

EP Energy, a.s.

**Condensed Consolidated Interim Financial Statements
as of and for the six-month period ended 30 June 2015**

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

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Condensed consolidated interim statement of comprehensive income

For the six-month period ended 30 June 2015

In thousands of EUR ("TEUR")

	Note	30 June 2015 (six months)	30 June 2014 (six months) Restated*
Sales: Energy	6	1,124,971	1,116,716
<i>of which: Electricity</i>		682,709	712,180
Heat		167,465	157,189
Gas		139,205	113,275
Coal		135,592	133,980
Other energy products		-	92
Sales: Other	6	50,246	51,654
Gain (loss) from commodity derivatives for trading with electricity and gas, net		7,899	5,251
Total sales		1,183,116	1,173,621
Cost of sales: Energy	7	(753,924)	(744,925)
Cost of sales: Other	7	(18,535)	(24,730)
Total cost of sales		(772,459)	(769,655)
		410,657	403,966
Personnel expenses	8	(132,375)	(125,631)
Depreciation and amortisation	15, 16	(136,997)	(150,093)
Repairs and maintenance		(5,118)	(6,546)
Emission rights, net	9	(11,777)	(10,862)
Taxes and charges	10	(6,266)	(5,775)
Other operating income	11	38,548	29,055
Other operating expenses	12	(77,586)	(71,530)
Profit (loss) from operations		79,086	62,584
Finance income	13	8,831	18,776
Finance expense	13	(48,131)	(48,816)
Profit (loss) from financial instruments	13	(667)	996
Net finance income (expense)		(39,967)	(29,044)
Share of profit (loss) of equity accounted investees, net of tax	17	(1,377)	(605)
Profit (loss) before income tax		37,742	32,935
Income tax expenses	14	(15,385)	(10,645)
Profit (loss) for the period		22,357	22,290
Items that are or may be reclassified subsequently to profit or loss:			
Foreign currency translation differences for foreign operations		(13,852)	1,008
Foreign currency translation differences from presentation currency		24,056	6,313
Effective portion of changes in fair value of cash flow hedges, net of tax		14,144	(1,494)
Fair value reserve included in other comprehensive income		(982)	(1,967)
Other comprehensive income for the period, net of tax		23,366	3,860
Total comprehensive income for the period		45,723	26,150
Profit (loss) attributable to:			
Owners of the Company		4,361	16,703
Non-controlling interest		17,996	5,587
Profit (loss) for the period		22,357	22,290
Total comprehensive income attributable to:			
Owners of the Company		25,381	19,473
Non-controlling interest		20,342	6,677
Total comprehensive income for the period		45,723	26,150
Basic and diluted earnings per share in EUR	25	0.22	0.85

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

The notes presented on pages 8 to 50 form an integral part of these condensed consolidated interim financial statements.

Condensed consolidated interim statement of financial position

As at 30 June 2015

In thousands of EUR ("TEUR")

	Note	30 June 2015	31 December 2014
Assets			
Property, plant and equipment	15	2,204,293	2,245,936
Intangible assets	16	124,725	154,996
Goodwill	16	97,852	96,241
Participations with significant influence	17	119,795	127,376
Financial instruments and other financial assets	30	14,083	57,152
<i>of which receivables from the parent company/ultimate parent company</i>		-	-
Trade receivables and other assets	19	8,969	28,999
Deferred tax assets	23	7,642	9,627
Total non-current assets		2,577,359	2,720,327
Inventories	18	79,792	77,022
Extracted minerals and mineral products		5,998	7,926
Trade receivables and other assets	19	315,822	356,919
Financial instruments and other financial assets	30	348,722	553,933
<i>of which receivables from the parent company/ultimate parent company</i>		300,125	548,115
Prepayments and other deferrals		3,654	2,803
Tax receivables	21	24,924	21,441
Cash and cash equivalents	20	191,012	200,978
Assets/disposal groups held for sale	22	23,558	26,131
Total current assets		993,482	1,247,153
Total assets		3,570,841	3,967,480
Equity			
Share capital	24	526,663	769,180
Share premium		116,434	116,434
Reserves		(417,782)	(438,802)
Retained earnings		396,394	462,084
Total equity attributable to equity holders		621,709	908,896
Non-controlling interest	26	446,612	462,175
Total equity		1,068,321	1,371,071
Liabilities			
Loans and borrowings	27	1,268,075	1,267,328
<i>of which owed to the parent company/ultimate parent company</i>		-	-
Financial instruments and financial liabilities	30	217	680
Provisions	28	358,049	360,247
Deferred income	29	57,213	63,996
Deferred tax liabilities	23	231,335	240,922
Trade payables and other liabilities	31	69,672	71,951
Total non-current liabilities		1,984,561	2,005,124
Trade payables and other liabilities	31	346,661	350,975
Loans and borrowings	27	57,829	126,430
<i>of which owed to the parent company/ultimate parent company</i>		2,549	2,462
Financial instruments and financial liabilities	30	751	830
Provisions	28	69,670	83,248
Deferred income	29	19,003	4,015
Current income tax liability		7,532	9,372
Liabilities from disposal groups held for sale	22	16,513	16,415
Total current liabilities		517,959	591,285
Total liabilities		2,502,520	2,596,409
Total equity and liabilities		3,570,841	3,967,480

The notes presented on pages 8 to 50 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 six-month period ended 30 June 2015

Condensed consolidated interim statement of changes in equity

For the six-month period ended 30 June 2015

<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 2015 (A)	769,180	116,434	22,538	798	(46,508)	(9,705)	(320,210)	(85,715)	462,084	908,896	462,175	1,371,071
<i>Total comprehensive income for the period:</i>												
Profit or loss (B)	-	-	-	-	-	-	-	-	4,361	4,361	17,996	22,357
<i>Other comprehensive income:</i>												
Foreign currency translation differences for foreign operations	-	-	-	-	(7,853)	-	-	-	-	(7,853)	(5,999)	(13,852)
Foreign currency translation differences from presentation currency	-	-	-	-	15,456	-	-	-	-	15,456	8,600	24,056
Effective portion of changes in fair value of cash flow hedges, net of tax	-	-	-	-	-	-	-	14,144	-	14,144	-	14,144
Fair value reserve included in other comprehensive income	-	-	-	-	-	(727)	-	-	-	(727)	(255)	(982)
Total other comprehensive income (C)	-	-	-	-	7,603	(727)	-	14,144	-	21,020	2,346	23,366
Total comprehensive income for the period (D) = (B + C)	-	-	-	-	7,603	(727)	-	14,144	4,361	25,381	20,342	45,723
<i>Contributions by and distributions to owners:</i>												
Decrease in share capital	(242,517)	-	-	-	-	-	-	-	-	(242,517)	-	(242,517)
Dividends to equity holders	-	-	-	-	-	-	-	-	(69,620)	(69,620)	(34,684)	(104,304)
Total contributions by and distributions to owners (E)	(242,517)	-	-	-	-	-	-	-	(69,620)	(312,137)	(34,684)	(346,821)
<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)	-	-	-	-	-	-	-	(70,051)	(312,568)	(35,905)	(348,473)
Balance at 30 June 2015 (H) = (A + D + G)	526,663	116,434	22,538	798	(38,905)	(10,432)	(320,210)	(71,571)	396,394	621,709	446,612	1,068,321

The notes presented on pages 8 to 50 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 six-month period ended 30 June 2015

For the six-month period ended 30 June 2014

<i>In thousands of EUR ("TEUR")</i>	Attributable to owners of the Company											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	Retained earnings	Total	Non-controlling interest	
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)	-	-	-	-	-	-	-	-	16,703	16,703	5,587	22,290
<i>Other comprehensive income:</i>												
Foreign currency translation differences for foreign operations	-	-	-	-	607	-	-	-	-	607	401	1,008
Foreign currency translation differences for presentation currency	-	-	-	-	5,806	-	-	-	-	5,806	507	6,313
Effective portion of changes in fair value of cash flow hedges, net of tax	-	-	-	-	-	-	-	(1,494)	-	(1,494)	-	(1,494)
Fair value reserve included in other comprehensive income, net of tax	-	-	-	-	-	(2,149)	-	-	-	(2,149)	182	(1,967)
Total other comprehensive income (C)	-	-	-	-	6,413	(2,149)	-	(1,494)	-	2,770	1,090	3,860
Total comprehensive income for the period (D) = (B + C)	-	-	-	-	6,413	(2,149)	-	(1,494)	16,703	19,473	6,677	26,150
<i>Transfers within equity:</i>												
Transfer from non-distributable reserves (Note 24)	-	-	-	(75,878)	-	-	-	-	75,878	-	-	-
Transfer to non-distributable reserves	-	-	-	785	-	-	-	-	(785)	-	-	-
Total transfers within equity (E)	-	-	-	(75,093)	-	-	-	-	75,093	-	-	-
<i>Contributions by and distributions to owners:</i>												
Dividends to equity holders	-	-	-	-	-	-	-	-	(96,615)	(96,615)	(42,300)	(138,915)
Total contributions by and distributions to owners (F)	-	-	-	-	-	-	-	-	(96,615)	(96,615)	(42,300)	(138,915)
Balance at 30 June 2014 (G) = (A + D + E + F)	769,180	116,434	22,538	798	(47,313)	(2,368)	(320,210)	(81,725)	440,789	898,123	444,563	1,342,686

The notes presented on pages 8 to 50 form an integral part of these condensed consolidated interim financial statements.

Condensed consolidated interim statement of cash flows

For the six-month period ended 30 June 2015

In thousands of EUR ("TEUR")

	Note	30 June 2015 (six months)	30 June 2014 (six months)
OPERATING ACTIVITIES			
Profit (loss) for the period		22,357	22,290
<i>Adjustments for:</i>			
Income taxes	14	15,385	10,645
Depreciation and amortisation	15, 16	136,997	150,093
Dividend income	13	(179)	(235)
Impairment losses on property, plant and equipment and intangible assets		763	430
(Gain) loss on disposal of property, plant and equipment, investment property and intangible assets	11, 12	(2,203)	1,046
(Gain) loss on disposal of inventories	11	(624)	(152)
Emission rights	9	11,777	10,862
Share of profit (loss) of equity accounted investees	17	1,377	605
(Gain) loss on financial instruments	13	667	(996)
Net interest expense	13	28,955	28,904
Change in allowance for impairment to trade receivables and other assets, write-offs		2,038	1,675
Change in provisions		(3,204)	(28,859)
Unrealised foreign exchange (gains)/losses, net		(19,036)	1,346
Operating profit before changes in working capital		195,070	197,654
Change in financial instruments at other than fair value		16,799	(59,693)
Change in trade receivables and other assets		36,555	81,099
Change in inventories (including proceeds from sale)		(2,779)	(4,672)
Change in extracted minerals and mineral products		1,928	493
Change in assets held for sale and related liabilities		2,671	2
Change in trade payables and other liabilities		(6,250)	(78,983)
Cash generated from (used in) operations		243,994	135,900
Interest paid		(31,656)	(34,861)
Income taxes paid		(29,966)	(37,798)
Cash flows generated from (used in) operating activities		182,372	63,241
INVESTING ACTIVITIES			
Received dividends from equity accounted investees		-	4,186
Proceeds from sale of financial instruments – derivatives		(1,075)	4,022
Acquisition of property, plant and equipment and intangible assets	15, 16	(78,577)	(48,111)
Purchase of emission rights		(764)	(6,784)
Proceeds from sale of emission rights		62	1,171
Proceeds from sale of property, plant and equipment, investment property and other intangible assets		4,356	7,273
Increase in participation in existing subsidiaries and special purpose entities		(1,652)	-
Interest received		802	235
Cash flows from (used in) investing activities		(76,848)	(38,008)
FINANCING ACTIVITIES			
Proceeds from loans received		32,164	67,632
Repayment of borrowings		(88,462)	(26,284)
Proceeds from bonds issued		-	-
Dividends paid		(61,500)	(117,501)
Cash flows from (used in) financing activities		(117,798)	(76,153)
<i>Net increase (decrease) in cash and cash equivalents</i>		<i>(12,274)</i>	<i>(50,920)</i>
Cash and cash equivalents at beginning of the period		200,978	283,069
Effect of exchange rate fluctuations on cash held		2,308	(176)
Cash and cash equivalents at end of the period		191,012	231,973

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 six-month period ended 30 June 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 six-month period ended 30 June 2015

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

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

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

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

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

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

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

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

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

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

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

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

2. Basis of preparation

(a) Statement of compliance

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

These condensed consolidated interim financial statements were approved by the Board of Directors on 27 August 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 6-month (12-month) period
30 June 2015	27.245	27.503
31 December 2014	27.725	27.533
30 June 2014	27.450	27.444
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 six-month period ended 30 June 2015

Profit or loss

For the six-month period ended 30 June 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	149,819	317,774	797,916	3,422	-	1,268,931	(143,960)	1,124,971
<i>external revenues</i>	126,757	239,864	755,117	3,233	-	1,124,971	-	1,124,971
<i>inter-segment revenues</i>	23,062	77,910	42,799	189	-	143,960	(143,960)	-
Sales: Other	33,761	9,934	10,300	-	1,914	55,909	(5,663)	50,246
<i>external revenues</i>	28,656	9,851	10,153	-	1,586	50,246	-	50,246
<i>inter-segment revenues</i>	5,105	83	147	-	328	5,663	(5,663)	-
Gain (loss) from commodity derivatives from trading with electricity and gas, net	-	-	7,899	-	-	7,899	-	7,899
Cost of sales: Energy	(31,960)	(172,354)	(673,343)	(187)	-	(877,844)	123,920	(753,924)
<i>external cost of sales</i>	(29,646)	(138,139)	(585,952)	(187)	-	(753,924)	-	(753,924)
<i>inter-segment cost of sales</i>	(2,314)	(34,215)	(87,391)	-	-	(123,920)	123,920	-
Cost of sales: Other	(4,476)	(7,369)	(28,586)	(17)	(1,190)	(41,638)	23,103	(18,535)
<i>external cost of sales</i>	(4,476)	(7,097)	(5,762)	(13)	(1,187)	(18,535)	-	(18,535)
<i>inter-segment cost of sales</i>	-	(272)	(22,824)	(4)	(3)	(23,103)	23,103	-
Personnel expenses	(70,170)	(42,509)	(18,583)	(95)	(1,018)	(132,375)	-	(132,375)
Depreciation and amortisation	(48,569)	(50,851)	(35,873)	(1,681)	(23)	(136,997)	-	(136,997)
Repairs and maintenance	(1,693)	(2,659)	(750)	(177)	(8)	(5,287)	169	(5,118)
Emission rights, net	(3,954)	(7,826)	3	-	-	(11,777)	-	(11,777)
Taxes and charges	(4,563)	(971)	(660)	(68)	(4)	(6,266)	-	(6,266)
Other operating income	15,579	12,425	10,521	230	103	38,858	(310)	38,548
Other operating expenses	(35,465)	(18,127)	(25,281)	(640)	(731)	(80,244)	2,658	(77,586)
Finance income	501	2,965	286	242	*68,388	*72,382	*(63,551)	8,831
<i>external finance revenues</i>	68	1,652	283	242	6,586	8,831	-	8,831
<i>inter-segment finance revenues</i>	433	1,313	3	-	*61,802	*63,551	*(63,551)	-
Finance expense	(14,421)	(8,033)	(2,059)	(1,173)	(48,107)	(73,793)	25,662	(48,131)
Profit (loss) from derivative financial instruments	-	263	18	(56)	(892)	(667)	-	(667)
Share of profit (loss) of equity accounted investees, net of tax	-	(1,377)	-	-	-	(1,377)	-	(1,377)
Profit (loss) before income tax	(15,611)	31,285	41,808	(200)	18,432	75,714	*(37,972)	37,742
Income tax expenses	3,757	(9,829)	(9,212)	(37)	(64)	(15,385)	-	(15,385)
Profit (loss) for the period	(11,854)	21,456	32,596	(237)	18,368	60,329	(37,972)	22,357

* EUR 37,582 thousand is attributable to inter-group dividends primarily recognised by EP Energy, a.s.

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

For the six-month period ended 30 June 2014

<i>In thousands of EUR</i>	Mining	Heat and Power	Power Distribution and Supply	Renewables	Other	Total segments	Inter-segment eliminations	Consolidated Financial Information
Sales: Energy	169,339	333,640	740,435	3,128	-	1,246,542	(129,826)	1,116,716
<i>external revenues</i>	<i>136,705</i>	<i>274,678</i>	<i>702,343</i>	<i>2,990</i>	-	<i>1,116,716</i>	-	<i>1,116,716</i>
<i>inter-segment revenues</i>	<i>32,634</i>	<i>58,962</i>	<i>38,092</i>	<i>138</i>	-	<i>129,826</i>	<i>(129,826)</i>	-
Sales: Other	33,730	9,109	13,509	83	1,171	57,602	(5,948)	51,654
<i>external revenues</i>	<i>28,210</i>	<i>9,098</i>	<i>13,445</i>	<i>83</i>	<i>818</i>	<i>51,654</i>	-	<i>51,654</i>
<i>inter-segment revenues</i>	<i>5,520</i>	<i>11</i>	<i>64</i>	-	<i>353</i>	<i>5,948</i>	<i>(5,948)</i>	-
Gain (loss) from commodity derivatives from trading with electricity and gas, net	-	-	5,251	-	-	5,251	-	5,251
Cost of sales: Energy	(21,592)	(176,700)	(655,099)	(105)	-	(853,496)	108,571	(744,925)
<i>external cost of sales</i>	<i>(12,168)</i>	<i>(136,659)</i>	<i>(596,001)</i>	<i>(97)</i>	-	<i>(744,925)</i>	-	<i>(744,925)</i>
<i>inter-segment cost of sales</i>	<i>(9,424)</i>	<i>(40,041)</i>	<i>(59,098)</i>	<i>(8)</i>	-	<i>(108,571)</i>	<i>108,571</i>	-
Cost of sales: Other	(5,177)	(12,374)	(31,560)	(17)	242	(48,886)	24,156	(24,730)
<i>external cost of sales</i>	<i>(5,177)</i>	<i>(12,221)</i>	<i>(7,558)</i>	<i>(16)</i>	<i>242</i>	<i>(24,730)</i>	-	<i>(24,730)</i>
<i>inter-segment cost of sales</i>	-	<i>(153)</i>	<i>(24,002)</i>	<i>(1)</i>	-	<i>(24,156)</i>	<i>24,156</i>	-
Personnel expenses	(64,845)	(42,281)	(17,588)	(188)	(729)	(125,631)	-	(125,631)
Depreciation and amortisation	(54,480)	(56,276)	(37,572)	(1,739)	(26)	(150,093)	-	(150,093)
Repairs and maintenance	(704)	(4,960)	(850)	(204)	(6)	(6,724)	178	(6,546)
Emission rights, net	(3,844)	(7,020)	2	-	-	(10,862)	-	(10,862)
Negative goodwill	-	-	-	-	-	-	-	-
Taxes and charges	(4,446)	(677)	(565)	(81)	(6)	(5,775)	-	(5,775)
Other operating income	14,477	11,274	2,009	278	167	28,205	850	29,055
Other operating expenses	(39,278)	(15,365)	(16,292)	(560)	(2,143)	(73,638)	2,108	(71,530)
Finance income	1,183	6,952	294	279	*314,638	*323,346	*(304,570)	18,776
<i>external finance revenues</i>	<i>1,129</i>	<i>5,900</i>	<i>243</i>	<i>250</i>	<i>11,254</i>	<i>18,776</i>	-	<i>18,776</i>
<i>inter-segment finance revenues</i>	<i>54</i>	<i>1,052</i>	<i>51</i>	<i>29</i>	<i>*303,384</i>	<i>*304,570</i>	<i>*(304,570)</i>	-
Finance expense	(8,673)	(23,470)	(6,076)	(1,430)	(30,770)	(70,419)	21,603	(48,816)
Profit (loss) from derivative financial instruments	-	99	(14)	(61)	972	996	-	996
Share of profit (loss) of equity accounted investees, net of tax	-	(605)	-	-	-	(605)	-	(605)
Gain/(loss) on disposal of subsidiaries, special purpose entities, joint-ventures and associates	-	-	-	-	-	-	-	-
Profit (loss) before income tax	15,690	21,346	(4,116)	(617)	283,510	315,813	*(282,878)	32,935
Income tax expenses	(4,373)	(6,821)	628	(77)	(2)	(10,645)	-	(10,645)
Profit (loss) for the period	11,317	14,525	(3,488)	(694)	283,508	305,168	(282,878)	22,290

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

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

Non-current assets and liabilities

As at and for the period ended 30 June 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
Reportable segment assets	841,444	1,375,375	1,164,192	60,839	1,261,213	4,703,063	(1,132,222)	3,570,841
Reportable segment liabilities	(774,557)	(917,332)	(422,053)	(63,799)	(1,456,860)	(3,634,601)	(1,132,081)	(2,502,520)
Additions to tangible and intangible assets	17,908	54,871	18,406	34	32	91,251	-	91,251
Equity accounted investees	24,220	95,575	-	-	-	119,795	-	119,795

As at and for the year ended 31 December 2014

<i>In thousands of EUR</i>	Mining	Heat and Power	Power Distribution and Supply	Renewables	Other	Total segments	Inter-segment eliminations	Consolidated Financial Information
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 six-month period ended 30 June 2015

Information about geographical areas

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

As at and for the period ended 30 June 2015

In thousands of EUR

	Czech Republic	Slovakia	Germany	Other	Total segments	Consolidated Financial Information
Property, plant and equipment	682,384	841,723	680,184	2	2,204,293	2,204,293
Intangible assets	128,587	24,027	69,963	-	222,577	222,577
Total	810,971	865,750	750,147	2	2,426,870	2,426,870

In thousands of EUR

	Czech Republic	Slovakia	Germany	Other	Total segments	Consolidated Financial Information
Sales: Electricity	132,381	421,497	68,846	59,985	682,709	682,709
Sales: Heat	166,084	-	1,381	-	167,465	167,465
Sales: Gas	91,643	24,249	8,864	14,449	139,205	139,205
Sales: Coal	11,918	1,108	117,658	4,908	135,592	135,592
Sales: Other	11,341	3,227	32,261	3,417	50,246	50,246
Gain (loss) from commodity derivatives from trading with electricity and gas, net	7,899	-	-	-	7,899	7,899
Total	421,266	450,081	229,010	82,759	1,183,116	1,183,116

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 six-month period ended 30 June 2015

For the year ended 31 December 2014

In thousands of EUR

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

For the period ended 30 June 2014

In thousands of EUR

	Czech Republic	Slovakia	Germany	Other	Total segments	Consolidated Financial Information
Sales: Electricity	157,004	430,182	115,983	9,011	712,180	712,180
Sales: Heat	155,871	-	1,318	-	157,189	157,189
Sales: Coal	5,688	283	127,712	297	133,980	133,980
Sales: Gas	108,478	4,387	-	410	113,275	113,275
Sales: Other energy products	92	-	-	-	92	92
Sales: Other	14,466	999	29,907	6,282	51,654	51,654
Gain (loss) from commodity derivatives from trading with electricity and gas, net	5,251	-	-	-	5,251	5,251
Total	446,850	435,851	274,920	16,000	1,173,621	1,173,621

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

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

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

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

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

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

(a) Acquisitions

i. 30 June 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

<i>In thousands of EUR</i>	Date of acquisition	Purchase price	Purchase price liability	Other consideration	Equity interest acquired %	Equity interest after acquisition %
New subsidiaries						
	31/07/2014					
EP Cargo a.s.	4	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. 30 June 2015

There were no acquisitions and step-acquisitions in the period from 1 January 2015 to 30 June 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 was not 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 30 June 2015 the Group reported goodwill in total amount of EUR 97,852 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 six-month period ended 30 June 2015 the Group did not recognise any negative goodwill (30 June 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 30 June 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 30 June 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>	30 June 2015 (six months)	30 June 2014 (six months) Restated
Sales: Energy		
<i>Electricity</i>	682,709	712,180
<i>Heat</i>	167,465	157,189
<i>Gas</i>	139,205	113,275
<i>Coal</i>	135,592	133,980
<i>Other energy products</i>	-	92
Total Energy	1,124,971	1,116,716
Sales: Other	50,246	51,654
Gain (loss) from commodity derivatives for trading with electricity and gas, net	7,899	5,251
Total	1,183,116	1,173,621
Domestic revenues	421,266	446,850
Foreign sales	761,850	726,771
Total	1,183,116	1,173,621

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>	30 June 2015 (six months)	30 June 2014 (six months) Restated
Cost of Sales: Energy		
<i>Cost of sold electricity</i>	435,731	472,895
<i>Cost of sold/consumed gas and other energy products</i>	167,832	122,091
<i>Consumption of coal and other material⁽¹⁾</i>	90,112	95,087
<i>Consumption of energy</i>	49,703	45,310
<i>Other cost of sales</i>	10,546	9,542
Total Energy	753,924	744,925
Cost of Sales: Other		
<i>Cost of goods sold</i>	10,543	13,413
<i>Consumption of material</i>	5,209	7,693
<i>Consumption of energy</i>	2,599	4,244
<i>Changes in WIP, semi-finished products and finished goods</i>	(1,557)	(1,487)
<i>Other cost of sales</i>	1,741	867
Total Other	18,535	24,730
Total	772,459	769,655

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

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

8. Personnel expenses

<i>In thousands of EUR</i>	30 June 2015 (six months)	30 June 2014 (six months) Restated
Wages and salaries	89,228	87,968
Compulsory social security contributions	28,629	27,593
Board members' remuneration (including boards of subsidiaries)	10,247	6,005
Expenses and revenues related to employee benefits (IAS 19)	1,951	1,084
Other social expenses	2,320	2,981
Total	132,375	125,631

The average number of employees as at 30 June 2015 was 6,513 (30 June 2014: 6,469), of which 331 (30 June 2014: 323) were executives.

9. Emission rights

<i>In thousands of EUR</i>	30 June 2015 (six months)	30 June 2014 (six months) Restated
Deferred income (grant) released to profit and loss	6,623	7,126
Profit (loss) from sale of emission rights	3	(484)
Net creation of provision for emission rights	(18,403)	(17,504)
Use of provision for emission rights	36,413	40,137
Consumption of emission rights	(36,413)	(40,137)
Total	(11,777)	(10,862)

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>	30 June 2015 (six months)	30 June 2014 (six months) Restated
Electricity tax	4,112	3,966
Property and real estate transfer tax	951	780
Other taxes and charges	1,203	1,029
Total	6,266	5,775

11. Other operating income

<i>In thousands of EUR</i>	30 June 2015 (six months)	30 June 2014 (six months) Restated
Consulting fees	9,008	7,916
Compensation from insurance and other companies	7,815	5,231
Own work, capitalised ⁽¹⁾	6,604	2,960
Ecological tax reimbursement	3,010	3,092
Rental income	2,481	2,544
Profit from disposal of tangible and intangible assets	2,203	-
Property acquired free-of-charge and fees from customers ⁽²⁾	1,468	1,622
Inventories surplus	1,141	1,275
Profit from sale of material, net	624	152
Contractual penalties	559	757
Decentralisation and cogeneration fee	217	214
Other	3,418	3,292
Total	38,548	29,055

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

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

12. Other operating expenses

<i>In thousands of EUR</i>	30 June 2015 (six months)	30 June 2014 (six months) Restated
Office equipment and other material	16,165	13,254
Outsourcing and other administration fees	14,109	15,360
Rent expenses	10,730	5,909
Change in provisions, net	7,890	(298)
Consulting expenses	6,133	6,632
Information technology costs	2,852	3,586
Impairment losses, net	2,181	1,118
Administrative expenses	1,765	1,497
Advertising expenses	1,598	1,047
Insurance expenses	1,581	1,515
Transport expenses	1,313	12,116
Gifts and sponsorship	1,065	1,026
Training, courses, conferences	1,020	880
Contractual penalties	922	439
Shortages and damages	519	1,835
Loss from receivables written-off	480	996
Communication expenses	450	380
Disposal costs for unrealised investments	283	-
Net loss on disposal of property, plant and equipment, investment property and intangible assets	-	1,046
Other	6,530	3,192
Total	77,586	71,530

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

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

Recognised in profit or loss

<i>In thousands of EUR</i>	30 June 2015 (six months)	30 June 2014 (six months) Restated
Interest income	8,599	18,301
Dividend income	179	235
Net foreign exchange profit (loss)	-	237
Other finance income	53	3
Finance income	8,831	18,776
Interest expense	(31,802)	(42,471)
Net foreign exchange profit (loss)	(10,005)	-
Interest expense from unwind of provision discounting	(5,752)	(4,734)
Fees and commissions expense for payment transactions	(343)	(83)
Fees and commissions expense for guarantees	(37)	(72)
Fees and commissions expense for other services	(192)	(1,456)
Finance expense	(48,131)	(48,816)
Profit (loss) from interest rate derivatives for trading	(1)	(31)
Profit (loss) from commodity derivatives for trading	(46)	(52)
Profit (loss) from hedging activities	(57)	(61)
Profit (loss) from other financial instruments	(202)	-
Profit (loss) from currency derivatives for trading	(361)	1,140
Profit (loss) from financial instruments	(667)	996
Net finance income (expense) recognised in profit or loss	(39,967)	(29,044)

14. Income tax expenses

Income taxes recognised in profit or loss

<i>In thousands of EUR</i>	30 June 2015 (six months)	30 June 2014 (six months) Restated
<i>Current taxes:</i>		
Current period	(25,773)	(22,954)
Adjustment for prior periods	1,425	(435)
Withholding tax	(6)	(14)
Total current taxes	(24,354)	(23,403)
<i>Deferred taxes:</i>		
Origination and reversal of temporary differences	8,969	12,758
Total deferred taxes	8,969	12,758
Total income taxes (expense)/benefit recognised in profit or loss	(15,385)	(10,645)

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%.

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

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	8,802	7,283	28	800	16,913
Additions	5,879	10,027	5	60,994	76,905
Disposals	(2,528)	(1,314)	(51)	(1)	(3,894)
Transfers	8,632	3,503	-	(12,135)	-
Balance at 30 June 2015	1,403,388	1,534,266	1,752	119,821	3,059,227
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	(1,384)	(3,502)	(7)	(96)	(4,989)
Depreciation charge for the period	(51,371)	(76,738)	(125)	-	(128,234)
Disposals	1,781	609	29	-	2,419
Impairment losses recognised/released in profit or loss	(763)	-	-	-	(763)
Balance at 30 June 2015	(289,557)	(559,174)	(644)	(5,559)	(854,934)
Carrying amounts					
At 1 January 2015	1,144,783	1,035,224	1,229	64,700	2,245,936
At 30 June 2015	1,113,831	975,092	1,108	114,262	2,204,293

Condensed consolidated interim financial statements of EP Energy, a.s.
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<i>In thousands of EUR</i>	Land and buildings	Technical equipment, plant and machinery	Other equipment, fixtures and fittings	Under construction	Total
Cost					
Balance at 1 January 2014	1,337,310	1,480,377	1,774	76,768	2,896,229
Reclassification of the opening balances as a result of completed Purchase Price Allocation for SSE	10,735	(8,086)	-	(2,649)	-
Effects of movements in foreign exchange rates	(454)	(364)	19	(19)	(818)
Additions	6,643	15,851	3	24,310	46,807
Disposals	(4,901)	(2,186)	(29)	(1,822)	(8,938)
Transfers	8,974	12,511	-	(21,485)	-
Balance at 30 June 2014	1,358,307	1,498,103	1,767	75,103	2,933,280
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	68	139	30	6	243
Depreciation charge for the period	(50,335)	(88,314)	(142)	-	(138,791)
Disposals	608	116	-	-	724
Impairment losses recognised in profit or loss	(430)	-	-	-	(430)
Balance at 30 June 2014	(184,957)	(407,416)	(428)	(8,210)	(601,011)
Carrying amounts					
At 1 January 2014	1,213,177	1,152,934	1,458	65,903	2,433,472
At 30 June 2014	1,173,350	1,090,687	1,339	66,893	2,332,269

Idle assets

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

Finance lease liabilities

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

Security

At 30 June 2015 property, plant and equipment with a carrying value of EUR 306,377 thousand (31 December 2014: EUR 335,437 thousand) is subject to pledges to secure bank loans.

16. Intangible assets (including goodwill)

<i>In thousands of EUR</i>	Goodwill	Software	Emission rights	Customer relationships and other contracts	Other intangible assets	Total
Cost						
Balance at 1 January 2015	104,361	43,501	56,223	108,833	4,108	317,026
Effect of movements in foreign exchange rates	1,734	193	502	210	21	2,660
Additions	-	619	12,674	-	1,053	14,346
Disposals	-	-	(36,543)	-	-	(36,543)
Transfers	-	678	-	-	(678)	-
Balance at 30 June 2015	106,095	44,991	32,856	109,043	4,504	297,489
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	(123)	(144)	-	(82)	(11)	(360)
Amortisation for the period	-	(3,486)	-	(5,204)	(73)	(8,763)
Balance at 30 June 2015	(8,243)	(18,927)	-	(47,378)	(364)	(74,912)
Carrying amount						
At 1 January 2015	96,241	28,204	56,223	66,741	3,828	251,237
At 30 June 2015	97,852	26,064	32,856	61,665	4,140	222,577
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	(86)	(9)	(41)	(11)	(1)	(148)
Additions	-	619	19,058	-	685	20,362
Disposals	-	(4)	(40,137)	-	-	(40,141)
Transfers	-	(237)	-	-	237	-
Balance at 30 June 2014	100,656	41,015	49,995	108,924	2,970	303,560
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	7	4	-	3	-	14
Amortisation for the period	-	(4,060)	-	(7,171)	(71)	(11,302)
Disposals	-	3	-	-	-	3
Balance at 30 June 2014	(8,190)	(11,848)	-	(35,281)	(223)	(55,542)
Carrying amount						
At 1 January 2014	92,545	32,851	71,115	80,822	1,897	279,230
At 30 June 2014	92,466	29,167	49,995	73,643	2,747	248,018

In 2015, the EPE Group purchased emission allowances of EUR 764 thousand (31 December 2014: EUR 17,180 thousand). The remaining part of EUR 11,910 thousand (31 December 2014: EUR 10,855 thousand) was allocated to the Group by the Ministry of the Environment of the Czech Republic.

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

Other intangible assets comprise valuable rights.

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

Impairment testing for cash-generating units containing goodwill

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

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

<i>In thousands of EUR</i>	30 June 2015
Elektrárny Opatovice, a.s.	85,296
Helmstedter Revier GmbH	5,053
EP Cargo a.s.	4,722
Plzeňská energetika a.s.	2,656
ARISUN, s.r.o.	125
Total goodwill	97,852

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

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

Goodwill and impairment testing

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

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

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

Cash-flows were projected based on past experience, actual operating results and the one-year business plan followed by additional four years of modelled projections followed by projected results based on estimated growth factor plus a terminal value if relevant. Cash flows for a terminal period were extrapolated using a constant growth rate of 0.5% – 2%, which does not exceed the long-term average growth rate for the industry. Other key assumptions considered by management include forecasts of commodity market prices, future electricity and gas prices, investment activity, changes in working capital and changes in the regulatory framework.

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

There were no impairment indicators as of 30 June 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.

<i>In thousands of EUR</i>		Ownership	Carrying amount
Associates	Country	30 June 2015	30 June 2015
		%	
Pražská teplárenská Holding a.s.	Czech Republic	49.00	6,802
Associates of JTSD			
Braunkohlebergbau GmbH	Germany	(1)	24,220
Associates of Saale Energie GmbH	Germany	(1)	88,773
Total			119,795

<i>In thousands of EUR</i>		Ownership	Carrying amount
Associates	Country	31 December 2014	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 30 June 2015 %	Share of profit (loss) for the three month period ended
			30 June 2015
Pražská teplárenská Holding a.s.	Czech Republic	49.00	(39)
Associates of JTSD			
Braunkohlebergbau GmbH	Germany	(1)	-
Associates of Saale Energie GmbH	Germany	(1)	(1,338)
Total			(1,377)

In thousands of EUR

Associates	Country	Ownership 30 June 2014 %	Share of profit (loss) for the three month period ended
			30 June 2014
Pražská teplárenská Holding a.s.	Czech Republic	49.00	580
Associates of JTSD			
Braunkohlebergbau GmbH	Germany	(1)	-
Associates of Saale Energie GmbH	Germany	(1)	(1,185)
Total			(605)

(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 six month period ended 30 June 2015:

In thousands of EUR

Associates	Revenue	Profit (loss)	Other compre- hensive income	Total compre- hensive income	Assets	Liabilities	Equity
Kraftwerk Schkopau GbR ⁽¹⁾	16,010	(2,997)	-	(2,997)	224,609	113,088	111,521
Kraftwerk Schkopau Betriebsgesellschaft GmbH ⁽¹⁾	51,052	1	-	1	4,423	4,396	27
Mitteldeutsche Umwelt- und Entsorgung GmbH ⁽¹⁾	26,829	2,254	-	2,254	66,470	40,926	25,544
Fernwärme GmbH Hohenmölsen - Webau ⁽¹⁾	2,490	359	-	359	14,249	8,110	6,139
	109,709	12,742	-	12,742	409,223	166,532	242,691

In thousands of EUR

Associates	Non-current assets	Current assets	Non-current liabilities	Current liabilities
Kraftwerk Schkopau GbR ⁽¹⁾	-	224,609	102,258	10,830
Kraftwerk Schkopau Betriebsgesellschaft GmbH ⁽¹⁾	-	4,423	-	4,396
Mitteldeutsche Umwelt- und Entsorgung GmbH ⁽¹⁾	37,933	28,537	22,783	18,143
Fernwärme GmbH Hohenmölsen - Webau ⁽¹⁾	11,268	2,981	1,049	7,061
	134,793	274,430	126,090	40,442

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

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

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

In thousands of EUR

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

In thousands of EUR

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

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

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

18. Inventories

In thousands of EUR

	30 June 2015	31 December 2014
Overburden	26,888	25,504
Raw material and supplies	23,220	23,167
Fossil fuel	21,462	24,039
Work in progress	4,222	1,246
Spare parts	4,047	3,758
Finished goods and merchandise	687	87
Value adjustment to inventories	(734)	(779)
Total	79,792	77,022

As at 30 June 2015 inventories in the amount of EUR 27,924 thousand (31 December 2014: EUR 21,672 thousand) were subject to pledges.

19. Trade receivables and other assets

<i>In thousands of EUR</i>	30 June 2015	31 December 2014
Trade receivables	189,754	237,174
Accrued income	47,334	41,531
Advance payments	43,525	54,542
Estimated receivables	12,597	15,322
Uninvoiced supplies	9,797	15,541
Other receivables and assets	33,526	31,947
Allowance for bad debts	(11,742)	(10,139)
Total	324,791	385,918
<i>Non-current</i>	8,969	28,999
<i>Current</i>	315,822	356,919
Total	324,791	385,918

As at 30 June 2015 trade receivables with a carrying value of EUR 102,627 thousand (31 December 2014: EUR 87,391 thousand) were subject to pledges.

20. Cash and cash equivalents

<i>In thousands of EUR</i>	30 June 2015	31 December 2014
Current accounts with banks	179,263	200,483
Term deposits	11,581	338
Cash on hand	168	157
Total	191,012	200,978

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

As at 30 June 2015 cash equivalents of EUR 63,512 thousand are subject to pledges (31 December 2014: EUR 102,203 thousand). According to the bond documentation cash balances at specific entities are pledged in favour of the bondholders in case the Company defaults on bonds payments. As such, the pledged cash is readily available to the EPE Group and does not represent restricted cash.

21. Tax receivables

<i>In thousands of EUR</i>	30 June 2015	31 December 2014
Value added tax receivables	12,418	12,287
Current income tax receivables	12,349	8,577
Road tax receivables	39	3
Other tax receivables	118	574
Total	24,924	21,441

22. Assets and liabilities held for sale

As at 30 June 2015 the balance of assets held for sale (EUR 23,558 thousand; 31 December 2014: EUR 26,131 thousand) and balance of liabilities held for sale (EUR 16,513 thousand; 31 December 2014: EUR 16,415 thousand) is represented by specific assets and liabilities of Stredoslovenska energetika, a.s.

23. Deferred tax assets and liabilities

As at 30 June 2015 the net deferred tax liability amounts to EUR 223,693 thousand (31 December 2014: EUR 231,295 thousand) and comprises of deferred tax asset of EUR 7,642 thousand (31 December 2014: EUR 9,627 thousand) and deferred tax liability of EUR 231,335 thousand (31 December 2014: EUR 240,922 thousand).

24. Equity

Share capital and share premium

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

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

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

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

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

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

Reserves recognised in equity comprise the following items:

<i>In thousands of EUR</i>	30 June 2015	31 December 2014
Non-distributable reserves	798	798
Fair value reserve	(10,432)	(9,705)
Translation reserve	(38,905)	(46,508)
Hedging reserve	(71,571)	(85,715)
Other capital reserves	(320,210)	(320,210)
Total	(440,320)	(461,340)
Other capital funds from capital contributions	22,538	22,538
Reserves	(417,782)	(438,802)

Non-distributable reserves

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

Translation reserve

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

Other capital reserves

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

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

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

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

Hedging reserves

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

25. Earnings per share

Basic earnings per share

Basic earnings per share in EUR per 1 share of CZK 657 (30 June 2014: in EUR per 1 share of CZK 1,001) nominal value is 0.22 (30 June 2014: 0.85).

The calculation of basic earnings per share as at 30 June 2015 was based on profit attributable to ordinary shareholders of EUR 4,361 thousand, and a weighted average number of ordinary shares outstanding of 19,550 thousand.

The calculation of basic earnings per share as at 30 June 2014 was based on profit attributable to ordinary shareholders of EUR 16,703 thousand, and a weighted average number of ordinary shares outstanding of 19,550 thousand.

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Weighted average number of ordinary shares as at 30 June 2015

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

Weighted average number of ordinary shares as at 30 June 2014

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

Dilutive earnings per share

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

26. Non-controlling interest

<i>In thousands of EUR</i>	30 June 2015	31 December 2014
Stredoslovenská energetika, a.s.	358,989	373,400
Pražská teplárenská a.s.	85,037	87,522
EP Cargo a.s.	1,923	1,348
Norddeutsche Gesellschaft zur Ablagerung von Mineralstoffen mbH	1,404	1,287
PT měfení, a.s.	710	-
AISE, s.r.o.	257	290
EOP & HOKA s.r.o.	6	4
Claymore Equity, s.r.o.	(66)	(60)
VTE Pchery, s.r.o.	(133)	(198)
Alternative Energy, s.r.o.	(1,515)	(1,418)
Total	446,612	462,175

27. Loans and borrowings

<i>In thousands of EUR</i>	30 June 2015	31 December 2014
Issued debentures at amortised cost	1,095,689	1,094,298
Loans payable to credit institutions	194,191	199,335
Loans payable to other than credit institutions	2,555	15,124
<i>of which owed to the parent company/ultimate parent company</i>	2,549	2,462
<i>of which owed to other related companies</i>	-	12,656
Bank overdraft	32,164	59,123
Liabilities from financial leases	1,305	867
Revolving credit facility	-	25,011
Total	1,325,904	1,393,758
Non-current	1,268,075	1,267,328
<i>of which owed to other related companies</i>	-	12,452
Current	57,829	126,430
<i>of which owed to the parent company/ultimate parent company</i>	2,549	2,462
<i>of which owed to other related companies</i>	-	204
Total	1,325,904	1,393,758

28. Provisions

<i>In thousands of EUR</i>	Em- ployee benefit s	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	11,314	-	18,403	6,500	194	774	37,185
Provisions used during the period	(18,852)	-	(36,413)	-	(2,883)	(107)	(58,255)
Provisions reversed during the period	(388)	-	-	(101)	(282)	(1)	(772)
Unwinding of discount*	1,505	-	-	-	4,247	-	5,752
Effects of movements in foreign exchange rates	59	3	236	1	5	10	314
Balance at 30 June 2015	84,750	189	18,476	6,575	314,821	2,908	427,719
Non-current	43,044	-	-	75	314,296	634	358,049
Current	41,706	189	18,476	6,500	525	2,274	69,670

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

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<i>In thousands of EUR</i>	Emp- loyee benefit s	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	12,944	-	17,504	-	22	912	31,382
Provisions used during the period	(30,075)	-	(40,137)	-	(2,018)	(1,997)	(74,227)
Provisions reversed during the period	(382)	-	-	(1,200)	-	(32)	(1,614)
Effects of movements in foreign exchange rates	(2)	-	(22)	-	(1)	(1)	(26)
Unwind of discount*	-	-	-	-	4,734	-	4,734
Transfer	-	(49)	-	-	-	49	-
Balance at 30 June 2014	72,404	150	17,885	181	298,137	4,437	393,194
Non-current	30,493	-	-	82	297,824	462	328,861
Current	41,911	150	17,885	99	313	3,975	64,333

* *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 84,750 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 6,575 thousand was recorded by Pražská teplárenská a.s. and Mitteldeutsche Braunkohlengesellschaft GmbH (31 December 2014: EUR 175 thousand recorded by Stredoslovenská energetika, a.s. and Pražská teplárenská a.s.). For further details refer to Note 35 – Litigations and Claims.

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

Provision for restructuring, restoration and decommissioning

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

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

The following expense items are considered:

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

29. Deferred income

<i>In thousands of EUR</i>	30 June 2015	31 December 2014
Government grants	31,211	30,171
Government grants for emission rights	6,952	-
Other deferred income	38,053	37,840
Total	72,216	68,011
<i>Non-current</i>	57,213	63,996
<i>Current</i>	19,003	4,015
Total	72,216	68,011

Balance of government grants in amount of EUR 31,211 thousand is mainly represented by Elektrárny Opatovice, a.s. of EUR 22,746 thousand (31 December 2014: EUR 22,857) and Alternative Energy, s.r.o. of EUR 5,076 thousand (31 December 2014: EUR 5,270 thousand). These companies were provided with government grants to reduce emission pollutions and to build a biogas facility.

Part of other deferred income in amount of EUR 36,816 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 23,816 thousand; 31 December 2014: EUR 23,165 thousand), contributions for the acquisitions of tangible assets paid by customers (EUR 4,197 thousand; 31 December 2014: EUR 3,939 thousand), property acquired free-of-charge (EUR 5,148 thousand; 31 December 2014: EUR 5,683 thousand) and contributions paid by customers for the restoration of tangible assets related to distribution network (EUR 3,655 thousand; 31 December 2014: 3,763 thousand).

30. Financial instruments

Financial instruments and other financial assets

<i>In thousands of EUR</i>	30 June 2015	31 December 2014
Assets carried at amortised cost		
Loans to other than credit institutions	353,277	600,281
<i>of which owed by the parent company/ultimate parent company</i>	300,125	548,115
<i>of which owed by other Group related companies</i>	5,463	5,581
Shares available for sale held at cost	2,523	2,598
Other equity instruments	23	487
Total	355,823	603,366
Assets carried at fair value		
Currency forwards	4,984	7,076
Commodity derivatives for trading	1,774	264
Equity options for trading	224	220
Currency options for trading	-	159
Total	6,982	7,719
<i>Non-current</i>	14,083	57,152
<i>Current</i>	348,722	553,933
Total	362,805	611,085

Financial instruments and other financial liabilities

<i>In thousands of EUR</i>	30 June 2015	31 December 2014
Liabilities carried at fair value		
Currency forwards	610	659
Interest rate swaps	315	491
Commodity derivatives	43	360
Total	968	1,510
<i>Non-current</i>	217	680
<i>Current</i>	751	830
Total	968	1,510

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

<i>In thousands of EUR</i>	30 June 2015	30 June 2015	30 June 2015	30 June 2015
	Nominal amount buy	Nominal amount sell	Fair value buy	Fair value sell
Currency forwards	117,119	(110,927)	4,984	(610)
Commodity derivatives – futures/forwards	340,357	(338,309)	-	(43)
Currency options	-	-	1,774	-
Equity options	-	-	224	-
Interest rate swaps (IRS) ⁽¹⁾	1,414	-	-	(315)
Total	458,890	(449,236)	6,982	(968)

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

<i>In thousands of EUR</i>	31 December 2014	31 December 2014	31 December 2014	31 December 2014
	Nominal amount buy	Nominal amount sell	Fair value buy	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	-	4,984	-	4,984
Commodity derivatives for trading	-	1,774	-	1,774
Equity options	-	224	-	224
Total	-	6,982	-	6,982
Financial liabilities carried at fair value:				
Currency forwards	-	610	-	610
Interest rate swaps	-	315	-	315
Commodity derivatives	-	43	-	43
Total	-	968	-	968

<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.

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

<i>In thousands of EUR</i>	Carrying value amount	Fair value
Financial assets	30 June 2015	30 June 2015
Loans to other than credit institutions	353,277	408,644
Shares available for sale	2,523	2,523
Other equity instruments	23	23
Financial instruments held at amortised costs	355,823	411,190
Cash and cash equivalents	191,012	191,012
Financial liabilities		
Loans and borrowings	1,325,904	1,329,074

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<i>In thousands of EUR</i>	Carrying value amount	Fair value
	31 December 2014	31 December 2014
Financial assets		
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>	30 June 2015	31 December 2014
Trade payables	222,885	255,257
Advance payments received	57,018	47,352
Estimated payables	34,837	21,799
Other tax liabilities	28,419	41,808
Payroll liabilities	22,102	21,993
Uninvoiced supplies	9,693	3,687
Accrued expenses	1,959	9,823
Retentions to contractors	72	55
Liabilities arising from acquisitions of subsidiaries and SPEs	-	(1)5,771
Other liabilities	39,348	15,381
Total	416,333	422,926
<i>Non-current</i>	69,672	71,951
<i>Current</i>	346,661	350,975
Total	416,333	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 30 June 2015, or as at 31 December 2014.

As at 30 June 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>	30 June 2015	31 December 2014
Granted pledges – securities	1,029,418	1,010,929
Other granted promises	339,979	292,560
Other granted guarantees and warranties	924	900
Other contingent liabilities	1,634,619	1,940,890
Total	3,004,940	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 1,134,179⁽¹⁾ thousand (31 December 2014: EUR 1,394,187⁽¹⁾ thousand), pledged cash of EUR 63,512 thousand (31 December 2014: EUR 102,203 thousand) and further pledges of EUR 436,928 thousand (31 December 2014: EUR 444,500 thousand) that include pledged fixed assets of EUR 306,377 thousand (31 December 2014: EUR 335,437 thousand), pledged inventories of EUR 27,924 thousand (31 December 2014:

EUR 21,672 thousand) and trade receivables of EUR 102,627 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 833,662 thousand (31 December 2014: EUR 846,057 thousand).*

Other granted promises

Other granted promises comprise EUR 270,578 thousand (31 December 2014: EUR 239,421 thousand), which are represented by the contracts for future energy supply, and EUR 69,401 thousand (31 December 2014: EUR 53,139 thousand), which are represented by the contingent assets related to green energy for the year 2014 and period ended 30 June 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 six-month period ended 30 June 2015 the SSE Group recognised a loss of EUR 16,262 thousand (30 June 2014: loss of EUR 43,133 thousand) as the difference between the costs of purchased green energy and costs related to the subvention of electricity produced from coal and revenues from TPS in the period from 1 January 2015 to 30 June 2015. The 2015 loss is included in the contingent asset of EUR 69,401 thousand (31 December 2014: EUR 53,139 thousand) specified above. Based on the current Regulatory Framework the losses incurred will be compensated in two years’ time, i.e. relevant amounts in 2016 and 2017 through an increase of revenues from TPS (2014: in 2015 and 2016).

Other commitments and contingencies

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

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

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

33. Related parties

Identity of related parties

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

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

In thousands of EUR

	Accounts receivable and other financial assets	Accounts payable and other financial liabilities	Accounts receivable and other financial assets	Accounts payable and other financial liabilities
	30 June 2015	30 June 2015	31 December 2014	31 December 2014
Ultimate shareholders	304,738	2,569	571,635	2,482
Companies controlled by ultimate shareholders	14,123	5,199	5,900	7,423
Associates	5,493	1,385	-	12,656
Other related parties	11,596	603	2	619
Total	335,950	9,756	577,537	23,180

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

In thousands of EUR

	Revenues 30 June 2015	Expenses 30 June 2015	Revenues 30 June 2014	Expenses 30 June 2014
Ultimate shareholders	6,584	1,105	11,162	96
Companies controlled by ultimate shareholders	11,862	37,465	2,270	3,661
Associates	14,049	1,709	140,674	1,619
Key management	-	23	-	-
Other related parties	41	86	56	107
Total	32,536	40,388	154,162	5,483

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

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

34. Group entities

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

	Country of incorporation	30 June 2015		31 December 2014		2015	2014
		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 Veleslavin, a.s.	Czech Republic	100	Direct	100	Direct	Full	Full
Pod Juliskou, a.s.	Czech Republic	100	Direct	100	Direct	Full	Full
Nová Invalidovna, a.s.	Czech Republic	100	Direct	100	Direct	Full	Full
Michelský trojúhelník, a.s.	Czech Republic	100	Direct	100	Direct	Full	Full
Nové Modřany, a.s.	Czech Republic	100	Direct	100	Direct	Full	Full
PT Properties I, a.s.	Czech Republic	100	Direct	100	Direct	Full	Full
PT Properties II, a.s.	Czech Republic	100	Direct	100	Direct	Full	Full
PT Properties III, a.s.	Czech Republic	100	Direct	100	Direct	Full	Full
PT Properties IV, a.s.	Czech Republic	100	Direct	100	Direct	Full	Full
PT měření, a.s.	Czech Republic	47.42	Direct	-	-	Full	-
United Energy, a.s.	Czech Republic	100	Direct	100	Direct	Full	Full
United Energy Moldova, s.r.o.	Czech Republic	100	Direct	100	Direct	Full	Full
EKY III, a.s.	Czech Republic	100	Direct	100	Direct	Full	Full
United Energy Invest, a.s.	Czech Republic	100	Direct	100	Direct	Full	Full
EVO – Komořany, a.s.	Czech Republic	100	Direct	100	Direct	Full	Full
Severočeská teplárenská, a.s.	Czech Republic	100	Direct	100	Direct	Full	Full
PRVNÍ MOSTECKÁ a.s.	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 six-month period ended 30 June 2015

	Country of incorporation	30 June 2015		31 December 2014		2015	2014
		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	-	At cost
V A H O s.r.o.	Czech Republic	100	Direct	100	Direct	At cost	At cost
NPTH, a.s. *	Czech Republic	100	Direct	100	Direct	Full	Full
Pražská teplárenská a.s.	Czech Republic	50.58	Direct	50.16	Direct	Full	Full
Pražská teplárenská Trading, a.s.	Czech Republic	100	Direct	100	Direct	Full	Full
Termonta Praha a.s.	Czech Republic	100	Direct	100	Direct	Full	Full
Energotrans SERVIS, a.s.	Czech Republic	95	Direct	95	Direct	Full	Full
Teplo Neratovice, spol. s r.o.	Czech Republic	100	Direct	100	Direct	Full	Full
RPC, a.s.	Czech Republic	100	Direct	100	Direct	Full	Full
Pražská teplárenská LPZ, a.s.	Czech Republic	100	Direct	100	Direct	Full	Full
Nový Veleslavín, a.s.	Czech Republic	100	Direct	100	Direct	Full	Full
Pod Juliskou, a.s.	Czech Republic	100	Direct	100	Direct	Full	Full
Nová Invalidovna, a.s.	Czech Republic	100	Direct	100	Direct	Full	Full
Michelský trojúhelník, a.s.	Czech Republic	100	Direct	100	Direct	Full	Full
Nové Modřany, a.s.	Czech Republic	100	Direct	100	Direct	Full	Full
PT Properties I, a.s.	Czech Republic	100	Direct	100	Direct	Full	Full
PT Properties II, a.s.	Czech Republic	100	Direct	100	Direct	Full	Full
PT Properties III, a.s.	Czech Republic	100	Direct	100	Direct	Full	Full
PT Properties IV, a.s.	Czech Republic	100	Direct	100	Direct	Full	Full
PT měření, a.s.	Czech Republic	50.58	Direct	-	-	Full	-
JTSD Braunkohlebergbau GmbH	Germany	100	Direct	100	Direct	Full	Full
Mitteldeutsche Braunkohlengesellschaft mbH	Germany	100	Direct	100	Direct	Full	Full
MIBRAG Consulting International GmbH	Germany	100	Direct	100	Direct	Full	Full
GALA-MIBRAG-Service GmbH	Germany	100	Direct	100	Direct	Full	Full
Mitteldeutsche Umwelt- und Entsorgung GmbH	Germany	50	Direct	50	Direct	Equity	Equity
Fernwärme GmbH Hohenmölsen – Webau	Germany	48.96	Direct	48.96	Direct	Equity	Equity
Ingenieurbüro für Grundwasser GmbH	Germany	25	Direct	25	Direct	Equity	Equity
Bohr & Brunnenbau GmbH	Germany	100	Direct	100	Direct	Full	Full
Helmstedter Revier GmbH	Germany	100	Direct	100	Direct	Full	Full
Norddeutsche Gesellschaft zur Ablagerung von Mineralstoffen mbH	Germany	51	Direct	51	Direct	Full	Full
Terrakomp GmbH	Germany	100	Direct	100	Direct	Full	Full
MIBRAG Neue Energie GmbH	Germany	100	Direct	100	Direct	Full	Full
EP Germany GmbH *	Germany	100	Direct	100	Direct	Full	Full
Saale Energie GmbH	Germany	100	Direct	100	Direct	Full	Full
Kraftwerk Schkopau GbR	Germany	41.90	Direct	41.90	Direct	Equity	Equity
Kraftwerk Schkopau Betriebsgesellschaft mbH	Germany	44.40	Direct	44.40	Direct	Equity	Equity
Stredoslovenská energetika, a.s.	Slovakia	49	Direct	49	Direct	Full	Full
Stredoslovenská energetika – Distribúcia, a.s.	Slovakia	100	Direct	100	Direct	Full	Full
Elektroenergetické montáže, a.s.	Slovakia	100	Direct	100	Direct	Full	Full
SSE - Metrológia s.r.o.	Slovakia	100	Direct	100	Direct	Full	Full
Stredoslovenská energetika - Projekt Development, s.r.o.	Slovakia	100	Direct	100	Direct	Full	Full
SSE-Solar, s.r.o.	Slovakia	100	Direct	100	Direct	IFRS 5	IFRS 5
SPX, s.r.o.	Slovakia	33.33	Direct	33.33	Direct	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
EP CARGO POLSKA s.a.	Poland	100	Direct	-	-	Full	-
PGP Terminal, a.s.	Czech Republic	60	Direct	60	Direct	At cost	At cost
EP Hungary, a.s.	Czech Republic	100	Direct	-	-	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 at 30 June 2015 EPE has provided EUR 23 thousand monetary remuneration (31 December 2014: EUR 318 thousand) to the members of Board of Directors of the Company.

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

35. Litigations and claims

Elektrárny Opatovice, a.s.

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

United Energy, a.s.

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

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

Plzeňská energetika a.s.

In August 2012, Škoda Investment a.s. filed a claim for unjust enrichment against Plzeňská energetika a.s. for approximately EUR 2,312 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. Last court hearing took place in second quarter of 2015 with no outcome as PE provided its opinion prior to this hearing and Škoda Investment a.s. asked for additional time in order to study this opinion. Next court hearing is planned to be held in September 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 in the second quarter of 2015, the appeal was rejected and MIBRAG was required to provide detailed data to 50Hertz for the purposes of a calculation of a potential EEG surcharge for the above noted period. Based on MIBRAG’s analysis a provision of EUR 6,500 thousand was recorded as of 30 June 2015, which should reflect the expected payments with respect to EEG surcharge. MIBRAG continues to analyse the situation and its potential financial impact.

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

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

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

The SSE Group further faces a claim for EUR 46,469 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 30 June 2015, EP Energy, a.s., has, through its subsidiary company EP Hungary, entered into an agreement with France-based E.D.F. International (EDF) on the sale of its majority stake in Hungary-based Budapesti Erőmű Zrt. EP Energy will acquire more than 95% of the shares in a company that owns three gas-fired cogeneration plants (combined heat & power plants – „CHP“): Kelenföld (with an installed capacity of 188 MWe and 395 MWth), Újpest (105 MWe and 421 MWth) and Kispest (113 MWe and 366 MWth). These CHP plants meet almost 60% of the demand for heat in Budapest and generate approximately 3% of Hungarian electricity. The transaction is subject to approval by the Hungarian anti-monopoly authority, endorsement by the Hungarian regulator and authorisation by the French Ministry of Economy is also required.

In July 2015 an internal restructuring project was completed in which PRVNÍ MOSTECKÁ including its subsidiary and EKY III merged into Severočeská teplárenská which is the successor company.

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

On 30 July 2015 the Group acquired a 100% share in an empty shell entity SIMPLE AWARD a.s. On 10 August 2015 the company was renamed to ENERZET SERVIS a.s. Under an internal restructuring project, ENERZET, a.s. shall spin-off certain assets to this entity. The spin-off project is expected to be completed in H2 2015.

On 1 August 2015 EP Renewables a.s. and ČKD Blansko Wind, a.s., merged with EP Energy, a.s. The successor company is EP Energy, a.s. On 1 August 2015 VTE Moldava, a.s. and VTE Pastviny s.r.o. merged with VTE Moldava II, a.s. The successor company is VTE Moldava II, a.s.

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

Pražská teplárenská a.s. is undergoing another step of an internal restructuring, where its real estate subsidiaries are being spun-off to a newly established sister company PT Real Estate, a.s. which has the same shareholders' structure as Pražská teplárenská a.s. The project is expected to be finalized in H2 2015.

Except for the matters described above and elsewhere in the Notes, the Company's management is not aware of any other material subsequent events that could have an effect on the condensed consolidated interim financial statements as at 30 June 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:	Signature of the authorised representative	
		
27 August 2015	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 six-month period ended 30 June 2014

In thousands of EUR ("TEUR")

	30 June 2014 (six months)	Restatement effect from Note 2(c)	30 June 2014 (six months)
	Original		Restated
Sales: Energy	1,116,716	-	1,116,716
<i>of which: Electricity</i>	712,180	-	712,180
Heat	157,189	-	157,189
Coal	133,980	-	133,980
Gas	113,275	-	113,275
Other energy products	92	-	92
Sales: Other	51,654	-	51,654
Gain (loss) from commodity derivatives for trading with electricity and gas, net	-	5,251	5,251
Total sales	1,168,370	5,251	1,173,621
Cost of sales: Energy	(744,925)	-	(744,925)
Cost of sales: Other	(24,730)	-	(24,730)
Total cost of sales	(769,655)	-	(769,655)
	398,715	5,251	403,966
Personnel expenses	(125,631)	-	(125,631)
Depreciation and amortisation	(150,093)	-	(150,093)
Repairs and maintenance	(6,546)	-	(6,546)
Emission rights, net	(10,862)	-	(10,862)
Negative goodwill	-	-	-
Taxes and charges	(5,775)	-	(5,775)
Other operating income	29,055	-	29,055
Other operating expenses	(71,530)	-	(71,530)
Profit (loss) from operations	57,333	5,251	62,584
Finance income	18,776	-	18,776
Finance expense	(48,816)	-	(48,816)
Profit (loss) from financial instruments	6,247	(5,251)	996
Net finance income (expense)	(23,793)	(5,251)	(29,044)
Share of profit (loss) of equity accounted investees, net of tax	(605)	-	(605)
Profit (loss) before income tax	32,935	-	32,935
Income tax expenses	(10,645)	-	(10,645)
Profit (loss) for the period	22,290	-	22,290
Items that are or may be reclassified subsequently to profit or loss:			
Foreign currency translation differences for foreign operations	1,008	-	1,008
Foreign currency translation differences from presentation currency	6,313	-	6,313
Effective portion of changes in fair value of cash flow hedges, net of tax	(1,494)	-	(1,494)
Fair value reserve included in other comprehensive income	(1,967)	-	(1,967)
Other comprehensive income for the period, net of tax	3,860	-	3,860
Total comprehensive income for the period	26,150	-	26,150
Profit (loss) attributable to:			
Owners of the Company	16,703	-	16,703
Non-controlling interest	5,587	-	5,587
Profit (loss) for the period	22,290	-	22,290
Total comprehensive income attributable to:			
Owners of the Company	19,473	-	19,473
Non-controlling interest	6,677	-	6,677
Total comprehensive income for the period	26,150	-	26,150
Basic and diluted earnings per share in EUR	0.85		0.85