10,716	10,716
Total sales	1,657,969	10,716	1,668,685
Cost of sales: Energy	(1,069,192)	-	(1,069,192)
Cost of sales: Other	(38,987)	-	(38,987)
Total cost of sales	(1,108,179)	-	(1,108,179)
Subtotal	549,790	10,716	560,506
Personnel expenses	(188,879)	-	(188,879)
Depreciation and amortisation	(222,525)	-	(222,525)
Repairs and maintenance	(10,579)	-	(10,579)
Emission rights, net	(15,768)	-	(15,768)
Taxes and charges	(9,184)	-	(9,184)
Other operating income	44,805	-	44,805
Other operating expenses	(99,513)	-	(99,513)
Profit (loss) from operations	48,147	10,716	58,863
Finance income	27,884	-	27,884
Finance expense	(78,308)	-	(78,308)
Profit (loss) from financial instruments	13,683	(10,716)	2,967
Net finance income (expense)	(36,741)	(10,716)	(47,457)
Share of profit (loss) of equity accounted investees, net of tax	(1,243)	-	(1,243)
Profit (loss) before income tax	10,163	-	10,163
Income tax expenses	(3,839)	-	(3,839)
Profit (loss) for the period	6,324	-	6,324
Items that are or may be reclassified subsequently to profit or loss:			
Foreign currency translation differences for foreign operations	1,406	-	1,406
Foreign currency translation differences from presentation currency	4,813	-	4,813
Effective portion of changes in fair value of cash flow hedges, net of tax	(3,600)	-	(3,600)
Fair value reserve included in other comprehensive income	(3,454)	-	(3,454)
Other comprehensive income for the period, net of tax	(835)	-	(835)
Total comprehensive income for the period	5,489	-	5,489
Profit (loss) attributable to:			
Owners of the Company	2,977	-	2,977
Non-controlling interest	3,347	-	3,347
Profit (loss) for the period	6,324	-	6,324
Total comprehensive income attributable to:			
Owners of the Company	1,171	-	1,171
Non-controlling interest	4,318	-	4,318
Total comprehensive income for the period	5,489	-	5,489
Basic and diluted earnings per share in EUR	0.15		0.15