

EP Energy, a.s.

**Condensed Consolidated Interim Financial Statements
as of and for the three-month period ended 31 March 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
Consolidated statement of changes in equity	5
Consolidated statement of cash flows	7
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	18
6. Sales	22
7. Cost of sales	22
8. Personnel expenses	23
9. Emission rights	23
10. Taxes and charges	23
11. Other operating income	24
12. Other operating expenses	24
13. Finance income and expense, profit (loss) from financial instruments	25
14. Income tax expenses	25
15. Property, plant and equipment	26
16. Intangible assets (including goodwill)	27
17. Participations with significant influence	30
18. Inventories	32
19. Trade receivables and other assets	33
20. Cash and cash equivalents	33
21. Tax receivables	33
22. Assets and liabilities held for sale	33
23. Deferred tax assets and liabilities	33
24. Equity	34
25. Earnings per share	35
26. Non-controlling interest	36
27. Loans and borrowings	37
28. Provisions	37
29. Deferred income	39
30. Financial instruments	40
31. Trade payables and other liabilities	42
32. Financial commitments and contingencies	43
33. Related parties	44
34. Group entities	45
35. Litigations and claims	47
36. Subsequent events	48
Appendix 1 – Restated Consolidated statement of comprehensive income	49

Condensed consolidated interim statement of comprehensive income

For the three-month period ended 31 March 2015

In thousands of EUR ("TEUR")

	Note	2015 (three months)	2014 (three months) Restated*
Sales: Energy	6	643,315	618,406
<i>of which: Electricity</i>		366,237	359,788
Heat		114,211	106,772
Gas		88,161	71,799
Coal		74,706	79,988
Other energy products		-	59
Sales: Other	6	21,949	28,891
Gain (loss) from commodity derivatives for trading with electricity and gas, net		4,637	2,428
Total sales		669,901	649,725
Cost of sales: Energy	7	(405,483)	(389,554)
Cost of sales: Other	7	(9,699)	(13,499)
Total cost of sales		(415,182)	(403,053)
		254,719	246,672
Personnel expenses	8	(61,633)	(58,966)
Depreciation and amortisation	15, 16	(67,616)	(69,657)
Repairs and maintenance		(2,010)	(2,947)
Emission rights, net	9	(7,733)	(7,195)
Taxes and charges	10	(3,156)	(2,902)
Other operating income	11	17,140	12,689
Other operating expenses	12	(33,429)	(36,982)
Profit (loss) from operations		96,282	80,712
Finance income	13	4,755	11,366
Finance expense	13	(23,693)	(23,607)
Profit (loss) from financial instruments	13	367	915
Net finance income (expense)		(18,571)	(11,326)
Share of profit (loss) of equity accounted investees, net of tax	17	(627)	(74)
Profit (loss) before income tax		77,084	69,312
Income tax expenses	14	(17,544)	(14,129)
Profit (loss) for the period		59,540	55,183
Items that are or may be reclassified subsequently to profit or loss:			
Foreign currency translation differences for foreign operations		(5,558)	538
Foreign currency translation differences from presentation currency		7,734	(825)
Effective portion of changes in fair value of cash flow hedges, net of tax		5,756	(2,405)
Other comprehensive income for the period, net of tax		7,932	(2,692)
Total comprehensive income for the period		67,472	52,491
Profit (loss) attributable to:			
Owners of the Company		40,967	41,876
Non-controlling interest		18,573	13,307
Profit (loss) for the period		59,540	55,183
Total comprehensive income attributable to:			
Owners of the Company		47,861	38,965
Non-controlling interest		19,611	13,526
Total comprehensive income for the period		67,472	52,491
Basic and diluted earnings per share in EUR	25	2.10	2.14

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

The notes presented on pages 8 to 49 form an integral part of these condensed consolidated interim financial statements.

Condensed consolidated interim statement of financial position

As at 31 March 2015

In thousands of EUR ("TEUR")

	Note	31 March 2015	31 December 2014
Assets			
Property, plant and equipment	15	2,209,231	2,245,936
Intangible assets	16	141,897	154,996
Goodwill	16	96,893	96,241
Participations with significant influence	17	126,841	127,376
Financial instruments and other financial assets	30	8,357	57,152
<i>of which receivables from the parent company/ultimate parent company</i>		-	-
Trade receivables and other assets	19	4,493	28,999
Deferred tax assets	23	10,298	9,627
Total non-current assets		2,598,010	2,720,327
Inventories	18	73,032	77,022
Extracted minerals and mineral products		9,173	7,926
Trade receivables and other assets	19	379,041	356,919
Financial instruments and other financial assets	30	365,187	553,933
<i>of which receivables from the parent company/ultimate parent company</i>		309,347	548,115
Prepayments and other deferrals		12,104	2,803
Tax receivables	21	24,839	21,441
Cash and cash equivalents	20	219,478	200,978
Assets/disposal groups held for sale	22	23,582	26,131
Total current assets		1,106,436	1,247,153
Total assets		3,704,446	3,967,480
Equity			
Share capital	24	526,663	769,180
Share premium		116,434	116,434
Reserves		(431,908)	(438,802)
Retained earnings		502,620	462,084
Total equity attributable to equity holders		713,809	908,896
Non-controlling interest	26	480,565	462,175
Total equity		1,194,374	1,371,071
Liabilities			
Loans and borrowings	27	1,266,947	1,267,328
<i>of which owed to the parent company/ultimate parent company</i>		-	-
Financial instruments and financial liabilities	30	14	680
Provisions	28	361,580	360,247
Deferred income	29	57,332	63,996
Deferred tax liabilities	23	236,887	240,922
Trade payables and other liabilities	31	68,027	71,951
Total non-current liabilities		1,990,787	2,005,124
Trade payables and other liabilities	31	338,155	350,975
Loans and borrowings	27	56,163	126,430
<i>of which owed to the parent company/ultimate parent company</i>		2,505	2,462
Financial instruments and financial liabilities	30	748	830
Provisions	28	75,689	83,248
Deferred income	29	21,284	4,015
Current income tax liability		10,970	9,372
Liabilities from disposal groups held for sale	22	16,276	16,415
Total current liabilities		519,285	591,285
Total liabilities		2,510,072	2,596,409
Total equity and liabilities		3,704,446	3,967,480

The notes presented on pages 8 to 49 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 three-month period ended 31 March 2015

Condensed consolidated interim statement of changes in equity

For the three-month period ended 31 March 2015

<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 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)	-	-	-	-	-	-	-	-	40,967	40,967	18,573	59,540
<i>Other comprehensive income:</i>												
Foreign currency translation differences for foreign operations	-	-	-	-	(3,241)	-	-	-	-	(3,241)	(2,317)	(5,558)
Foreign currency translation differences from presentation currency	-	-	-	-	4,379	-	-	-	-	4,379	3,355	7,734
Effective portion of changes in fair value of cash flow hedges, net of tax	-	-	-	-	-	-	-	5,756	-	5,756	-	5,756
Total other comprehensive income (C)	-	-	-	-	1,138	-	-	5,756	-	6,894	1,038	7,932
Total comprehensive income for the period (D) = (B + C)	-	-	-	-	1,138	-	-	5,756	40,967	47,861	19,611	67,472
<i>Contributions by and distributions to owners:</i>												
Decrease in share capital	(242,517)	-	-	-	-	-	-	-	-	(242,517)	-	(242,517)
Total contributions by and distributions to owners (E)	(242,517)	-	-	-	-	-	-	-	-	(242,517)	-	(242,517)
<i>Changes in ownership interests in subsidiaries:</i>												
Effect of changes in shareholdings on non-controlling interests	-	-	-	-	-	-	-	-	(431)	(431)	(1,221)	(1,652)
Total changes in ownership interests in subsidiaries (F)	-	-	-	-	-	-	-	-	(431)	(431)	(1,221)	(1,652)
Total transactions with owners (G) = (E + F)	(242,517)	-	-	-	-	-	-	-	(431)	(242,948)	(1,221)	(244,169)
Balance at 31 March 2015 (H) = (A + D + G)	526,663	116,434	22,538	798	(45,370)	(9,705)	(320,210)	(79,959)	502,620	713,809	480,565	1,194,374

The notes presented on pages 8 to 49 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 three-month period ended 31 March 2015

For the three-month period ended 31 March 2014

<i>In thousands of EUR ("TEUR")</i>	Attributable to owners of the Company								Retained earnings	Total	Non-controlling interest	Total Equity
	Share capital	Share premium	Other capital funds from capital contributions	Non-distributable reserves	Translation reserve	Fair value reserve	Other capital reserves	Hedging reserve				
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)	-	-	-	-	-	-	-	-	41,876	41,876	13,307	55,183
<i>Other comprehensive income:</i>												
Foreign currency translation differences for foreign operations	-	-	-	-	319	-	-	-	-	319	219	538
Foreign currency translation differences from presentation currency	-	-	-	-	(825)	-	-	-	-	(825)	-	(825)
Effective portion of changes in fair value of cash flow hedges, net of tax	-	-	-	-	-	-	-	(2,405)	-	(2,405)	-	(2,405)
Total other comprehensive income (C)	-	-	-	-	(506)	-	-	(2,405)	-	(2,911)	219	(2,692)
Total comprehensive income for the period (D) = (B + C)	-	-	-	-	(506)	-	-	(2,405)	41,876	38,965	13,526	52,491
Balance at 31 March 2014												
(E) = (A + D)	769,180	116,434	22,538	75,891	(54,232)	(219)	(320,210)	(82,636)	487,484	1,014,230	493,712	1,507,942

The notes presented on pages 8 to 49 form an integral part of these condensed consolidated interim financial statements.

Condensed consolidated interim statement of cash flows

For the three-month period ended 31 March 2015

In thousands of EUR ("TEUR")

	Note	31 March 2015 (three months)	31 March 2014 (three months)
OPERATING ACTIVITIES			
Profit (loss) for the period		59,540	55,183
<i>Adjustments for:</i>			
Income taxes	14	17,544	14,129
Depreciation and amortisation	15, 16	67,616	69,657
Impairment losses on property, plant and equipment and intangible assets		540	-
Loss on disposal of property, plant and equipment, investment property and intangible assets	12	(2,194)	513
Gain on disposal of inventories	11	(145)	-
Emission rights	9	7,733	7,195
Share of profit (loss) of equity accounted investees	17	627	74
Gain on financial instruments	13	(367)	(3,343)
Net interest expense	13	14,860	10,735
Change in allowance for impairment to trade receivables and other assets, write-offs		397	1,164
Change in provisions		(899)	(9,700)
Unrealised foreign exchange (gains)/losses, net		(1,505)	(1,925)
Operating profit before changes in working capital		163,747	143,682
Change in financial instruments at other than fair value		1,887	(48,211)
Change in trade receivables and other assets		(12,233)	(12,565)
Change in inventories (including proceeds from sale)		3,989	2,667
Change in extracted minerals and mineral products		(1,247)	(1,156)
Change in assets held for sale and related liabilities		2,429	-
Change in trade payables and other liabilities		(9,595)	(51,012)
Cash generated from (used in) operations		148,977	33,405
Interest paid		(1,916)	(2,127)
Income taxes paid		(21,273)	(21,511)
Cash flows generated from (used in) operating activities		125,788	9,767
INVESTING ACTIVITIES			
Proceeds from sale of financial instruments – derivatives		(823)	(3,754)
Acquisition of property, plant and equipment and intangible assets	15, 16	(23,767)	(16,274)
Purchase of emission rights		(512)	(7,543)
Proceeds from sale of emission rights		-	1,016
Proceeds from sale of property, plant and equipment, investment property and other intangible assets		3,343	1,173
Increase in participation in existing subsidiaries and special purpose entities		(1,652)	-
Cash flow from contingent consideration		-	-
Interest received		59	100
Cash flows from (used in) investing activities		(23,352)	(25,282)
FINANCING ACTIVITIES			
Proceeds from issue of share capital		-	-
Proceeds from loans received		-	58
Repayment of borrowings		(84,817)	(1,465)
Proceeds from bonds issued		-	-
Payment of finance lease liabilities		-	-
Dividends paid		(45)	-
Cash flows from (used in) financing activities		(84,862)	(1,407)
<i>Net increase (decrease) in cash and cash equivalents</i>		<i>17,574</i>	<i>(16,922)</i>
Cash and cash equivalents at beginning of the period		200,978	283,069
Effect of exchange rate fluctuations on cash held		926	(105)
Cash and cash equivalents at end of the period		219,478	266,042

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., EP Renewables a.s. (previously Czech Wind Holding, 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 acquired 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. 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 three-month period ended 31 March 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.*

Condensed consolidated interim financial statements of EP Energy, a.s.
as of and for the three-month period ended 31 March 2015

The shareholder of the Company as at 31 March 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 31 March 2015 and 31 December 2014 were as follows:

	Interest in share capital %		Voting rights %	
	31 March 2015	31 December 2014	31 March 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 31 March 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 31 March 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 29 May 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 3-month (12-month) period
31 March 2015	27.530	27.624
31 December 2014	27.725	27.533
31 March 2014	27.440	27.441
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 in Lippendorf 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 three-month period ended 31 March 2015

Profit or loss

For the three-month period ended 31 March 2015

<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	85,004	195,996	433,771	1,656	-	716,427	(73,112)	643,315
<i>external revenues</i>	74,776	148,833	418,145	1,561	-	643,315	-	643,315
<i>inter-segment revenues</i>	10,228	47,163	15,626	95	-	73,112	(73,112)	-
Sales: Other	17,045	4,071	3,546	16	695	25,373	(3,424)	21,949
<i>external revenues</i>	14,433	4,071	2,922	16	507	21,949	-	21,949
<i>inter-segment revenues</i>	2,612	-	624	-	188	3,424	(3,424)	-
Gain (loss) from commodity derivatives from trading with electricity and gas, net	-	-	4,637	-	-	4,637	-	4,637
Cost of sales: Energy	(16,917)	(98,151)	(355,659)	(83)	-	(470,810)	65,327	(405,483)
<i>external cost of sales</i>	(15,421)	(81,750)	(308,239)	(73)	-	(405,483)	-	(405,483)
<i>inter-segment cost of sales</i>	(1,496)	(16,401)	(47,420)	(10)	-	(65,327)	65,327	-
Cost of sales: Other	(2,688)	(3,949)	(12,376)	(2)	(81)	(19,096)	9,397	(9,699)
<i>external cost of sales</i>	(2,688)	(3,873)	(3,058)	(1)	(79)	(9,699)	-	(9,699)
<i>inter-segment cost of sales</i>	-	(76)	(9,318)	(1)	(2)	(9,397)	9,397	-
Personnel expenses	(32,889)	(20,010)	(8,120)	(36)	(578)	(61,633)	-	(61,633)
Depreciation and amortisation	(23,924)	(25,644)	(17,386)	(650)	(12)	(67,616)	-	(67,616)
Repairs and maintenance	303	(2,052)	(294)	(78)	(4)	(2,125)	115	(2,010)
Emission rights, net	(2,005)	(5,728)	-	-	-	(7,733)	-	(7,733)
Taxes and charges	(2,386)	(531)	(230)	(6)	(3)	(3,156)	-	(3,156)
Other operating income	5,581	5,545	5,716	97	44	16,983	157	17,140
Other operating expenses	(15,343)	(7,967)	(10,502)	(315)	(542)	(34,669)	1,240	(33,429)
Finance income	179	1,490	23	146	15,821	17,659	(12,904)	4,755
<i>external finance revenues</i>	35	800	20	146	3,754	4,755	-	4,755
<i>inter-segment finance revenues</i>	144	690	3	-	12,067	12,904	(12,904)	-
Finance expense	(7,382)	(5,042)	(957)	(737)	(22,756)	(36,874)	13,181	(23,693)
Profit (loss) from derivative financial instruments	-	253	(73)	-	-	180	187	367
Share of profit (loss) of equity accounted investees, net of tax	-	(627)	-	-	-	(627)	-	(627)
Profit (loss) before income tax	4,578	37,654	42,096	8	(7,416)	76,920	164	77,084
Income tax expenses	(181)	(8,581)	(8,683)	(72)	(27)	(17,544)	-	(17,544)
Profit (loss) for the period	4,397	29,073	33,413	(64)	(7,443)	59,376	164	59,540

Condensed consolidated interim financial statements of EP Energy, a.s.
as of and for the three-month period ended 31 March 2015

For the three-month period ended 31 March 2014

In thousands of EUR

	Mining	Heat and Power	Power Distribution and Supply	Renewables	Other	Total segments	Inter-segment eliminations	Consolidated Financial Information
Sales: Energy	91,728	202,394	372,419	1,424	-	667,965	(49,559)	618,406
<i>external revenues</i>	81,813	168,113	367,123	1,357	-	618,406	-	618,406
<i>inter-segment revenues</i>	9,915	34,281	5,296	67	-	49,559	(49,559)	-
Sales: Other	15,943	5,265	22,747	41	727	44,723	(15,832)	28,891
<i>external revenues</i>	14,260	5,254	8,757	41	579	28,891	-	28,891
<i>inter-segment revenues</i>	1,683	11	13,990	-	148	15,832	(15,832)	-
Gain (loss) from commodity derivatives from trading with electricity and gas, net	-	-	2,428	-	-	2,428	-	2,428
Cost of sales: Energy	(9,948)	(100,096)	(330,766)	(43)	-	(440,853)	51,299	(389,554)
<i>external cost of sales</i>	(9,948)	(83,149)	(296,418)	(39)	-	(389,554)	-	(389,554)
<i>inter-segment cost of sales</i>	-	(16,947)	(34,348)	(4)	-	(51,299)	51,299	-
Cost of sales: Other	(2,390)	(5,844)	(19,343)	(10)	10	(27,577)	14,078	(13,499)
<i>external cost of sales</i>	(2,390)	(5,757)	(5,352)	(10)	10	(13,499)	-	(13,499)
<i>inter-segment cost of sales</i>	-	(87)	(13,991)	-	-	(14,078)	14,078	-
Personnel expenses	(31,872)	(19,930)	(6,691)	(102)	(371)	(58,966)	-	(58,966)
Depreciation and amortisation	(26,048)	(28,174)	(14,552)	(872)	(11)	(69,657)	-	(69,657)
Repairs and maintenance	(386)	(2,193)	(352)	(96)	(3)	(3,030)	83	(2,947)
Emission rights, net	(1,901)	(5,296)	2	-	-	(7,195)	-	(7,195)
Taxes and charges	(2,377)	(234)	(255)	(30)	(6)	(2,902)	-	(2,902)
Other operating income	5,032	6,633	1,802	120	126	13,713	(1,024)	12,689
Other operating expenses	(21,985)	(7,689)	(6,783)	(276)	(1,254)	(37,987)	1,005	(36,982)
Finance income	523	6,043	61	129	15,276	22,032	(10,666)	11,366
<i>external finance revenues</i>	508	5,614	41	129	5,074	11,366	-	11,366
<i>inter-segment finance revenues</i>	15	429	20	-	10,202	10,666	(10,666)	-
Finance expense	(4,626)	(10,060)	(3,835)	(968)	(15,049)	(34,538)	10,931	(23,607)
Profit (loss) from derivative financial instruments	-	75	(2)	(31)	873	915	-	915
Share of profit (loss) of equity accounted investees, net of tax	-	(74)	-	-	-	(74)	-	(74)
Profit (loss) before income tax	11,693	40,820	16,880	(714)	318	68,997	315	69,312
Income tax expenses	(6,540)	(7,891)	(81)	(75)	458	(14,129)	-	(14,129)
Profit (loss) for the period	5,153	32,929	16,799	(789)	776	54,868	315	55,183

Condensed consolidated interim financial statements of EP Energy, a.s.
as of and for the three-month period ended 31 March 2015

Non-current assets and liabilities

As at and for the period ended 31 March 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	871,201	1,354,978	1,222,869	61,845	1,257,301	4,768,194	(1,063,748)	3,704,446
Reportable segment liabilities	(775,395)	(886,124)	(424,932)	(64,452)	(1,423,047)	(3,573,950)	1,063,878	(2,510,072)
Additions to tangible and intangible assets	7,128	19,607	7,163	0	0	33,898	-	33,898
Equity accounted investees	24,220	102,621	-	-	-	126,841	-	126,841

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
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 three-month period ended 31 March 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 31 March 2015

In thousands of EUR

	Czech Republic	Slovakia	Germany	Other	Total segments	Consolidated Financial Information
Property, plant and equipment	668,959	850,690	689,579	3	2,209,231	2,209,231
Intangible assets	125,672	24,858	88,260	-	238,790	238,790
Total	794,631	875,548	777,839	3	2,448,021	2,448,021

In thousands of EUR

	Czech Republic	Slovakia	Germany	Other	Total segments	Consolidated Financial Information
Sales: Electricity	70,303	222,664	34,432	38,838	366,237	366,237
Sales: Heat	113,283	-	928	-	114,211	114,211
Sales: Coal	4,321	268	69,967	150	74,706	74,706
Sales: Gas	62,310	5,453	8,339	12,059	88,161	88,161
Sales: Other	4,095	807	15,360	1,687	21,949	21,949
Gain (loss) from commodity derivatives from trading with electricity and gas, net	4,637	-	-	-	4,637	4,637
Total	258,949	229,192	129,026	52,734	669,901	669,901

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

Condensed consolidated interim financial statements of EP Energy, a.s.
as of and for the three-month period ended 31 March 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 31 March 2014

<i>In thousands of EUR</i>	Czech Republic	Slovakia	Germany	Other	Total segments	Consolidated Financial Information Restated
Sales: Electricity	84,354	209,754	61,218	4,462	359,788	359,788
Sales: Heat	105,896	-	876	-	106,772	106,772
Sales: Coal	2,387	49	77,281	271	79,988	79,988
Sales: Gas	68,947	2,454	-	398	71,799	71,799
Sales: Other energy products	59	-	-	-	59	59
Sales: Other	8,389	198	15,242	5,062	28,891	28,891
Gain (loss) from commodity derivatives from trading with electricity and gas, net	2,428	-	-	-	2,412	2,428
Total	272,460	212,455	154,617	10,193	649,709	649,725

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. 31 March 2015

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.

ii. 31 December 2014

In thousands of EUR

	Date of acquisition	Purchase price	Purchase price liability	Other consideration	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 held at cost as they are immaterial.

Acquisition of non-controlling interest

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

(b) Effect of acquisitions

i. 31 March 2015

There were no acquisitions and step-acquisitions in the period from 1 January 2015 to 31 March 2015.

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
Negative goodwill on acquisitions of a subsidiary			-
Pricing differences in equity			-
Cost of acquisition			5,803
Consideration paid (A)			-
Purchase price liability, not yet settled ⁽³⁾			5,803
New shares issued			-
Total consideration transferred			5,803
Less: Cash acquired (B)			3,477
Net cash inflow (outflow) (C) = (B – A)			3,477

(1) Represents values at 100% share.

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

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

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

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 31 March 2015 the Group reported goodwill in total amount of EUR 96,893 thousand (31 December 2014: EUR 96,241 thousand). The increase in the total amount of goodwill compared to prior year balance was caused by changes in foreign exchange rate of CZK compared to EUR.

For the three-month period ended 31 March 2015 the Group did not recognise any negative goodwill (31 March 2014: EUR 0 thousand).

(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 consolidated financial statements of the Company. Allocation of the total purchase price among the net assets acquired for financial statement reporting purposes was performed with the support of professional advisors.

The valuation analysis is based on historical and prospective information prevailing as at the date of the business combination (which 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.

As at 31 March 2015 there were no acquisitions therefore the Group did not recognise any fair value adjustment resulting from the business combinations.

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

(d) Disposal of investments in 2015 and 2014

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

6. Sales

<i>In thousands of EUR</i>	31 March 2015 (three months)	31 March 2014 (three months) Restated
Sales: Energy		
<i>Electricity</i>	366,237	359,788
<i>Heat</i>	114,211	106,772
<i>Gas</i>	88,161	71,799
<i>Coal</i>	74,706	79,988
<i>Other energy products</i>	-	59
Total Energy	643,315	618,406
Sales: Other	21,949	28,891
Gain (loss) from commodity derivatives for trading with electricity and gas, net	4,637	2,428
Total	669,901	649,725
Domestic revenues	258,948	272,460
Foreign sales	410,953	377,265
Total	669,901	649,725

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

7. Cost of sales

<i>In thousands of EUR</i>	31 March 2015 (three months)	31 March 2014 (three months) Restated
Cost of Sales: Energy		
<i>Cost of sold electricity</i>	218,453	219,540
<i>Cost of sold/consumed gas and other energy products</i>	100,622	81,056
<i>Cost of coal and other material</i>	47,377	53,588
<i>Consumption of energy</i>	33,153	30,266
<i>Other cost of sales</i>	5,878	5,104
Total Energy	405,483	389,554
Cost of Sales: Other		
<i>Cost of goods sold</i>	5,428	8,892
<i>Consumption of material</i>	2,240	3,073
<i>Consumption of energy</i>	1,646	1,275
<i>Changes in WIP, semi-finished products and finished goods</i>	(29)	(409)
<i>Other cost of sales</i>	414	668
Total Other	9,699	13,499
Total	415,182	403,053

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

<i>In thousands of EUR</i>	31 March 2015 (three months)	31 March 2014 (three months) Restated
Wages and salaries	43,474	41,550
Compulsory social security contributions	13,955	13,173
Board members' remuneration (including boards of subsidiaries)	3,209	3,274
Expenses and revenues related to employee benefits (IAS 19)	187	253
Other social expenses	808	716
Total	61,633	58,966

The average number of employees as of 31 March 2015 was 6,529 (31 March 2014: 6,427), of which 314 (31 March 2014: 320) were executives.

9. Emission rights

<i>In thousands of EUR</i>	31 March 2015 (three months)	31 March 2014 (three months) Restated
Deferred income (grant) released to profit and loss	3,871	1,374
Creation of provision for emission rights	(11,604)	(8,569)
Use of provision for emission rights	19,584	5,565
Consumption of emission rights	(19,584)	(5,565)
Total	(7,733)	(7,195)

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

<i>In thousands of EUR</i>	31 March 2015 (three months)	31 March 2014 (three months) Restated
Electricity tax	2,126	2,057
Property and real estate transfer tax	236	110
Other taxes and charges	794	735
Total	3,156	2,902

11. Other operating income

<i>In thousands of EUR</i>	31 March 2015 (three months)	31 March 2014 (three months) Restated
Consulting fees	4,414	4,447
Own work, capitalised ⁽¹⁾	2,590	1,874
Profit from disposal of tangible and intangible assets	2,194	-
Ecological tax reimbursement	1,552	1,628
Rental income	1,074	1,133
Compensation from insurance and other companies	910	265
Property acquired free-of-charge and fees from customers	590	264
Inventories surplus	532	608
Contractual penalties	281	229
Decentralisation and cogeneration fee	173	172
Profit from sale of material	145	33
Other	2,685	2,036
Total	17,140	12,689

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

12. Other operating expenses

<i>In thousands of EUR</i>	31 March 2015 (three months)	31 March 2014 (three months) Restated
Office equipment and other material	7,120	5,765
Outsourcing and other administration fees	6,337	5,917
Rent expenses	5,304	3,010
Consulting expenses	2,899	3,417
Information technology costs	1,667	1,877
Advertising expenses	1,415	458
Administrative expense	1,186	1,985
Insurance expenses	1,136	1,038
Impairment losses/reversals	695	966
Transport expenses	643	6,134
Gifts and sponsorship	499	430
Training, courses, conferences	486	409
Contractual penalties	306	410
Disposal costs for unrealised investments	282	-
Communication expenses	191	191
Loss from receivables written-off	188	202
Shortages and damages	89	1,500
Net loss on disposal of property, plant and equipment, investment property and intangible assets	-	513
Change in provisions, net	(456)	(543)
Other	3,442	3,303
Total	33,429	36,982

No research and development expenses were recognised in profit and loss for the three-month period ended 31 March 2015 and 31 March 2014.

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

Recognised in profit or loss

In thousands of EUR

	31 March 2015 (three months)	31 March 2014 (three months) Restated
Interest income	4,755	11,366
Finance income	4,755	11,366
Interest expense	(16,837)	(18,296)
Net foreign exchange profit (loss)	(3,814)	(584)
Interest expense from unwind of provision discounting	(2,778)	(3,805)
Fees and commissions expense for payment transactions	(213)	(35)
Fees and commissions expense for guarantees	(19)	(46)
Fees and commissions expense for other services	(32)	(841)
Finance costs	(23,693)	(23,607)
Profit (loss) profit from currency derivatives for trading	254	955
Profit (loss) from commodity derivatives for trading	114	(2)
Profit (loss) from hedging activities	-	(31)
Profit (loss) from interest rate derivatives for trading	(1)	(7)
Profit (loss) from financial instruments	367	915
Net finance (expense) recognised in profit or loss	(18,571)	(11,326)

14. Income tax expenses

Income taxes recognised in profit or loss

In thousands of EUR

	31 March 2015 (three months)	31 March 2014 (three months) Restated
<i>Current taxes:</i>		
Current period	(24,025)	(24,261)
Withholding tax	(1)	(5)
Adjustment for prior periods	1,213	6
Total current taxes	(22,813)	(24,260)
<i>Deferred taxes:</i>		
Origination and reversal of temporary differences	5,269	10,131
Total deferred taxes	5,269	10,131
Total income taxes (expense)/benefit recognised in profit or loss	(17,544)	(14,129)

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

<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 2015	1,382,603	1,514,767	1,770	70,163	2,969,303
Effects of movements in foreign exchange rates	4,183	2,920	12	245	7,360
Additions	655	3,931	-	18,748	23,334
Disposals	(1,093)	(212)	(25)	-	(1,330)
Transfers	2,720	602	-	(3,322)	-
Balance at 31 March 2015	1,389,068	1,522,008	1,757	85,834	2,998,667
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	(1,200)	(1,367)	(3)	(41)	(2,611)
Depreciation charge for the period	(24,764)	(38,445)	(61)	-	(63,270)
Disposals	2	340	10	-	352
Impairment losses recognised/released in profit or loss	(540)	-	-	-	(540)
Balance at 31 March 2015	(264,322)	(519,015)	(595)	(5,504)	(789,436)
Carrying amounts					
At 1 January 2015	1,144,783	1,035,224	1,229	64,700	2,245,936
At 31 March 2015	1,124,746	1,002,993	1,162	80,330	2,209,231

<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
Effects of movements in foreign exchange rates	(318)	(53)	-	(15)	(386)
Additions	3,364	1,924	-	10,354	15,642
Disposals	(241)	(1,940)	(16)	-	(2,197)
Transfers	614	472	-	(1,086)	-
Balance at 31 March 2014	1,340,729	1,480,780	1,758	86,021	2,909,288
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	23	63	20	4	110
Depreciation charge for the period	(23,752)	(40,292)	(66)	-	(64,110)
Disposals	121	429	-	-	550
Balance at 31 March 2014	(158,476)	(359,157)	(362)	(8,212)	(526,207)
Carrying amounts					
At 1 January 2014	1,202,442	1,161,020	1,458	68,552	2,433,472
At 31 March 2014	1,182,253	1,121,623	1,396	77,809	2,383,081

Idle assets

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

Finance lease liabilities

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

Security

At 31 March 2015 property, plant and equipment with a carrying value of EUR 323,171 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	702	77	201	84	10	1,074
Additions	-	48	10,131	-	385	10,564
Disposals	-	-	(19,592)	-	-	(19,592)
Transfers	-	657	-	-	(657)	-
Balance at 31 March 2015	105,063	44,283	46,963	108,917	3,846	309,072
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	(50)	(56)	-	(32)	(9)	(147)
Amortisation for the period	-	(1,766)	-	(2,544)	(36)	(4,346)
Balance at 31 March 2015	(8,170)	(17,119)	-	(44,668)	(325)	(70,282)
Carrying amount						
At 1 January 2015	96,241	28,204	56,223	66,741	3,828	251,237
At 31 March 2015	96,893	27,164	46,963	64,249	3,521	238,790

Condensed consolidated interim financial statements of EP Energy, a.s.
as of and for the three-month period ended 31 March 2015

<i>In thousands of EUR</i>	Goodwill	Software	Emission rights	Customer relationships 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	(52)	(6)	(27)	(6)	(1)	(92)
Additions	-	307	18,984	-	325	19,616
Disposals	-	(3)	(4,473)	-	-	(4,476)
Transfers	-	(312)	-	-	312	-
Balance at 31 March 2014	100,690	40,632	85,599	108,929	2,685	338,535
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	5	3	-	1	-	9
Amortisation for the period	-	(1,958)	-	(3,585)	(4)	(5,547)
Disposals	-	2	-	-	-	2
Balance at 31 March 2014	(8,192)	(9,748)	-	(31,697)	(156)	(49,793)
Carrying amount						
At 1 January 2014	92,545	32,851	71,115	80,822	1,897	279,230
At 31 March 2014	92,498	30,884	85,599	77,232	2,529	288,742

In 2015, the EPE Group purchased emission allowances of EUR 512 thousand (31 December 2014: EUR 17,180 thousand). The remaining part of EUR 9,619 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>	31 March 2015
Elektrárny Opatovice, a.s.	84,424
Helmstedter Revier GmbH	5,053
EP Cargo a.s.	4,663
Plzeňská energetika a.s.	2,628
ARISUN, s.r.o.	125
Total goodwill	96,893

In thousands of EUR

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 three-month period ended 31 March 2015 the increase of goodwill balance was earned by 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 three-month period ended 31 March 2015 the EPE group did not recognise any goodwill impairment (31 March 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 31 March 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 31 March 2015 %	Carrying amount 31 March 2015
Pražská teplárenská Holding a.s.	Czech Republic	49.00	13,155
Associates of JTSD			
Braunkohlebergbau GmbH	Germany	(1)	24,220
Associates of Saale Energie GmbH	Germany	(1)	89,466
Total			126,841

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.

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

In thousands of EUR

Associates	Country	Ownership 31 March 2015 %	Share of profit (loss) for the three month period ended 31 March 2015
Pražská teplárenská Holding a.s.	Czech Republic	49.00	18
Associates of JTSD			
Braunkohlebergbau GmbH	Germany	(1)	-
Associates of Saale Energie GmbH	Germany	(1)	(645)
Total			(627)

Condensed consolidated interim financial statements of EP Energy, a.s.
as of and for the three-month period ended 31 March 2015

In thousands of EUR

		Ownership 31 March 2014	Share of profit (loss) for the three month period ended 31 March 2014
Associates	Country	%	
Pražská teplárenská Holding a.s.	Czech Republic	49.00	468
Associates of JTSD			
Braunkohlebergbau GmbH	Germany	(1)	-
Associates of Saale Energie GmbH	Germany	(1)	(542)
Total			(74)

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

Summary financial information for standalone associates presented at 100% as at and for the three month period ended 31 March 2015:

In thousands of EUR

Associates	Revenue	Profit (loss)	Other compre- hensive income	Total compre- hensive income	Assets	Liabilities	Equity
Pražská teplárenská Holding a.s.	136	37	-	37	111,581	42	111,539
Kraftwerk Schkopau GbR ⁽¹⁾	9,179	-	-	-	227,712	117,656	110,056
Kraftwerk Schkopau Betriebsgesellschaft GmbH ⁽¹⁾	25,594	(1)	-	(1)	10,411	10,383	28
Mitteldeutsche Umwelt- und Entsorgung GmbH ⁽¹⁾	13,159	1,281	-	1,281	67,141	39,470	27,671
Fernwärme GmbH Hohenmölsen - Webau ⁽¹⁾	1,606	305	-	305	13,326	7,241	6,085
	49,674	1,622	-	1,622	430,171	174,792	255,379

In thousands of EUR

Associates	Non-current assets	Current assets	Non-current liabilities	Current liabilities
Pražská teplárenská Holding a.s.	84,706	26,875	-	42
Kraftwerk Schkopau GbR ⁽¹⁾	-	227,712	102,258	15,398
Kraftwerk Schkopau Betriebsgesellschaft GmbH ⁽¹⁾	-	10,411	-	10,383
Mitteldeutsche Umwelt- und Entsorgung GmbH ⁽¹⁾	39,103	28,038	23,374	16,096
Fernwärme GmbH Hohenmölsen - Webau ⁽¹⁾	8,472	4,854	1,110	6,131
	132,281	297,890	126,742	48,050

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

Summary financial information for 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

	31 March 2015	31 December 2014
Overburden	25,504	25,504
Raw material and supplies	23,920	23,167
Fossil fuel	18,170	24,039
Spare parts	3,893	3,758
Work in progress	2,228	1,246
Finished goods and merchandise	71	87
Value adjustment to inventories	(754)	(779)
Total	73,032	77,022

At 31 March 2015 inventories in the amount of EUR 24,577 thousand (31 December 2014: EUR 21,672 thousand) were subject to pledges.

19. Trade receivables and other assets

<i>In thousands of EUR</i>	31 March 2015	31 December 2014
Trade receivables	230,629	237,174
Advance payments ⁽¹⁾	61,911	54,542
Accrued income	44,434	41,531
Estimated receivables	17,158	15,322
Uninvoiced supplies	6,653	15,541
Other receivables and assets	33,122	31,947
Allowance for bad debts	(10,373)	(10,139)
Total	383,534	385,918
<i>Non-current</i>	4,493	28,999
<i>Current</i>	379,041	356,919
Total	383,534	385,918

(1) *This balance contains an amount of EUR 18,000 thousand which is advance payment for dividend paid to parent company. As final decision about profit distribution has not been approved by General Meeting yet, this dividend has been recognised as advance payment.*

As at 31 December 2014 trade receivables with a carrying value of EUR 95,464 thousand (31 December 2014: EUR 87,391 thousand) were subject to pledges.

20. Cash and cash equivalents

<i>In thousands of EUR</i>	31 March 2015	31 December 2014
Current accounts with banks	214,597	200,483
Term deposits	4,726	338
Cash on hand	155	157
Total	219,478	200,978

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

As at 31 March 2015 cash equivalents of EUR 76,330 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>	31 March 2015	31 December 2014
Value added tax receivables	15,588	12,287
Current income tax receivables	8,635	8,577
Road tax receivables	25	3
Other tax receivables	591	574
Total	24,839	21,441

22. Assets and liabilities held for sale

As of 31 March 2015 the balance of asset held for sale (EUR 23,582 thousand; 31 December 2014: EUR 26,131 thousand) and balance of liabilities held for sale (EUR 16,276 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 31 March 2015 the net deferred tax liability amounts to EUR 226,589 thousand (31 December 2014: EUR 231,295 thousand) and comprises of deferred tax asset of EUR 10,298 thousand (31 December 2014: EUR 9,627 thousand) and deferred tax liability of EUR 236,887 thousand (31 December 2014: EUR 240,922 thousand).

24. Equity

Share capital and share premium

The authorised, issued and fully paid share capital as of 31 March 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.

31 March 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	
	31 March 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>	31 March 2015	31 December 2014
Non-distributable reserves	798	798
Fair value reserve	(9,705)	(9,705)
Translation reserve	(45,370)	(46,508)
Hedging reserve	(79,959)	(85,715)
Other capital reserves	(320,210)	(320,210)
Total	(454,446)	(461,340)
Other capital funds from capital contributions	22,538	22,538
Reserves	(431,908)	(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 31 March 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 31 March 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 (31 March 2014: in EUR per 1 share of CZK 1,001) nominal value is 2.10 (31 March 2014: 2.14).

The calculation of basic earnings per share as at 31 March 2015 was based on profit attributable to ordinary shareholders of EUR 40,967 thousand, and a weighted average number of ordinary shares outstanding of 19,550 thousand.

The calculation of basic earnings per share as at 31 March 2014 was based on profit attributable to ordinary shareholders of EUR 41,876 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 three-month period ended 31 March 2015

Weighted average number of ordinary shares as at 31 March 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 31 March 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>	31 March 2015	31 December 2014
Stredoslovenská energetika, a.s.	387,304	373,400
Pražská teplárenská a.s.	91,725	87,522
EP Cargo a.s.	1,572	1,348
Norddeutsche Gesellschaft zur Ablagerung von Mineralstoffen mbH	1,287	1,287
AISE, s.r.o.	315	290
EOP & HOKA s.r.o.	6	4
Claymore Equity, s.r.o.	(62)	(60)
VTE Pchery, s.r.o.	(122)	(198)
Alternative Energy, s.r.o.	(1,460)	(1,418)
Total	480,565	462,175

Condensed consolidated interim financial statements of EP Energy, a.s.
as of and for the three-month period ended 31 March 2015

27. Loans and borrowings

<i>In thousands of EUR</i>	31 March 2015	31 December 2014
Issued debentures at amortised cost	1,108,895	1,094,298
Loans payable to credit institutions	197,837	199,335
Loans payable to other than credit institutions	15,150	15,124
<i>of which owed to the parent company/ultimate parent company</i>	2,505	2,462
<i>of which owed to other related companies</i>	12,639	12,656
Liabilities from financial leases	1,228	867
Bank overdraft	-	59,123
Revolving credit facility	-	25,011
Total	1,323,110	1,393,758
Non-current	1,266,947	1,267,328
<i>of which owed to other related companies</i>	-	12,452
Current	56,163	126,430
<i>of which owed to the parent company/ultimate parent company</i>	2,505	2,462
<i>of which owed to other related companies</i>	12,639	204
Total	1,323,110	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	2,875	-	11,604	-	107	523	15,109
Provisions used during the period	(3,759)	-	(19,584)	-	(476)	(5)	(23,824)
Provisions reversed during the period	(180)	-	-	-	(137)	(97)	(414)
Unwinding of discount*	659	-	-	-	2,119	-	2,778
Effects of movements in foreign exchange rates	23	1	94	-	3	4	125
Balance at 31 March 2015	90,730	187	28,364	175	315,156	2,657	437,269
Non-current	46,430	-	-	76	314,613	461	361,580
Current	44,300	187	28,364	99	543	2,196	75,689

* Unwinding of discount is included in interest expense.

Condensed consolidated interim financial statements of EP Energy, a.s.
as of and for the three-month period ended 31 March 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	3,582	-	8,569	-	175	660	12,986
Provisions used during the period	(4,402)	-	(5,565)	-	(5,865)	(1,997)	(17,829)
Provisions reversed during the period	(46)	-	-	-	-	(27)	(73)
Effects of movements in foreign exchange rates	(2)	-	(16)	-	(1)	(2)	(21)
Unwind of discount*	652	-	-	-	3,153	-	3,805
Transfer	-	(49)	-	-	-	49	-
Balance at 31 March 2014	89,703	150	43,528	1,381	292,862	4,189	431,813
Non-current	42,541	-	-	82	292,534	462	335,619
Current	47,162	150	43,528	1,299	328	3,727	96,194

* *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 90,730 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 GmH.

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 175 thousand (31 December 2014: EUR 175 thousand) was 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 31 March 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>	31 March 2015	31 December 2014
Government grants	31,337	30,171
Government grants for emission rights	9,358	-
Other deferred income	37,921	37,840
Total	78,616	68,011
<i>Non-current</i>	57,332	63,996
<i>Current</i>	21,284	4,015
Total	78,616	68,011

Balance of government grants in amount of EUR 31,337 thousand is mainly represented by Elektrárny Opatovice, a.s. of EUR 22,859 thousand (31 December 2014: EUR 22,857) and Alternative Energy, s.r.o. of EUR 5,173 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.

Balance of other deferred income in amount of EUR 36,625 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 23,425 thousand; 31 December 2014: EUR 23,165 thousand), contributions for the acquisitions of tangible assets paid by customers (EUR 4,028 thousand; 31 December 2014: EUR 3,939 thousand), property acquired free-of-charge (EUR 5,463 thousand; 31 December 2014: EUR 5,683 thousand) and contributions paid by customers for the restoration of tangible assets related to distribution network (EUR 3,709 thousand; 31 December 2014: 3,763 thousand).

30. Financial instruments

Financial instruments and other financial assets

<i>In thousands of EUR</i>	31 March 2015	31 December 2014
Assets carried at amortised cost		
Loans to other than credit institutions	362,521	600,281
<i>of which owed by the parent company/ultimate parent company</i>	309,347	548,115
<i>of which owed by other Group related companies</i>	5,620	5,581
Shares available for sale held at cost	2,625	2,598
Other equity instruments	490	487
Total	365,636	603,366
Assets carried at fair value		
Currency forwards	5,843	7,076
Commodity derivatives for trading	1,843	264
Equity options for trading	222	220
Currency options for trading	-	159
Total	7,908	7,719
<i>Non-current</i>	8,357	57,152
<i>Current</i>	365,187	553,933
Total	373,544	611,085

Financial instruments and other financial liabilities

<i>In thousands of EUR</i>	31 March 2015	31 December 2014
Liabilities carried at amortized costs		
Issued bills of exchange at amortized costs	14	-
Total	14	-
Liabilities carried at fair value		
Currency forwards	230	659
Interest rate swaps	451	491
Commodity derivatives	67	360
Total	748	1,510
<i>Non-current</i>	14	680
<i>Current</i>	748	830
Total	762	1,510

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

<i>In thousands of EUR</i>	31 March 2015 Nominal amount buy	31 March 2015 Nominal amount sell	31 March 2015 Fair value buy	31 March 2015 Fair value sell
Currency forwards	204,047	(198,019)	5,843	(230)
Commodity derivatives – futures/forwards	357,419	(356,456)	-	(67)
Currency options	-	-	1,843	-
Equity options	-	-	222	-
Interest rate swaps (IRS) ⁽¹⁾	14,504	-	-	(451)
Total	575,970	(554,475)	7,908	(748)

(1) Nominal amounts include only forward part of swaps.

Condensed consolidated interim financial statements of EP Energy, a.s.
as of and for the three-month period ended 31 March 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	232,524	(225,643)	7,076	(659)
Commodity derivatives – futures/forwards	372,580	(372,918)	264	(360)
Equity options	-	-	220	-
Currency options	-	-	159	-
Interest rate swaps (IRS) ⁽¹⁾	14,402	-	-	(491)
Total	619,506	(598,561)	7,719	(1,510)

(1) *Nominal amounts include only forward part of swaps.*

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>	2015			Total
	Level 1	Level 2	Level 3	
Financial assets carried at fair value:				
Currency forwards	-	5,843	-	5,843
Commodity derivatives for trading	-	1,843	-	1,843
Equity options	-	222	-	222
Currency options	-	-	-	-
Total	-	7,908	-	7,908
Financial liabilities carried at fair value:				
Interest rate swaps	-	451	-	451
Currency forwards	-	230	-	230
Commodity derivatives	-	67	-	67
Total	-	748	-	748

<i>In thousands of EUR</i>	2014			Total
	Level 1	Level 2	Level 3	
Financial assets carried at fair value:				
Currency forwards	-	7,076	-	7,076
Commodity derivatives for trading	-	264	-	264
Equity options	-	220	-	220
Currency options	-	159	-	159
Total	-	7,719	-	7,719
Financial liabilities carried at fair value:				
Currency forwards	-	659	-	659
Interest rate swaps	-	491	-	491
Commodity derivatives	-	360	-	360
Total	-	1,510	-	1,510

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

Condensed consolidated interim financial statements of EP Energy, a.s.
as of and for the three-month period ended 31 March 2015

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	31 March 2015	31 March 2015
Loans to other than credit institutions	362,521	420,037
Shares available for sale	2,625	2,625
Other equity instruments	490	490
Financial instruments held at amortised costs	365,636	423,152
Cash and cash equivalents	219,478	219,478
Financial liabilities		
Liabilities carried at amortized costs	14	14
Loans and borrowings	1,323,110	1,376,768
<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
Cash and cash equivalents	200,978	200,978
Financial liabilities		
Loans and borrowings	1,393,758	1,406,351

31. Trade payables and other liabilities

<i>In thousands of EUR</i>	31 March 2015	31 December 2014
Trade payables	206,232	255,257
Other tax liabilities	48,835	41,808
Advance payments received	48,769	47,352
Estimated payables	48,588	21,799
Payroll liabilities	21,167	21,993
Uninvoiced supplies	20,177	3,687
Accrued expenses	5,035	9,823
Retentions to contractors	20	55
Liabilities arising from acquisitions of subsidiaries and SPEs	-	(1)5,771
Other liabilities	7,359	15,381
Total	406,182	422,926
<i>Non-current</i>	68,027	71,951
<i>Current</i>	338,155	350,975
Total	406,182	422,926

(1) At the date of EP Cargo a.s. acquisition, the Group recognised a purchase price liability of EUR 5,803 thousand. As at 31 December 2014 the purchase price liability was reduced by FX difference of EUR 32 thousand to a balance of EUR 5,771 thousand.

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

As at 31 March 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. Financial commitments and contingencies

<i>In thousands of EUR</i>	31 March 2015	31 December 2014
Granted pledges – securities	1,018,546	1,010,929
Other granted promises	304,022	292,560
Other granted guarantees and warranties	1,139	900
Other contingent liabilities	1,923,688	1,940,890
Total	3,247,395	3,245,279

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

Other contingencies relate to granted loans of EUR 1,404,146⁽¹⁾ thousand (31 December 2014: EUR 1,394,187⁽¹⁾ thousand), pledged cash of EUR 76,330 thousand (31 December 2014: EUR 102,203 thousand) and further pledges of EUR 443,212 thousand (31 December 2014: EUR 444,500 thousand) that include pledged fixed assets of EUR 323,171 thousand (31 December 2014: EUR 335,437 thousand), pledged inventories of EUR 24,577 thousand (31 December 2014: EUR 21,672 thousand) and trade receivables of EUR 95,464 thousand (31 December 2014: EUR 87,391 thousand); all were used as collateral for external financing.

(1) Total balance of pledged granted loans includes intercompany loans of EUR 1,094,784 thousand (31 December 2014: EUR 846,057 thousand).

Other granted promises

Other granted promises comprise EUR 251,055 thousand (31 December 2014: EUR 239,421 thousand), which are represented by the contracts for future energy supply, and EUR 52,967 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 31 March 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 three-month period ended 31 March 2015 the SSE Group recognised a gain of EUR 172 thousand (31 March 2014: loss of EUR 11,134 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 31 March 2015. The 2015 gain is included in the contingent asset of EUR 52,967 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 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 7,265 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 31 March 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
	31 March 2015	31 March 2015	31 December 2014	31 December 2014
Ultimate shareholders	333,034	2,920	571,635	2,482
Companies controlled by ultimate shareholders	8,331	2,273	5,900	7,423
Associates	6,108	13,834	-	12,656
Other related parties	6,938	83	2	619
Total	354,411	19,110	577,537	23,180

(b) **The summary of transactions with related parties during the period ended 31 March 2015 and 31 March 2014 was as follows:**

In thousands of EUR

	Revenues	Expenses	Revenues	Expenses
	31 March 2015	31 March 2015	31 March 2014	31 March 2014
Ultimate shareholders	3,753	43	5,927	52
Companies controlled by ultimate shareholders	5,059	21,915	574	153
Associates	-	3,111	-	-
Other related parties	17	11	25	102
Total	8,829	25,080	6,526	307

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 31 March 2015 and 31 December 2014 is set out below:

		31 March 2015		31 December 2014		2015	2014
	Country of incorporation	Ownership %	Ownership interest	Ownership %	Ownership interest	Consolidation method	Consolidation 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
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.	Czech Republic	100	Direct	100	Direct	Full	Full
United Energy Invest, a.s.	Czech Republic	100	Direct	100	Direct	Full	Full
EVO – Komofany, 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.	Czech Republic	100	Direct	100	Direct	Full	Full
PRVNÍ MOSTECKÁ Servis a.s.	Czech Republic	100	Direct	100	Direct	Full	Full
EP Coal Trading, a.s.	Czech Republic	100	Direct	100	Direct	Full	Full
EOP & HOKA s.r.o.	Czech Republic	99.79	Direct	99.79	Direct	Full	Full
EOP HOKA POLSKA SPOŁKA Z OGRANICZONA ODPOWIEDZIALNOSCIA	Poland	100	Direct	100	Direct	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
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.	Czech Republic	100	Direct	100	Direct	Full	Full
VTE Pastviny s.r.o.	Czech Republic	100	Direct	100	Direct	Full	Full
EP Renewables a.s. *	Czech Republic	100	Direct	100	Direct	Full	Full
Arisun, s.r.o.	Slovakia	100	Direct	100	Direct	Full	Full
Greeninvest Energy, a.s.	Czech Republic	41.70	Direct	41.70	Direct	IFRS 5	IFRS 5
ČKD Blansko Wind, a.s.	Czech Republic	100	Direct	100	Direct	Full	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
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

Condensed consolidated interim financial statements of EP Energy, a.s.
as of and for the three-month period ended 31 March 2015

		31 March 2015		31 December 2014		2015	2014
	Country of incorporation	Ownership %	Ownership interest	Ownership %	Ownership interest	Consolidation method	Consolidation method
Elektrárny Opatovice, a.s.	Czech Republic	100	Direct	100	Direct	Full	Full
Reatex a.s.	Czech Republic	100	Direct	100	Direct	At cost	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
Tepllo 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
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	At cost	At cost
Energotel,a.s.	Slovakia	20	Direct	20	Direct	At cost	At cost
SSE CZ, s.r.o.	Czech Republic	100	Direct	100	Direct	Full	Full
EP ENERGY HR d.o.o.	Croatia	100	Direct	100	Direct	At cost	At cost
EP Cargo a.s.	Czech Republic	60	Direct	60	Direct	Full	Full
EP Cargo Deutschland GmbH	Germany	100	Direct	100	Direct	At cost	At cost
PGP Terminal, a.s.	Czech Republic	60	Direct	60	Direct	At cost	At cost

* *Special purpose entity (SPE)*

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

Transactions with Members of the EPE Board

As of 31 March 2015 EPE has provided no monetary and non-monetary remuneration (31 December 2014: EUR 318 thousand) to the members of Board of Directors of the Company.

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 2,288 thousand. This unjust enrichment claim allegedly arises from the fact that Plzeňská energetika a.s. owns and operates utility distribution systems (e.g., for gas, water and heat), which lie on the property of Škoda Investment a.s., thereby illegally restricting the ownership of Škoda Investment a.s. EPE Group’s management believes that the claim is unfounded and should be dismissed by the court. For this reason Plzeňská energetika a.s. did not create a provision for this litigation as at 31 December 2014. First court hearing already took place on 14 October 2014 with no outcome. Škoda Investment a.s. was asked to provide further details clarifying the claim by mid of December 2014. These details were delivered in time and PE was then asked to provide its opinion. Following court hearing is planned to be scheduled for the end of first half of 2015.

Mitteldeutsche Braunkohlengesellschaft mbH

MIBRAG is involved in an ongoing dispute filed by 50Hertz Transmission GmbH (“50Hertz”) in Germany 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 on 6 May 2015, the appeal was rejected and MIBRAG shall be required to provide detailed data to 50Hertz for the purposes of a calculation of a potential EEG surcharge for the above noted period. MIBRAG is currently analyzing the matter and likely impact, however the potential EEG surcharge can be significant. As the analysis has not yet been completed, no provision was recorded as of 31 March 2015.

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

The SSE Group is a party to various legal proceedings. As of 31 March 2015 the legal provisions amount to EUR 99 thousand (31 December 2014: EUR 99 thousand). The EPE Group management has decided not to disclose details in respect of material legal claims as they are currently ongoing and disclosure may prejudice the SSE Group.

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

The SSE Group further faces a claim for EUR 48,328 thousand (derived from a historical conversion of the original claim base of Slovak crowns equivalent to USD 30,000 thousand) plus lawsuit costs. Based on the legal analysis of the case the SSE Group’s management does not expect an impact on the SSE Group and considers the risk of failure in these proceedings to be unlikely. The SSE Group did not record any provision related to this lawsuit.

36. Subsequent events

On 1 April 2015 the EPE established EP CARGO POLSKA s.a.

On 2 April 2015 Reatex a.s. was removed from commercial register.


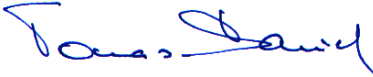
On 27 May 2015 EP Energy declared a dividend of app. EUR 47 million, of which EUR 35 million was transferred to CE Energy in cash. The remaining declared non-cash dividend of app. EUR 12 million is to be utilized to carry out specific non-cash settlement of intercompany liabilities and receivables between EPH, CEE and EPE.

Except for the matters described above and elsewhere in the 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 31 March 2015.

Appendices*:

Appendix 1 – 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: 29 May 2015	Signature of the authorised representative   Pavel Horský Member of the Board of Directors Tomáš David Member of the Board of Directors
--------------------------	--

Appendix 1 – 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 three-month period ended 31 March 2014

In thousands of EUR ("TEUR")

	31 March 2014 (three months)	Restatement effect from Note 2(c)	31 March 2014 (three months)
	Original		Restated
Sales: Energy	618,406	-	618,406
of which: Electricity	359,788	-	359,788
Heat	106,772	-	106,772
Coal	79,988	-	79,988
Gas	71,799	-	71,799
Other energy products	59	-	59
Sales: Other	28,891	-	28,891
Gain (loss) from commodity derivatives for trading with electricity and gas, net	-	2,428	2,428
Total sales	647,297	2,428	649,725
Cost of sales: Energy	(389,554)	-	(389,554)
Cost of sales: Other	(13,499)	-	(13,499)
Total cost of sales	(403,053)	-	(403,053)
	244,244	2,428	246,672
Personnel expenses	(58,966)	-	(58,966)
Depreciation and amortisation	(69,657)	-	(69,657)
Repairs and maintenance	(2,947)	-	(2,947)
Emission rights, net	(7,195)	-	(7,195)
Negative goodwill	-	-	-
Taxes and charges	(2,902)	-	(2,902)
Other operating income	12,689	-	12,689
Other operating expenses	(36,982)	-	(36,982)
Profit (loss) from operations	78,284	2,428	80,712
Finance income	11,366	-	11,366
Finance expense	(23,607)	-	(23,607)
Profit (loss) from financial instruments	3,343	(2,428)	915
Net finance income (expense)	(8,898)	(2,428)	(11,326)
Share of profit (loss) of equity accounted investees, net of tax	(74)	-	(74)
Profit (loss) before income tax	69,312	-	69,312
Income tax expenses	(14,129)	-	(14,129)
Profit (loss) for the period	55,183	-	55,183
Items that are or may be reclassified subsequently to profit or loss:			
Foreign currency translation differences for foreign operations	538	-	538
Foreign currency translation differences from presentation currency	(825)	-	(825)
Effective portion of changes in fair value of cash flow hedges, net of tax	(2,405)	-	(2,405)
Other comprehensive income for the period, net of tax	(2,692)	-	(2,692)
Total comprehensive income for the period	52,491	-	52,491
Profit (loss) attributable to:			
Owners of the Company	41,876	-	41,876
Non-controlling interest	13,307	-	13,307
Profit (loss) for the period	55,183	-	55,183
Total comprehensive income attributable to:			
Owners of the Company	38,965	-	38,965
Non-controlling interest	13,526	-	13,526
Total comprehensive income for the period	52,491	-	52,491
Basic and diluted earnings per share in EUR	2.14		2.14