Report on the first half of the year 2016 for EP Energy, a.s.

- ✓ Consolidated sales reached EUR 960 million
- ✓ Consolidated EBITDA totaled EUR 174 million
- ✓ Consolidated pro forma adjusted EBITDA for last twelve months amounted to EUR 322 million
- ✓ Indicative Net Consolidated Leverage Ratio amounted to 1.8x

- ✓ In April 2016, Fitch affirmed EP Energy's Long-term Issuer Default Rating (IDR) at 'BB+' with outlook stable and BBB- for senior secured bonds

EP ENERGY

EP Energy, a.s. ("group or Group or EPE or EPE Group") is a vertically integrated energy utility that include 60[1] companies. In 2015 the Group was the leading heat supplier in the Czech Republic, the second largest power generator in the Czech Republic and the second largest electricity distributor in Slovakia. The Group benefits from relatively low exposure to market developments, as a significant majority of EBITDA is generated by regulated assets or assets with long term off take contracts. The Group's key operations are located in the Czech Republic, Slovak Republic and Hungary.

[1] Number as at date of the report

KEY FIGURES AT A GLANCE

Consolidated financial results in EUR millions

	1-6 2015 Restated	1-6 2016
Sales	976[5]	960
EBITDA[1]	160[5]	174
Pro forma Adjusted EBITDA (last twelve months)[2]		322
Total net debt per financial statements[3]		632
Indicative EP Energy Net Consolidated Leverage Ratio [4]		1.8x
Profit from operations	82[5]	90
Profit before tax	59[5]	159
Net profit /(loss) attrib. to EP Energy owners	5[5]	97
Total assets		2,666
CAPEX[6]	62[11]	46

Operating highlights (EPE excluding SSE)[7]

	1-6 2015	1-6 2016
Installed *cogeneration* Capacity..... MW_e	500	904
Installed *condensation* Capacity .... MW_e	360	360
Installed heat capacity[8] ..... MW_{th}	3,195	3,228
Heat supplied ..... TJ[9]	9,440	13,027
Power produced..... GWh	1,043	1,563
Power traded[10] ..... GWh	11,065	8,232
Power supplied[10]..... GWh	903	1,166
Natural gas supplied[10] ..... GWh	770	1,014

Operating highlights SSE [7,10]

	1-6 2015	1-6 2016
Power distributed ..... GWh	2,959	2,999
Power traded ..... GWh	3,625	3,732
Power supplied ..... GWh	1,985	1,999
Natural gas supplied ..... GWh	195	170
Power produced ..... GWh	12	10
Installed capacity ..... MW_e	62	63

(1) EBITDA represents profit from operations plus depreciation of property, plant and equipment and amortization of intangible assets minus negative goodwill (if applicable). The EBITDA included in this report does not represent the term EBITDA as may be defined by any documentation for any financial liabilities of the EP Energy Group (also "EPE Group"). For further discussion over the EPE Group performance refer to the following pages.

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

	7/2015 – 6/2016
Actual IFRS EBITDA for the period January – June 2016	174
Actual IFRS EBITDA for the period January – December 2015	331
Actual IFRS EBITDA for the period January – June 2015	(160) [5]
Simple EBITDA (last twelve months)	**345**
BERT Pro Forma Adjustment	(1)
Disposal of LPZ Pro Forma adjustment	(9)
System Operations Tariff adjustment	(12)
Adjustment for other minor disposals	(1)
Pro forma Adjusted EBITDA (last twelve months)	**322**

To derive Pro forma Adjusted EBITDA for the period from July 1, 2015 to June 30, 2016, EPE utilized EPE Group IFRS consolidated financial statements as of and for the year ended December 31, 2015 (EBITDA of EUR 331 million) and EPE Group condensed consolidated interim financial statements as of and for the six-month period ended June 30, 2016 (EBITDA of EUR 174 million) with the six-month period ended June 31, 2015 (EBITDA of 160 million[5]) as comparatives.

Pro forma Adjusted EBITDA represents pro forma profit from operations plus pro forma depreciation of property, plant and equipment and pro forma amortization of intangible assets minus pro forma negative goodwill (if applicable) further adjusted to reflect (i) a consolidation of a 95.62% share in Budapesti Erömü Zrt („BERT“) acquired on December 10, 2015 using the full method of EBITDA consolidation (EUR 22 million for 2015, of which negative EUR 1 million relates to period July 1, 2015 to November 30, 2015), (ii) a deconsolidation of share in LPZ disposed on June 1, 2016 using the full method of EBITDA consolidation (EUR 9 million for 2015, of which EUR 2 million relates to period July 1, 2015 to December 31, 2015, and EUR 7 million for period January 1, 2016 to June 1, 2016), (iii) exclusion of EBITDA of several minor entities that were disposed in 2016 and (iv) revenue relating to accounting for System Operations Tariff (“SOT”) at SSE in 2015.

SSE is legally bound to connect producers of green energy, if they comply with requirements set by Regulatory Office for Network Industries (“RONI”) and to purchase the green electricity generated, which is used to cover network losses. The purchase tariff for green energy is set by RONI and is covered by the SOT which should be sufficient to cover costs relating to the purchases of produced green energy in the particular year. However, in 2014 the SOT was not sufficient to cover incurred green energy costs as a result of which SSE incurred overall loss from these transactions. Beginning January 2015 SSE was accruing revenue for the previous year’s SOT deficit on monthly basis for expected annual amount of EUR 53 million. However, in December 2015 SSE received a statement from RONI confirming EUR 77 million as a compensation for the 2014 SOT loss, which is to be paid in 2016. In order to reflect linear origination of the SOT related losses, for the purposes of the Pro forma Adjusted EBITDA for the twelve-month period ended June 30, 2016, historical financial performance of the EPE Group was adjusted downward by two quarters of the incremental revenue recorded in December 2015 (i.e. negative EUR 12 million).

The Pro forma Adjusted EBITDA included in this report does not represent the term EBITDA as may be defined by any documentation for any financial liabilities of the EP Energy Group. For further discussion over the EPE Group performance refer to the following pages.

(3) Total net debt per financial statements balance is based on the consolidated financial statements (Total Loans and borrowings plus Total Financial instruments and financial liabilities less Cash and cash

equivalents. The Total net debt included in this report does not represent the term Indebtedness as may be defined by any documentation for any financial liabilities of the EPE Group.

Net Debt calculation (in million EUR):

		30.6.2016
Loans and borrowings (non-current)	*add*	1,126
Financial instruments and financial liabilities (non-current)	*add*	16
Loans and borrowings (current)	*add*	31
Financial instruments and financial liabilities (current)	*add*	1
Cash and cash equivalents	*less*	542
Net Debt		**632**

(4) We include in this report the calculation as of June 30, 2016 of our "Indicative Net Consolidated Leverage Ratio", as defined in the EP Energy Indentures. The calculation of our Net Consolidated Leverage Ratio differs from any leverage ratio included in the offering memoranda for the senior secured notes or otherwise included herein, and consistent with the definition, is made on the basis of certain good faith judgments made by us.

(5) Restated: Consolidated financial statements of EP Energy a.s. as at and for the six-month period ended June 30, 2015 have been restated as the German assets have been reclassified to assets and liabilities held for sale and operations were classified as discontinued. For further details on German assets please refer to the section Key developments.

(6) Excluding emission allowances and disregarding actual cash flows.

(7) The operating data is based on the results of the respective entities on a 100% basis for the full period, regardless of the date when each entity joined the EPE Group or the ownership share of the EPE Group in each entity, however the data excludes SSE which is presented separately. Furthermore, the operating data do not include results of the German assets that are presented within discontinued operations. Similarly, the six-month period ended June 30, 2015 does not contain BERT's operating data as it was acquired in December 2015. In addition, the six-month period ended June 30, 2016 includes operations of Pražská teplárenská LPZ, a.s. ("LPZ") for five months only as it was disposed on June 1, 2016. Specifically, installed capacity (i) as of June 30, 2016 includes capacity of BERT and does not include capacity of LPZ and (ii) as of June 30, 2015 does not include capacity of BERT and includes capacity of LPZ.

(8) 1 TJ = 0.2778 GWh.

(9) Installed heat capacity on heat exchangers.

(10) Figure relates to the Power Distribution and Supply segment only.

(11) Capital expenditures for the six-month period ended June 30, 2015 totalled EUR 79 million, of which EUR 17 million relates to the German assets that were discontinued, therefore we show capital expenditures of EUR 62 million only. For further details on German assets please refer to the section Key developments.

Difference between consolidation scope for 1H 2015 and 1H 2016 is described later in section: "Key factors affecting comparability of the results of operations of the EPE Group".

CONTENT:

Attachments:

EP Energy, a.s. - Unaudited condensed consolidated interim financial statements as of and for the six-month period ended June 30, 2016 are presented in a separate file as an attachment to this report

EP Energy, a.s. – Unaudited pro forma consolidated financial **s**tatements as of and for year ended December 31, 2015 presenting effects of disposal of German assets, other minor disposals and acquisition of BERT are included in the year-end 2015 reporting section on www.epenergy.cz

>> We remain focused on solid business performance, exploiting group synergies, financial performance and deleveraging of the group <<

Dear investors, customers and partners,

Our first half 2016 IFRS EBITDA reached EUR 174 million, which is EUR 14 million, or 9%, higher compared to the corresponding period of the last year. The Pro forma Adjusted EBITDA for the last twelve-month period ended June 30, 2016, reflecting full consolidation of SSE reached EUR 322 million compared to EUR 338[2] million for the fiscal year ended December 31, 2015.

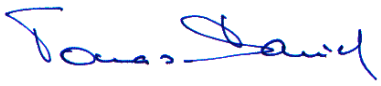
The Heat Infra segment's results reflect continued adverse development of price of electricity in the market and a fewer number of emission rights granted free of charge. At the same time the segment shows by 26% higher revenues from the sale of heat period-on-period, predominantly driven by expansion of our heat industry activities to Hungary - in December 2015 we acquired more than 95% of shares of a company operating three cogeneration (heat and electricity production) CCGT plants: Kelenföld (with the installed output of 188 MWe and 219 MWth), Újpest (105 MWe and 347 MWth) and Kispest (113 MWe and 282 MWth). These heating plants cover ca. 60% of the heat consumption of Budapest and hold a 3% share in overall electricity generation in Hungary. In addition, we have completed a spin-off of certain assets consisting of small local heat sources and related distribution networks located predominantly on the left bank of Vltava river in Prague and sold them to a third party on June 1, 2016.

The results achieved by the Power Distribution and Supply segment were negatively affected by the timing difference in compensation of losses reported by the SSE Group as a result of subsidies paid to green energy producers based on a regulated tariff, which are compensated to the SSE Group with a delay. Further, an improvement in SSE's core activities over the period is expected to partially level-off in the second half 2016.

We have completed intended sell-off of our German mining and power generating assets to our ultimate parent EPH in order to refocus on regulated and/or long-term contracted infrastructure-type assets. This transaction included MIBRAG, Saale Energie and Helmstedter Revier GmbH. Hence, EBITDA presented in this Report does not include the results of these assets in the first half 2016 and also in the first half 2015 (for comparative purposes).

On behalf of the Board of Directors and everyone at EP Energy, I would like to thank you for your ongoing support as we strive to continue creating the shareholder value while keeping our low risk-profile.

Yours faithfully,



Tomáš David
Member of the Board and CEO

[2] Includes restatement of negative EUR 9 million relating to disposal of LPZ

Economy and Market developments

Economy development:

According to the preliminary estimates of the Czech Statistical Office, the Czech gross domestic product adjusted for price, seasonal, and calendar effects increased by 2.5%, year-on-year, in the second quarter 2016 and rose by 0.9% in the second quarter 2016 compared to the previous quarter. The ongoing positive development of GDP was well balanced through all economic activities and was pulled by steadily growing consumption of households and external demand.

According to estimates of the Federal Statistical Office (Destatis) the German gross domestic product adjusted for price, seasonal, and calendar effects increased by 1.8%, year-on-year, in the second quarter 2016 and increased by 0.4% in the second quarter 2016 compared to the previous quarter.

According to preliminary estimates of the Slovak Statistical Office, the Slovak gross domestic product adjusted for price, seasonal, and calendar effects rose by 3.7%, year-on-year, in the first quarter 2016 and increased by 0.9% in the first quarter 2016 compared to the previous quarter.

According to preliminary estimates of the Hungarian Central Statistical Office, the Hungarian gross domestic product adjusted for price, seasonal, and calendar effects rose by 2.6%, year-on-year, in the second quarter 2016 and increased by 1.1% in the second quarter 2016 compared to the previous quarter.

The outlook for the economy development remains rather positive - according to the Czech National Bank[3], the Czech GDP should increase by 2.4% in 2016 and the European Commission (also "EC") expects[4] German GDP to grow by 1.6%, the Slovak GDP by 3.2% and Hungarian GDP should increase by 2.5% in 2016.

Weather:

Heat and renewable segment performance and electricity production in cogeneration mode are correlated to weather development. Seasonality is natural in the group performance (e.g. heat sales are strongest in 1Q and 4Q, accompanied by higher power production in cogeneration mode).

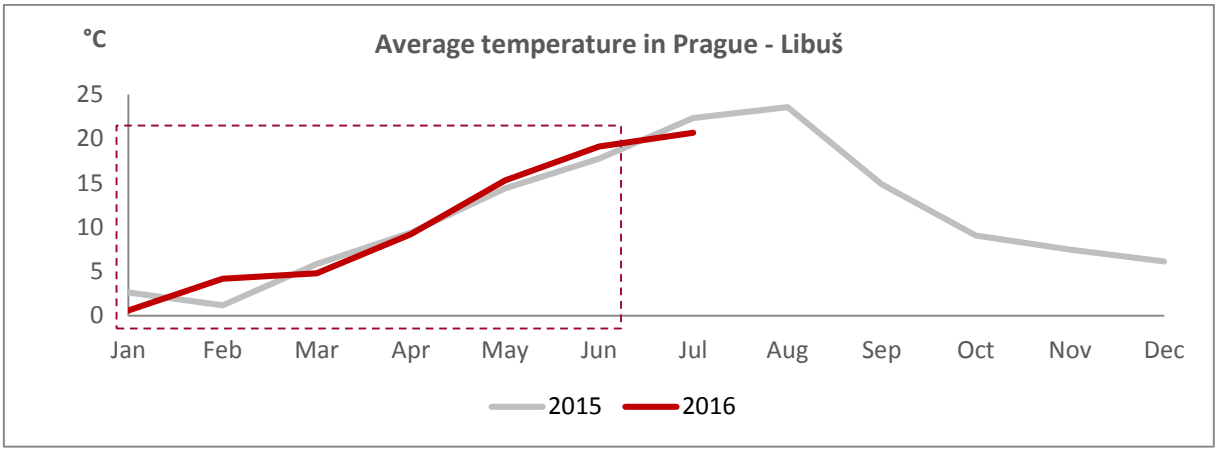
From the heating business perspective, the first quarter of the year 2016 was slightly colder than the comparative period that was still unusually warm. Second quarters were comparable in both periods. Day-degrees, the metrics representing space heating needs during the given period[5], were in the areas where we deliver the heat year-to-year 3.0% higher, which translated into slightly higher heat consumption.

Only exception was Prague, where we deliver heat through our subsidiary PT, where average temperature (i) in the first quarter 2016 was at 3.2 °C, which is the same as in the first quarter 2015 and (ii) in the second quarter 2016 was at 14.5 °C, which is higher than 13,8 °C in the second quarter 2015.

[3] the most recent forecast published on August 4, 2016

[4] the most recent forecast published on May 3, 2016

[5] Day-degrees measure integrates the difference between reference indoor temperature and outdoor temperature over the given period of time. A higher value indicates that the temperature in the given period was below the reference temperature for a longer period of time. Day-degrees relate to all areas where we deliver heat



Source: ČHMU Prague (Czech Hydrometeorological Institute) - monthly average temperature calculated from daily averages

Heat market:

Our heat business is concentrated in the Czech Republic and since December 2015 also in Hungary, where the market remains solid and stable. The market is regionally diversified with local natural "monopolies", as the infrastructure for heat transportation creates substantial barriers to entry. The fuel basis varies, although the most commonly used ones in the Czech Republic are brown coal, hard coal and natural gas.

Due to our favourable cost structure (given predominantly by the fact that we produce heat in an efficient cogeneration mode and based primarily on brown coal, the most cost efficient source of primary energy), we are able to offer our customers highly competitive prices.

In the Czech Republic heat prices are based on a "costs plus reasonable profit" mechanism, required by the legislation and regulation by the independent Energy Regulatory Office ("ERO"), which we comply with. This mechanism supports the stability of the heat segment for market participants and allows us to benefit from our favourable cost position. Given the low price levels we charge compared to market average, we are allowed to set prices (i.e. there is no tariff imposed to us) and we are only monitored by the ERO. Hungarian operations are regulated using the standard Regulated Asset Base ("RAB") multiplied by WACC plus eligible operating expenditures and allowed depreciation formula.

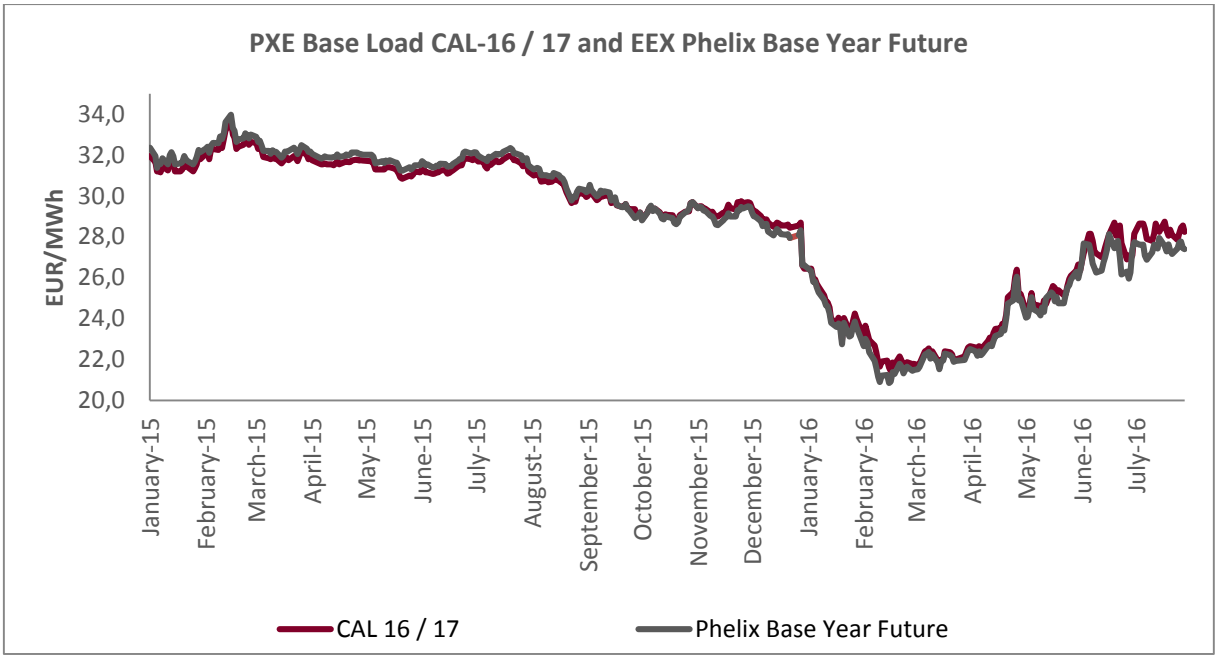
Electricity and CO2 market:

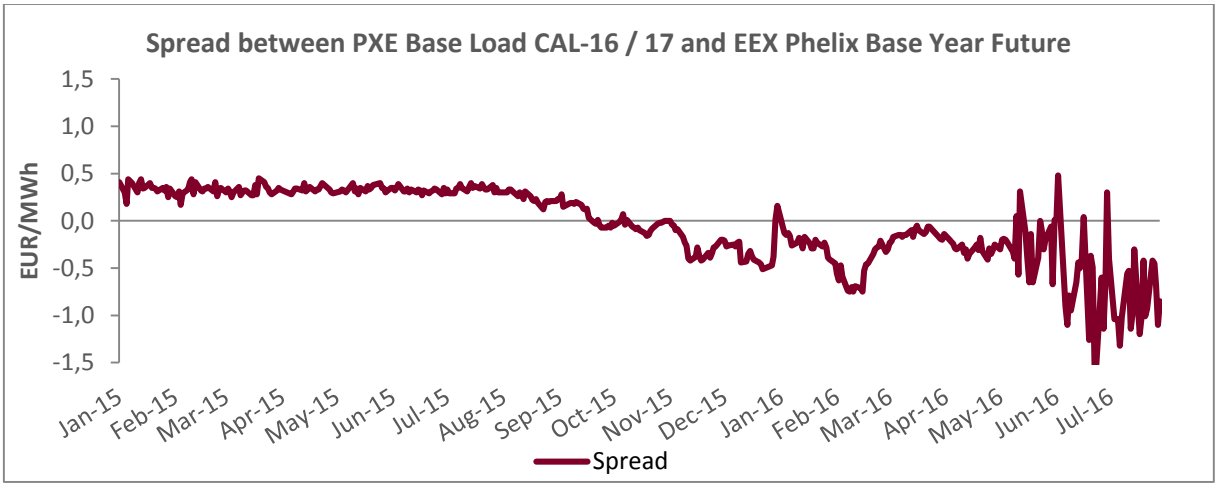
During the entire year 2015 and the first half of 2016 power and EU Allowance ("EUA") prices remained under pressure due to low prices of hard coal and renewable energy production. In the first half 2016 the 1-year forward electricity prices on the European Energy Exchange (also "EEX") dropped in base load to EUR 23.9 per MWh (compared to EUR 32.0 per MWh year ago) and peak load dropped to EUR 30.2 per MWh (compared to EUR 40.6 per MWh year ago), representing a decrease for the base load and peak load prices of 25.4% and 25.7% respectively.[6]

EUA with spot delivery was traded at average around EUR 5.7 per ton in the first half 2016[7], which represents substantial decrease of the y-t-y prices by 21.2%.

[6] Source: Thomson Reuters: EEX Base Year Future and Peak Year Future (simple average of the daily price for 1 year forward prices calculated for the respective year)
[7] Source: Thomson Reuters: EEX-EUSP3-SPOT, simple average

As for the Czech market, the power prices follow the German market, as the two markets are physically well interconnected. The spread between German and Czech power prices was oscillating between negative 1.6 and positive 0.5 EUR/MWh during 2015 and the first half 2016 reaching negative values at the end of the period. Recent relative drop in German power prices compared to Czech power price stems from intensified production in German offshore wind farms. The low spreads encourage cross border trading and, vice versa, the liquidity of the Czech market increases.





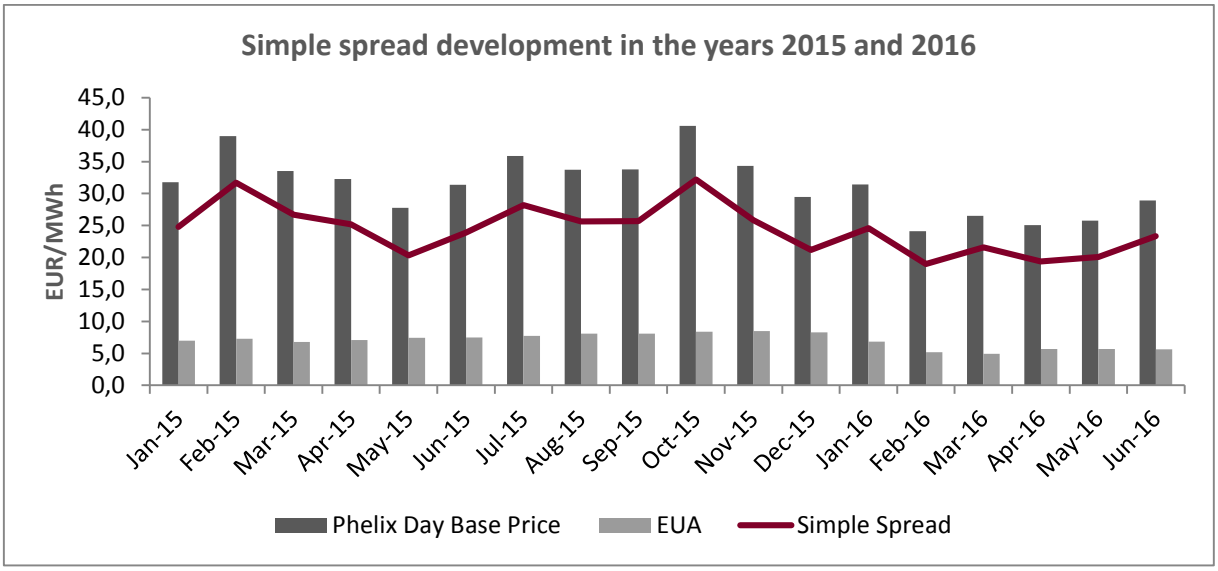
Source: PXE Base Load CAL16 and CAL17; EEX Phelix Base Year Future.

On the Czech market, electricity production from cogenerating units benefits from regulatory support. The CZK 200[8] is received as subsidy for each MWh produced in highly efficient cogeneration mode. This subsidy accounted for EUR 3 million in the first half 2016 and in the first half 2015[9].

[8]Beginning on January 1, 2014 the subsidy was divided into four levels (CZK 200/MWh, CZK 140/MWh, CZK 60/MWh and CZK 45/MWh), depending on the efficiency of the cogeneration production of the plant. The majority of our power produced in cogeneration mode continues to receive the CZK 200/MWh level of subsidy.

[9] Subsidy for 2015 also included an additional subsidy of CZK 9 for one MWh delivered, which applied to our entire power production in the Czech Republic. This additional subsidy is not available from 2016.

Besides relatively low share of power production on EBITDA and cash flow generation of the EPE Group, let us note that from the performance perspective, EPE is exposed to the spread between the power price and the price of emission allowance rather than to development of power prices alone.



Source: Thomson Reuters, EEX Simple Spread defined as the difference between Phelix Day Base and EUA price, using trading day data when both power and EUA are traded and simple monthly averages.

Note: simple spread represents the price difference between power price and EUA price.

Key developments in the first half of the year 2016 and subsequent events

During 2016 activities and assets held by CEE (in April 2016 renamed to EP Infrastructure, a.s.) were reorganized in order to refocus on regulated and/or long-term contracted infrastructure-type assets. The reorganization also included the following matters relating to the EPE Group:

German assets sale

German assets include, among others, MIBRAG and Saale Energie ("German assets"). MIBRAG is a wholly-owned subsidiary of JTSD, Saale Energie is a wholly-owned subsidiary of EP Germany; both EP Germany and JTSD were wholly-owned subsidiaries of EPE (where EP Germany has been since December 31, 2015 directly owned by JTSD as a result of the sale of all EP Germany shares by EPE to JTSD for EUR 4.3 million, corresponding to fair value of equity of EP Germany).

The German assets were disposed of by means of sale of 100% shares in JTSD by EPE to EPH for EUR 156.0 million (corresponding to fair value of equity of JTSD); the disposal was completed on April 1, 2016 and the purchase price was fully settled in cash.

Further, as a part of the restructuring, on February 23, 2016:

- JTSD set-off (a part of) its receivables towards EPE in the amount of EUR 81.9 million arising from (i) a loan of EUR 16.9 million provided by JTSD to EPE, and (ii) a loan of EUR 65.0 million provided by MIBRAG to EPE (assumed by JTSD from EPE for the nominal value thereof); following the set off, the total liabilities of JTSD towards EPE amounted to EUR 314.4 million; and

- (i) JTSD assumed a liability of EP Germany towards EPE in the amount of EUR 61.8 million (out of the original total amount of EUR 91.8 million outstanding under the loan provided by EPE to EP Germany) for the nominal value thereof, and (ii) EPE contributed EUR 71.2 million to the capital funds of JTSD.

Immediately after the capitalization, the total liabilities of JTSD towards EPE amounted to EUR 305.0 million. These were settled by JTSD making a payment to EPE in the amount of EUR 305.0 million (out of the funds drawn under a bank loan contracted by JTSD in the total amount of EUR 309.0 million for this purpose) and the outstanding receivable of EPE towards JTSD was acquired by EPH for its nominal value as of the date of the JTSD acquisition by EPH; the consideration was fully settled in cash (EUR 1.7 million).

The outstanding amount of the original loan provided by EPE to EP Germany immediately after JTSD assumed part of this liability of EP Germany to EPE was EUR 30.0 million. This was settled by EP Germany making a payment in the amount of EUR 30.0 million (out of the funds drawn under a bank loan contracted by EP Germany in the total amount of EUR 31.0 million for this purpose) and the outstanding receivable of EPE towards EP Germany was acquired by EPH for its nominal value as of the date of the JTSD acquisition by EPH; the consideration was fully settled in cash (EUR 0.2 million).

Other disposals of shares

The reorganization further included a number of other (smaller in terms of the acquisition price) transfers of assets. These include sale of:

a. 60% of shares in PGP Terminal, a.s. by EPE (as the seller) to EPH (as the buyer) for the purchase price of EUR 0.3 million (CZK 9,189 thousand) in cash (completed on February 29, 2016),

b. 99.78% ownership interest in EOP & HOKA s.r.o. by EP Sourcing, a.s. (as the seller) to EP Coal Trading, a.s. (as the buyer) for the purchase price of EUR 4.7 million (CZK 127,614 thousand) in cash (completed on February 29, 2016),

c. 100% of shares in EP COAL TRADING Spółka akcyjna by EP Sourcing, a.s. (as the seller) to EP Coal Trading, a.s. (as the buyer) for the purchase price of EUR 0.4 million (PLN 1,769 thousand) in cash (completed on February 29, 2016),

d. 65% ownership interest in LOKOTRAIN, s.r.o. by EP Cargo a.s. (as the seller) to EP Logistics International, a.s. (as the buyer) for the purchase price of EUR 1.6 million (CZK 43,371 thousand) in cash (completed on April 4, 2016),

e. 100% ownership interest in EP Cargo Deutschland GmbH by EP Energy, a.s. (as the seller) to EP Logistics International, a.s. (as the buyer) for the purchase price of EUR 0.4 million (CZK 9,523 thousand) in cash (completed on April 4, 2016),

f. 100% of shares in EP CARGO POLSKA s.a. by EP Energy, a.s. (as the seller) to EP Logistics International, a.s. (as the buyer) for the purchase price of EUR 0.5 million (CZK 13,176 thousand) in cash (completed on April 4, 2016); and,

g. 100% of shares in Adconcretum real estate Ltd., which owns investment property in Serbia, were sold by EP Energy Trading ("EPET") to EPH (as the buyer) for approximately EUR 3.5 million.

Furthermore, the following material events occurred in 2016:

Pražská teplárenská ("PT") spin-off

In May 2015, PT spun off certain assets consisting of small local heat sources and related distribution networks located predominantly on the left bank of Vltava river into Pražská teplárenská LPZ, a.s. ("LPZ").

On February 29, 2016, PT as seller entered into a share purchase agreement with Veolia Energie ČR, a.s. as buyer relating to the sale of 85% of shares in PT LPZ for EUR 60.3 million thousand (CZK 1,632 million) subject to usual post-closing adjustments based on working capital level against the benchmarked value. Consummation of the transaction was subject to customary conditions precedent including competition clearance. The completion of the transaction took place on June 1, 2016. PT and Veolia Energie ČR, a.s. also entered into an option agreement in relation to the remaining 15% of shares in PT LPZ. As the option was exercised, the total purchase price for 100% of the shares in PT LPZ amounted to CZK 1,920 million (subject to the above post-closing adjustments, which can increase the final price; post-closing adjustment is to be calculated based on working capital movement and once determined it is expected to be settled in Q4 2016). Due to the absence of several approvals, the

relevant assets and liabilities were not presented as Assets and liabilities held for sale as of December 31, 2015.

SSE - Solar s.r.o.

SSE – Solar was reported as Asset held for sale as of December 31, 2015. As of the date of compilation of these financial statements it was no longer the case.

Repayment of EP Energy's term loans, other financing matters and dividends

On March 17, 2016 50% minus one share of the capital stock of EP Energy was pledged as part of the refinancing of the EP Infrastructure, a.s.

On April 4, 2016 EPE fully repaid the term loans totalling EUR 175 million previously provided by ČSOB, HSBC and Commerzbank using the proceeds from the sale of JTSD.

On April 4, 2016 EPE unwound an existing FX forward with EPH and as a result, EPE had a receivable of EUR 4 million towards EPH corresponding to the FX forward fair value. This receivable was acquired by EP Infrastructure, a.s. for the nominal value thereof, i.e., EPE had a receivable of EUR 4 million towards EP Infrastructure, a.s.

On April 4, 2016 EP Infrastructure, a.s. assumed from EPH all debts of EPH owed to EPE at their nominal values. The debts of EPH towards EPE of EUR 309 million consisted of unpaid principal loan of EUR 273 million and unpaid accrued interest of EUR 36 million.

On May 2, 2016, EPIF as a sole shareholder of EPE decided on a dividend declaration of EUR 328 million (equivalent of CZK 8,868 million), of which (a) EUR 40 million (equivalent of CZK 1,090 million) shall be paid in cash and (b) EUR 288 (equivalent of CZK 7,778 million) was, on the same day, partially offset with loans previously provided by EPE to EPIF and fully offset with an EPE receivable from EPIF of EUR 4 million (both described above). Remaining balance of the loans provided to EP Infrastructure after the offset was EUR 26 million (equivalent of CZK 702 million).

On July 26, 2016 SSE distributed first half of dividends, i.e. EUR 17 million was paid to the Slovak Republic and EUR 16 million to EP Energy. The other half of the dividend is expected to be paid in Q4 2016.

Other matters

On July 1, 2016 EP Energy, a.s. completed an internal reorganisation process of Pražská teplárenská a.s. ("PT"), where real estate entities were spun-off from PT to a newly established sister company of PT called PT Real Estate, a.s., which has the same shareholders' structure as Pražská teplárenská a.s.

On April 6, 2016 the parent company CE Energy, a.s. was renamed to EP Infrastructure, a.s. ("EPIF"). The change was entered to Commercial register on April 11, 2016.

As of April 28, 2016 the voting rights of the shareholders of Energetický a průmyslový holding, a.s., the ultimate parent of EP Energy, a.s., changed, and the structure of their resulting voting rights was as follows:

- BIQUES LIMITED 25.67%
- EP Investment S.à r.l. 37.16%
- MILEES LIMITED 37.16%

EPE is required to treat the net proceeds from the disposal of German assets subject to the notes documentation. So far, the company applied approx. EUR 180 million to the repayment of its existing bank debt. The remaining proceeds can be applied to make acquire other assets or make a capex. EPE can also make an offer to repurchase the notes at par (collateral sale offer).

Except for the matters described above and elsewhere in the Report on the first half of the year 2016 for EP Energy, a.s. or in the condensed consolidated interim financial statements as of June 30, 2016, the Company's management is not aware of any other material subsequent events that could have a significant effect on the condensed consolidated interim financial statements as of June 30, 2016.

EP Energy, a.s. (the "Company") Report on the first half of 2016

Reporting

This report (the "Report") is the report required under Section 4.03 of the indenture governing the senior secured notes (the "Notes I" or "2019 Notes"), dated as of October 31, 2012 (the "Indenture I" or "2019 Indenture") and Section 4.03 of the indenture governing the senior secured notes (the "Notes II" or "2018 Notes") dated as of April 18, 2013 (the "Indenture II" or "2018 Indenture") for the six-month period ended June 30, 2016.

Presentation of financial information

This Report summarizes consolidated financial and operating data derived from the unaudited condensed consolidated interim financial statements of EP Energy, a.s. as of and for the six-month period ended June 30, 2016 prepared in accordance with IFRS as adopted by the European Union ("IFRS").

Non-IFRS measures

In addition, we have included certain non-IFRS financial measures in this Report, such as EBITDA, Pro forma Adjusted EBITDA and certain other financial measures and ratios. Non-IFRS financial measures are derived on the basis of methodologies other than IFRS.

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

	7/2015 – 6/2016
Actual IFRS EBITDA for the period January – June 2016	174
Actual IFRS EBITDA for the period January – December 2015	331
Actual IFRS EBITDA for the period January – June 2015	(160)
Simple EBITDA (last twelve months)	**345**
BERT Pro Forma Adjustment	(1)
Disposal of LPZ Pro Forma adjustment	(9)
System Operations Tariff adjustment	(12)
Adjustment for other minor disposals	(1)
Pro forma Adjusted EBITDA (last twelve months)	**322**

To derive Pro forma Adjusted EBITDA for the period from July 1, 2015 to June 30, 2016, EPE utilized EPE Group IFRS consolidated financial statements as of and for the year ended December 31, 2015 (EBITDA of EUR 331 million) and EPE Group condensed consolidated interim financial statements as of and for the six-month period ended June 30, 2016 (EBITDA of EUR 174 million) with the six-month period ended June 31, 2015 (EBITDA of 160 million) as comparatives.

Pro forma Adjusted EBITDA represents pro forma profit from operations plus pro forma depreciation of property, plant and equipment and pro forma amortization of intangible assets minus pro forma negative goodwill (if applicable) further adjusted to reflect (i) a consolidation of a 95.62% share in Budapesti Erömü Zrt („BERT") acquired on December 10, 2015 using the full method of EBITDA consolidation (EUR 22 million for 2015, of which negative EUR 1 million relates to period July 1, 2015 to November 30, 2015), (ii) a deconsolidation of share in LPZ disposed on June 1, 2016 using the full method of EBITDA consolidation (EUR 9 million for 2015, of which EUR 2 million relates to period July 1, 2015 to December 31, 2015, and EUR 7 million for period January 1, 2016 to June 1, 2016), (iii) exclusion of EBITDA of several minor entities that were disposed in 2016 and (iv) revenue relating to accounting for System Operations Tariff ("SOT") at SSE in 2015.

SSE is legally bound to connect producers of green energy, if they comply with requirements set by Regulatory Office for Network Industries ("RONI") and to purchase the green electricity generated, which is used to cover network losses. The purchase tariff for green energy is set by RONI and is covered by the SOT which should be sufficient to cover costs relating to the purchases of produced green energy in the particular year. However, in 2014 the SOT was not sufficient to cover incurred green energy costs as a result of which SSE incurred overall loss from these transactions. Beginning January 2015 SSE was accruing revenue for the previous year's SOT deficit on monthly basis for expected annual amount of EUR 53 million. However, in December 2015 SSE received a statement from RONI confirming EUR 77 million as a compensation for the 2014 SOT loss, which is to be paid in 2016. In order to reflect linear origination of the SOT related losses, for the purposes of the Pro forma Adjusted EBITDA for the twelve-month period ended June 30, 2016, historical financial performance of the EPE Group was adjusted downward by two quarters of the incremental revenue recorded in December 2015 (i.e. negative EUR 12 million).

The Pro forma Adjusted EBITDA included in this report does not represent the term EBITDA as may be defined by any documentation for any financial liabilities of the EP Energy Group. For further discussion over the EPE Group performance refer to the following pages.

EBITDA, Pro forma Adjusted EBITDA and all the other non-IFRS measures presented herein have important limitations as analytical tools and you should not consider them in isolation or as substitutes for analysis of our results as reported under IFRS. We also note that differences in the consolidation scope as described in part of this Report "Key factors affecting comparability of the results of operations of the EPE group" are impacting the comparability of the financial data.

Exchange rates

For your convenience, we have translated Czech crown amounts in this Report into euro. The exchange rates for the income statement and cash flow statement items are the following average exchange rates of the Czech National Bank in Czech crown per euro for the relevant period.

- Six-month period ended June 30, 2015: CZK 27.503 per EUR 1.000
- Six-month period ended June 30, 2016: CZK 27.039 per EUR 1.000

The exchange rates for balance sheet items are the rates as of period end.

- As of December 31, 2015: CZK 27.025 per EUR 1.000
- As of June 30, 2016: CZK 27.130 per EUR 1.000

You should not view such translations as a representation that such Czech crown amounts actually represent such euro amounts, or could be or could have been converted into euro at the rate indicated or at any other rate.

Forward-looking statements

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

of operations, financial condition, liquidity, prospects, growth and strategies, our reserves and the industry in which we operate.

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

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

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

The following table sets out how the main subsidiaries are included in the respective periods in our condensed consolidated interim financial statements:

Periods presented in the EPE Group's consolidated IFRS financial statement		
Subsidiary	**1-6 2015**	**1-6 2016**
EOP	Fully consolidated	Fully consolidated
UE	Fully consolidated	Fully consolidated
PT	Fully consolidated	Fully consolidated
Plzeňská energetika a.s.	Fully consolidated	Fully consolidated
JTSD/MIBRAG (including its subsidiary, among others, MNE)	Classified as discontinued operation and not included in operations	Classified as discontinued operation and not included in operations until its disposal on April 1, 2016
Helmstedter Revier GmbH	Classified as discontinued operation and not included in operations	Classified as discontinued operation and not included in operations until its disposal on April 1, 2016
Saale Energie GmbH	Classified as discontinued operation and not included in operations	Classified as discontinued operation and not included in operations until its disposal on April 1, 2016
EPET	Fully consolidated	Fully consolidated
Stredoslovenská energetika, a.s.	Fully consolidated	Fully consolidated
EP Cargo, a.s.	Fully consolidated	Fully consolidated
Budapesti Erömü Zrt	Not included	Fully consolidated
Pražská teplárenská LPZ, a.s.	Fully consolidated	Fully consolidated until its disposal on June 1, 2016

We have recently added new businesses to the EPE Group and may have made and may make acquisitions in the future. Newly added or acquired businesses may not be integrated or managed successfully, and we may fail to realize the anticipated synergies, growth opportunities and other benefits expected from these additions or acquisitions. Our consolidated financial statements included in this Report may not be representative of our historical or future results of operations and may not be comparable across periods, which may make it difficult to evaluate our results of operations and future prospects.

Development of the key risks for the group

The risk profile of the EPE Group has not materially changed since the last reporting date and the risk analysis provided in the Report for the year ended December 31, 2015[10] is still a valid indication of the key risks that the EPE Group faces. The Group continues to actively keep track of the risks and has dedicated staff to follow different risk areas.

[10] Published on April 29, 2016

Management's discussion and analysis of financial condition and results of operations

Overview of the EPE Group

We are a leading vertically integrated energy utility focusing on heat and power generation and distribution, as well as energy supply and trading. We generate a substantial percentage of our EBITDA in the Slovak Republic and the Czech Republic, where our principal operations are located. In addition, through the acquisition of BERT in December 2015 we entered the Hungarian market. For the first half 2016, the EPE Group had consolidated sales and EBITDA of EUR 960 million and EUR 174 million, respectively. A significant part of our business comes from regulated activities (*i.e.*, heat and power distribution and renewable energy), and business contracted through long-term agreements with a stable customer base (*i.e.,* grid balancing services as part of our power generation activities), which we believe provides us with resiliency of cash flows and future performance.

The operating data are based on the results of the respective entities on a 100% basis for the full period, regardless of the date when each entity joined the EPE Group or the ownership share of the EPE Group in each entity (unless stated otherwise). Furthermore, the operating data do not include results of the German assets that are presented within discontinued operations.

For the purpose of this chapter, we comment on the segments and their performance, based on the segment reporting as presented in the Notes to the unaudited condensed consolidated interim financial statements as of and for the six-month period ended June 30, 2016 prepared in accordance with International Financial Reporting Standards as adopted by the European Union. The EBITDA and any other EBITDA included in this report does not represent EBITDA, as may be defined by any documentation for any financial liabilities of the group.

Principal operating subsidiaries of the EPE Group

The EPE Group's principal operating subsidiaries are Elektrárny Opatovice, a.s. ("EOP"), Pražská teplárenská a.s. ("PT"), United Energy, a.s. ("UE"), Stredoslovenská energetika, a.s. ("SSE"), EP ENERGY TRADING, a.s. ("EPET") and Budapesti Erömü Zrt ("BERT"). EOP, PT, UE and BERT operate in the Heat Infra segment and SSE with EPET operate in the Power Distribution and Supply segment. Together these subsidiaries accounted for the vast majority of the EPE Group's sales and EBITDA for the first half 2016.

For a list of EPE's other subsidiaries and minority interests, see Note 33 to EPE's unaudited condensed consolidated interim financial statements as of and for the six-month period ended June 30, 2016.

EPE operating segments

We operate in the following reportable segments:

- Heat Infra,
- Power Distribution and Supply,
- Renewables,
- Holding,
- Other.

Heat Infra and Power Distribution and Supply are the core segments of the Group.

Until April 1, 2016 the Group also operated Mining segment which was disposed as part of the reorganization of EP Infrastructure, a.s. ("EPIF") in 2016 (see the section Key developments - German assets sale). Mining segment was classified as discontinued operation in 2015 (for details please see

section Reorganization) and therefore did not affect the EBITDA of 2016 and 2015 (2015 figures were restated for comparative purposes).

Heat Infra:

The Heat Infra 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 Budapesti Erömü Zrt. acquired in December 2015, which is a leading heat and power producer in Hungary, operating three Combined Cycle Gas Turbine ("CCGT") plants in the Budapest area. In addition, EPE disposed Pražská teplárenská LPZ, a.s. ("LPZ") on June 1, 2016 therefore the below data include its operation in relevant period in 2015 and until June 1 in 2016.

The segment also included Saale Energie GmbH and Helmstedter Revier GmbH until April 1, 2016. These entities were classified as discontinued operations in 2015 therefore do not affect the EBITDA of 2015 and 2016 and were disposed as part of the reorganization of EP Infrastructure, a.s. ("EPIF") in 2016 (see the section Key developments - German assets sale).

Power Distribution and Supply:

The Power Distribution and Supply segment consists of a Power Distribution division and a Supply division. The Supply division primarily 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 Infra segment and purchases from external sources and purchases electricity and natural gas to supply customers through the Supply division. In addition, this segment reports distribution of electricity in the central Slovakia region. This segment is mainly represented by SSE, EPET, EP Sourcing, a.s. ("EPS") and EP Cargo a.s. ("EPC").

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 two solar power plants in Slovakia, and a biogas facility in Slovakia.

The segment also included Mibrag Neue Energie until April 1, 2016 that was classified as discontinued operation in 2015 therefore do not affect the EBITDA of 2015 and 2016 and was disposed as part of the reorganization of EP Infrastructure, a.s. ("EPIF") in 2016 (see the section Key developments - German assets sale).

Holding

The Holding segment represents EP Energy, a.s. as a holding company. The segment profit therefore primarily represents dividends received from its subsidiaries, finance expense and results from acquisition accounting.

Other

The segment Other consists of minor operations not fitting to our key segments.

Reorganization

As part of the reorganization of EPIF in 2016, the Company sold-off its power generation activities in Germany as well as its mining operations in Germany to its ultimate parent company EPH (effective on April 1, 2016). The decision to sell-off these activities, which comprise an isolated geographical segment (Germany), was reached at the end of 2015. Due to the fact that these operations were predominantly representing the whole German operations, mining operations and condensation power production, the Company presents these activities through restatement of comparatives as discontinued operations as of and for the for the six-month period ended June 30, 2015. Gain on disposal of these operations is presented as Gain (loss) on disposal of subsidiaries, special purpose entities and associates in the statement of comprehensive income for the six-month period ended June 30, 2016 (i.e. does not affect EBITDA).

The table below shows summary financial information for the EPE segments:

In million EUR	For the six-month period ended June 30, 2015 Restated[1]	2016
Total sales		
Heat Infra	229	303
Renewables	3	3
Power Distribution and Supply	817	716
Other	2	2
Total segments	**1,051**	**1,024**
Holding	0	0
Intersegment eliminations	(75)	(64)
Consolidated data	**976**	**960**
Depreciation and amortization		
Heat Infra	(41)	(49)
Renewables	(1)	(1)
Power Distribution and Supply	(36)	(34)
Other	0	0
Total segments	**(78)**	**(84)**
Holding	0	0
Intersegment eliminations	0	0
Consolidated data	**(78)**	**(84)**
Negative goodwill		
Heat Infra	0	0
Renewables	0	0
Power Distribution and Supply	0	0
Other	0	0
Total segments	**0**	**0**
Holding	0	0
Intersegment eliminations	0	0
Consolidated data	**0**	**0**
Profit/(loss) from operations		
Heat Infra	39	51
Renewables	2	2
Power Distribution and Supply	43	39
Other	1	1
Total segments	**85**	**93**
Holding	(2)	(1)
Intersegment eliminations	(1)	(2)
Consolidated data	**82**	**90**
EBITDA[2]		
Heat Infra	80	100
Renewables	3	3
Power Distribution and Supply	79	73
Other	1	1
Total segments	**163**	**177**
Holding	(2)	(1)
Intersegment eliminations	(1)	(2)
Consolidated data	**160**	**174**

(1) Restated: Consolidated financial statements of EP Energy a.s. as at and for the six-month period ended June 30, 2015 have been restated as the German assets have been reclassified to assets and liabilities held for sale and operations were classified as discontinued. For further details, please refer to the section Key developments.

(2) Represents Profit/(loss) from operations plus Depreciation and amortization less Negative goodwill (if applicable).

Heat Infra

The Heat Infra segment accounted for 49.1% of consolidated EBITDA for the first half 2015 and 56.5% of consolidated EBITDA for the first half 2016, in each case before intersegment eliminations and holding results. We conduct our Heat Infra operations in the Czech Republic through the following major subsidiaries: Pražská teplárenská, Elektrárny Opatovice, United Energy and Plzeňská energetika and in Hungary through Budapesti Erömü Zrt. (since the completion of the acquisition as of December 10, 2015). We note that Saale Energie and the HSR Group were classified as discontinued operation in the year ended December 31, 2015 and therefore they were excluded from the segment Heat Infra in the years 2015 and 2016 (for further information please see section Key developments - German assets sale). The table below shows a summary of key operating data for the Heat Infra segment. The operating data are based on the results of the whole entity regardless of the date when each entity joined the EPE Group or the ownership share of the EPE Group in each entity. The EPE's majority interest in BERT was only acquired on December 10, 2015 and therefore the below data include results of BERT for the first half 2016 only. In addition, EPE disposed Pražská teplárenská LPZ, a.s. ("LPZ") on June 1, 2016 therefore the below data include its operation in relevant period in 2015 and until June 1 in 2016. Results of all other subsidiaries of the Group which belong to the Heat Infra Business are for the entire period.

		As of and for the six-month period ended June 30,	
		2015	**2016**
Installed heat capacity[1]	MW_{th}	3,195	3,228
Heat supplied	TJ	9,440	13,027
Installed cogeneration capacity[2]	MW_e	500	904
Installed condensation capacity[2]	MW_e	360	360
Certified grid balancing capacity[3]	MW_e	205	517
Cogeneration production	GWh	346	892
Condensation production	GWh	697	671
Grid balancing services	GWh	730	1,166

(1) Heat capacity installed on heat exchangers.

(2) Installed cogeneration capacity represents the electrical capacity of generators that can deliver heat in cogeneration mode. Installed condensation capacity represents the electrical capacity of generators that can produce power in condensation mode only. Part of cogeneration may be used for condensation as under certain conditions. Total installed electrical capacity is determined by adding installed cogeneration capacity and installed condensation capacity together.

(3) Grid balancing capacity is included in Installed condensation capacity and Installed cogeneration capacity.

Installed heat capacity

Installed heat capacity increased by 33 MW_{th}, or 1.0%, to 3,228 MW_{th} as of June 30, 2016, as compared to 3,195 MW_{th} as of June 30, 2015. This increase was due to the acquisition of BERT in December 2015 that operates total installed heat capacity of 558 MW_{th}. Further, on June 1, 2016 the group disposed LPZ that operated total installed heat capacity of 525 MW_{th}.

Heat supplied

Heat supplied increased by 3,587 TJ, or 38.0%, to 13,027 TJ for the first half 2016 as compared to 9,440 TJ for the first half 2015. The increase in heat supplied was primarily due to the acquisition of BERT, which supplied 3,614 TJ of heat in the first half 2016. In addition, disposal of LPZ at the beginning of June 2016 had minor negative effect on heat supplied in 2016 (as the operations for the period January 1 – June 1, 2016 are included in the overview).

Installed capacity

Installed cogeneration capacity increased by 404 MW_e, or 80.8% to 904 MW_e as of June 30, 2016, as compared to 500 MW_e as of June 30, 2015. This increase was due to the acquisition of BERT in December 2015 that operates total installed cogeneration capacity of 406 MW_e and disposal of LPZ at the beginning of June 2016 that operated total installed cogeneration capacity of 2 MW_e.

Installed condensation capacity remained at 360 MW_e as of June 30, 2016 and June 30, 2015.

Certified grid balancing capacity increased by 312 MW_e, or 152.2%, to 517 MW_e as of June 30, 2016 as compared to 205 MW_e as of June 30, 2015. This increase was due to the acquisition of BERT in December 2015 that operates certified grid balancing capacity of 312 MW_e.

Cogeneration production

Cogeneration production increased by 546 GWh, or 157.8%, to 892 GWh for the first half 2016, as compared to 346 GWh for the first half 2015. This increase was primarily due to the acquisition of BERT in December 2015 that produced 535 GWh in cogeneration in the first half 2016.

Condensation production

Condensation generation decreased by 26 GWh, or 3.7%, to 671 GWh for the first half 2016, as compared to 697 GWh for the first half 2015. This decrease in condensation generation stems from deteriorating power prices.

Grid balancing services

Grid balancing services increased by 436 GWh, or 59.7%, to 1,166 GWh for the first half 2016 as compared to 730 GWh for the first half 2015. This increase in grid balancing services primarily reflects the acquisition of BERT that provided 267 GWh of grid balancing services in the first half 2016. Further drivers of the increase are a higher success rate in winning tenders for grid balancing services organized by the Czech TSO CEPS and increased range of capabilities for providing grid balancing services.

The table below shows a summary of key financial performance data for the Heat Infra segment. The financial data is based on EPE consolidated financial information before eliminations of intersegment transactions and take into account the ownership share of the EPE Group in each entity and its acquisition date. The EPE's majority interest in BERT was only acquired on December 10, 2015 and therefore the below data include results of BERT for the first half 2016 only. In addition, EPE disposed LPZ on June 1, 2016 therefore the below data include its operations in relevant period in 2015 and until June 1 in 2016. Results of all other subsidiaries of the Group which belong to the Heat Infra Business are for the entire period.

		For the six-month period ended June 30,	
		2015 (restated)	**2016**
Total sales	in EUR millions	229	303
EBITDA	in EUR millions	80	100

EBITDA

As our contracts with suppliers for our Heat Infra operations in the Czech Republic are generally priced in Czech crowns, but our contracts for sales of electricity are primarily priced in EUR, EBITDA from our power generation operations presented in CZK as a functional currency may increase or decrease (and

even be negative) depending on currency exchange rate fluctuations (our heat operations are not affected by currency fluctuations as all sales transactions are priced in Czech crowns, however the EBITDA is affected by translation of CZK to EUR for reporting presentation purposes as the EPE Group´s presentation currency is EUR). We generally lock in the exchange rate at the time a contract is entered through the use of derivatives, the amounts due or paid under these derivative contracts, which offset the exchange rate fluctuation effects discussed above, are included in EBITDA in Total sales as Gain (loss) from commodity derivatives for trading with electricity and gas, net.

EBITDA increased by EUR 20 million, or 25.0%, to EUR 100 million for the first half 2016 as compared to EUR 80 million for the first half 2015. This increase was mainly driven by BERT contribution of EUR 23 million in first half 2016, while EUR 0 million in the first half 2015 as BERT was acquired in December 2015. Positive contribution of BERT was partially offset by lower volume of power production in the condensation mode, together with lower power prices, higher fuel costs and continuing decrease in allocated emission allowances.

Power Distribution and Supply

The Power Distribution and Supply segment accounted for 48.5% of consolidated EBITDA for the first half 2015 and 41.2% of consolidated EBITDA for the first half 2016, in each case before intersegment eliminations and holding results. We conduct our Power Distribution and Supply operations in the Slovak Republic, the Czech Republic, Germany and Poland mainly through our subsidiary SSE, EPET, EPS and EPC.

The table below shows a summary of key operating data for the Power Distribution and Supply segment. The operating data are based on the results of the whole entity regardless of the date when each entity joined the EPE Group or the ownership share of the EPE Group in each entity, however the data excludes SSE which is presented separately.

		For the six-month period ended June 30,	
		2015	**2016**
Power traded	GWh	11,065	8,232
Power supplied	GWh	903	1,166
Natural gas traded	GWh	4,519	1,241
Natural gas supplied	GWh	770	1,014

The table below shows a summary of key operating data for the SSE Group:

		For the six-month period ended June 30,	
		2015	**2016**
Power distributed	GWh	2,959	2,999
Power traded	GWh	3,625	3,732
Power supplied	GWh	1,985	1,999
Natural gas supplied	GWh	195	170
Power produced	GWh	12	10
Installed capacity	MW_e	62	63

Power traded

Power traded (excluding SSE) decreased by 2,833 GWh, or 25.6%, to 8,232 GWh for the first half of year 2016 as compared to 11,065 GWh for the first half of year 2015. This decrease in power traded

was caused by lower trading activity of EPET and by the fact that EPET benefited from a significant one-off power trading opportunity in 2015.

Power traded realized by SSE reached 3,732 GWh for the first half of year 2016, which is an increase of 3.0%, or 107 GWh, as compared to 3,625 GWh for the half of year 2016. Main driver for the increase in activity was higher re-sold volume coming from renewable resources on the Slovak market.

Power supplied

Power supplied (excluding SSE) increased by 263 GWh, or 29.1%, to 1,166 GWh for the first half 2016 as compared to 903 GWh for the first half 2015. This increase in power supplied stems from higher customer base resulting from an acquisition of Optimum Energy, a.s., primarily acting as power and gas supplier, by EPET in August 2015.

Power supply realized by SSE reached 1,999 GWh for the first half 2016, which is an increase by 14 GWh, or 0.7%, as compared to 1,985 GWh for the first half 2015.

Natural gas traded

Natural gas traded (excluding SSE) decreased by 3,278 GWh, or 72.5%, to 1,241 GWh for the first half 2016 as compared to 4,519 GWh for the first half 2015. This considerable decrease stems from the fact that EPET benefited from significant one-off natural gas trading transactions in 2015.

Natural gas supplied

Natural gas supplied (excluding SSE) increased by 244 GWh, or 31.7%, to 1,014 GWh for the first half 2016 as compared to 770 GWh for the first half 2015. This increase in natural gas supplied stems from higher customer base resulting from an acquisition of Optimum Energy, a.s., primarily acting as power and gas supplier, by EPET in August 2015.

Natural gas supplied by SSE reached 170 GWh for the first half 2016, which is a decrease by 25 GWh, or 12.8%, as compared to 195 GWh for the first half 2015. This decline is due to loss of significant customer in 2016 with an annual volume of 30 GWh. This decrease was partially offset by effect of acquisition of new customers.

Power distributed

Power distributed by SSE reached 2,999 GWh for the first half 2016, which represents an increase by 40 GWh, or 1.4%, as compared to the first half 2015. Distributed volume was kept stable in both periods as decrease the high voltage level was offset by higher consumption on medium and low voltage level power distribution.

The table below shows a summary of key financial data for the Power Distribution and Supply segment. The financial data are based on EPE consolidated financial information before eliminations of intersegment transactions and take into account the ownership share of the EPE Group in the entity and acquisition date.

		For the six-month period ended June 30,	
		2015 (restated)	**2016**
Total Sales	in EUR millions	817	716
EBITDA	in EUR millions	79	73

EBITDA

As part of our power trading activities, EPET engages in sales of power generated by EPE Group companies, as well as resales of power purchased on the wholesale market in connection with our energy production optimization process, which leads to an overall increase in the volume of sales of power. However, with an increasing number of resales, total costs as a percentage of total sales increase as the margins realized on each subsequent optimization transaction tend to decline as the frequency of optimization transactions increases. Moreover, because our contracts with suppliers for our Heat Infra operations in the Czech Republic are generally priced in Czech crowns (with the exception of supplies under certain contracts for brown coal to the EOP and UE, which are priced in EUR and were significantly reduced starting in 2016), but we may purchase power in EUR, EBITDA from our supply operations may increase or decrease (and even be negative) depending on currency exchange rate fluctuations (the EBITDA is affected by translation of CZK to EUR for reporting presentation purposes as the EPE Group´s presentation currency is EUR). We generally lock in the exchange rate and power prices at the time a contract is entered into through the use of derivative contracts, the amounts due or paid under these derivative contracts, which offset the exchange rate and power price fluctuation effects discussed above, are included in EBITDA and the effect of fair valuation of financial commodity derivatives is included in Total sales as Gain (loss) from commodity derivatives for trading with electricity and gas, net, unless they qualify for hedge accounting under IFRS, in which case they are reflected in the Cost of sales: Other and Sales: Other lines for currency derivatives and in the Sales: Energy and Cost of sales: Energy for derivatives hedging the price of power.

EBITDA decreased by EUR 6 million, or 7.6%, to EUR 73 million for the first half 2016 as compared to EUR 79 million for the first half 2015. EBITDA realized by SSE decreased by EUR 4 million primarily due to the System Operations Tariff ("SOT") that decreased approximately by EUR 22 million, followed by improvement in SSE's core business activities of EUR 18 million which are expected to partially level off in H2 2016. Improvement mainly results from higher revenue from re-sale of green energy and slightly higher margin on power distribution, which results from more convenient power distribution structure. Furthermore, EPET's sales and EBITDA experienced a drop by EUR 108 million and EUR 2 million, respectively, which was driven by decreased natural gas and power trading activity in the first half 2016 as EPET benefited from significant one-off trading transactions in the first half 2015.

Renewables

The Renewables segment accounted for 1.8% of consolidated EBITDA in the first half 2015 and also for 1.7% of consolidated EBITDA in the first half 2016, in each case before intersegment eliminations and holding results. Our Renewables business is conducted in the Czech Republic and the Slovak Republic, and operations include wind, solar and biogas power generating facilities.

		As of and for the six-month period ended June 30,	
		2015	**2016**
Installed Capacity	MW_e	18	18
Power Production	GWh	19	15

Installed capacity

Installed capacity remained at 18 MW_e as of June 30, 2016 and June 30, 2015.

Power production

Power production decreased by 4 GWh, or 21.0%, to 15 GWh for the first half 2016 as compared to 19 GWh for the first half 2015. This decrease was primarily due to fewer sunny days during the first half 2016, as compared to first half 2015.

The table below shows a summary of key financial data for the Renewables segment. The financial data are based on EPE consolidated financial information before eliminations of intersegment transactions and take into account the ownership share of the EPE Group in each entity and its acquisition date.

		For the six-month period ended June 30,	
		2015 (restated)	2016
Total Sales	in EUR millions	3	3
EBITDA	in EUR millions	3	3

EBITDA

EBITDA remained at EUR 3 million in the first half in both periods 2016 and 2015. The changes were not material.

Other

The Other segment accounted for 0.6% of consolidated EBITDA for the first half 2015 and 0.6% of consolidated EBITDA for the first half 2016, in each case before intersegment eliminations and holding results. The table below shows a summary of key financial data for the Other segment:

		For the six-month period ended June 30,	
		2015 (restated)	2016
Total sales	in EUR millions	2	2
EBITDA	in EUR millions	1	1

EBITDA remained at EUR 1 million in the first half in both periods 2016 and 2015. The changes were not material.

Holding

The table below shows a summary of key financial data for the Holding entities segment:

		For the six-month period ended June 30,	
		2015 (restated)	2016
Total sales	in EUR millions	0	0
EBITDA	in EUR millions	(2)	(1)

The main driver of the negative EBITDA in both 2015 and 2016 was the other operating expenses of EP Energy, as the only entity presented within Holding. The costs were primarily associated with costs relating to outsourcing of various functions and costs for professional services at EP Energy.

Other revenues and expenses

Our repeating expenses are generally related to wages and salaries and associated social and health insurance, administrative costs for repairs and maintenance, other taxes and fees, costs for audit and accounting services, costs for legal consultancy, operating leases, rent of premises, communication

expenses, travel expenses, costs for translation, non-tax deductible fees, rental income and other administrative costs.

German assets sale

As part of the reorganization of EPIF in 2016, EPE sold-off its power generation activities in Germany as well as its mining operations in Germany to its ultimate parent company EPH (effective on April 1, 2016). The decision to sell-off these activities, which comprise an isolated geographical segment (Germany), was reached at the end of 2015. Due to the fact that these operations were predominantly representing the whole German operations, mining operations and condensation power production, EPE presents these activities through restatement of comparatives as discontinued operations as of and for the six-month period ended June 30, 2015. Gain on disposal of these operations is presented as Gain (loss) on disposal of subsidiaries, special purpose entities and associates in the statement of comprehensive income for the six-month period ended June 30, 2016 (i.e. does not affect EBITDA).

The scope of disposed entities is as follows:

	Country of incorporation	Ownership (%)
JTSD Braunkohlebergbau GmbH	Germany	100
Mitteldeutsche Braunkohlengesellschaft mbH	Germany	100
MIBRAG Consulting International GmbH	Germany	100
GALA-MIBRAG-Service GmbH	Germany	100
Mitteldeutsche Umwelt- und Entsorgung GmbH	Germany	50
Fernwärme GmbH Hohenmölsen – Webau	Germany	48.96
Ingenieurbüro für Grundwasser GmbH	Germany	25
Bohr & Brunnenbau GmbH	Germany	100
Helmstedter Revier GmbH	Germany	100
Norddeutsche Gesellschaft zur Ablagerung von Mineralstoffen mbH	Germany	51
Terrakomp GmbH	Germany	100
MIBRAG Neue Energie GmbH	Germany	100
EP Germany GmbH	Germany	100
Saale Energie GmbH	Germany	100
Kraftwerk Schkopau GbR	Germany	41.90
Kraftwerk Schkopau Betriebsgesellschaft mbH	Germany	44.40

Note: percentage of ownership same as at June 30, 2015 and date of disposals.

German assets included, among others, MIBRAG and Saale Energie. MIBRAG was a wholly-owned subsidiary of JTSD, Saale Energie was a wholly-owned subsidiary of EP Germany; both EP Germany and JTSD were wholly-owned subsidiaries of EPE (where EP Germany has been since December 31, 2015 directly owned by JTSD as a result of the sale of all EP Germany shares by EPE to JTSD for EUR 4.3 million, corresponding to fair value of equity of EP Germany).

The German assets were disposed of by means of sale of 100% shares in JTSD by EPE to EPH for EUR 156 million (corresponding to fair value of equity of JTSD); the disposal was completed on April 1, 2016 and the purchase price was fully settled in cash.

Discontinued operations in the six-month period June 30, 2016 (including restatement of comparatives) relate to segments Mining, Heat infra and Renewables.

The Mining segment, represented by Mitteldeutsche Braunkohlengesellschaft GmbH (MIBRAG), produced brown coal, which it supplied to power plants under long-term supply agreements. The Mining segment included JTSD and the MIBRAG Group (excluding MIBRAG Neue Energie and Helmstedter Revier GmbH and its subsidiaries). The EPE Group conducted other mining operations in Germany through the Heat Infra segment, which included the Schöningen mine in the Helmstedt

mining district, which the EPE Group acquired through the acquisition of the HSR Group on December 31, 2013, and neither the operating data nor the financial data for these mining facilities in the Heat Infra segment were included within the Mining operating data.

The Heat Infra segment included Saale Energie GmbH purchased in 2012, which owned 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 operated a condensation mode power plant Buschhaus with an installed capacity of 390MW. These entities were classified as discontinued operations in 2015.

The Renewables segment included a wind farm in Germany at MIBRAG (Mibrag Neue Energie), which was classified as discontinued operation in 2015.

Key operating data for the Heat Infra segment and Renewables segment were adjusted and operating data of discontinued operations (e.g. data for Saale Energy GmbH and Helmstedter Revier GmbH in the Heat Infra segment and for Mibrag Neue Energie in the Renewables segment) were excluded from the relevant segments in the six-month period 2016 and for 2015 for comparative purposes.

Profit (loss) from discontinued operations is presented at the bottom of EP Energy Consolidated statement of comprehensive income for the six-month period June 30, 2016. The operations were classified as discontinued operation for years 2016 and 2015 for comparative purposes. Gain on disposal of the German assets is presented as Gain (loss) on disposal of subsidiaries, special purpose entities and associates in the statement of comprehensive income for the six-month period ended June 30, 2016.

From the loss from discontinued operation in the six-month period June 30, 2016 of EUR 12 million (in the six-month period June 30, 2015: loss of EUR 19 million), a loss of EUR 12 million (2015: loss of EUR 19 million) is attributable to the owners of the Company and no profit or loss is attributable to the non-controlling interest.

Capital expenditures

Capital expenditures are necessary to maintain and improve the operations of our facilities and meet operating standards dictated by governmental regulations. Construction and maintenance costs have increased throughout the power industry over the past several years, and future costs will be highly dependent on the cost of components and availability of contractors that can perform the work necessary to maintain and improve other facilities.

The table below summarizes our capital expenditures (disregarding actual cash flows) for the **Heat Infra segment:**

	For the six-month period ended June 30,	
In EUR millions	**2015**	**2016**
Capital expenditures relating to tangible fixed assets	43	23
Capital expenditures relating to intangible fixed assets excluding emission rights	1	0

Capital expenditures relating to tangible fixed assets decreased by EUR 20 million, or 46.5%, to EUR 23 million in the first half 2016 as compared to EUR 43 million in the first half 2015. The main reason for relatively high capital expenditures in the first half 2015 are investments at EOP incurred predominantly in order to comply with the stricter emission targets set forth by the European Industrial Emissions Directive ("IED") that applies for large combustion plants since 2016.

Capital expenditures relating to intangible fixed assets (excluding emission rights) were not material.

The table below summarizes our capital expenditures (disregarding actual cash flows) for the **Power Distribution and Supply segment**:

	For the six-month period ended June 30,	
In EUR millions	**2015**	**2016**
Capital expenditures relating to tangible fixed assets	17	22
Capital expenditures relating to intangible fixed assets excluding emission rights	1	1

Capital expenditures relating to tangible fixed assets increased by EUR 5 million, or 29.4%, to EUR 22 million in the first half 2016 from EUR 17 million in the first half 2015. The majority of these capital expenditures are directly connected to SSE's operations, namely technical improvements on existing distribution network of EUR 9 million and extension of distribution network of EUR 4 million in the first half 2016 (EUR 8 million and EUR 5 million respectively in the first half 2015). In addition, EP Cargo incurred EUR 4 million in the first half 2016 in relation to acquisition of a new machinery.

Capital expenditures relating to intangible fixed assets (excluding emissions rights) remained at EUR 1 million in the first half of both periods 2016 and 2015.

Capital expenditures in the **Renewables, Other and Holding segment** are not material which stems from the nature of operations within these segments.

The EPE Group

Description of key income statement line items and key performance indicators of the EPE Group

Key income statement line items

Sales: Energy. EPE presents Sales: Energy in five component parts: sales of electricity (incl. distribution), sales of heat, sales of gas, sales of coal and sales of other energy products across all of our segments. EPE recognizes revenue when persuasive evidence exists, usually in the form of an executed sales agreement, that the significant risks and rewards of ownership have been transferred to the buyer, recovery of the consideration is probable, the associated costs and possible return of goods can be estimated reliably, there is no continuing management involvement with the goods, and the amount of revenue can be measured reliably. Revenue from the sale of own products and goods in the course of ordinary activities is measured at the fair value of the consideration received or receivable, net of returns, trade discounts and volume rebates. Discounts are recognized as a reduction of revenue as the sales are recognized, if it is probable that discounts will be granted and the amount can be measured reliably. Revenues from services rendered are recognized in profit or loss in proportion to the stage of completion of the transaction at the reporting date. The stage of completion is assessed by reference to surveys of work performed. No revenue is recognized if there are significant uncertainties regarding the recovery of the consideration due, associated costs or the possible return of goods.

Sales: Other. Sales: Other represent revenues from non-core activities, including sales of brown coal dust and energy by-products (such as ash and gypsum).

Gain (loss) from commodity derivatives for trading with electricity and gas, net. At the date of the financial statements, trading derivatives are measured at fair value. As the trading in commodity derivatives forms a significant part of the Group's total trading activities, the measurement effect is recognized in "Gain (loss) from commodity derivatives for trading with electricity and gas, net", a separate line item under "Total sales".

Cost of sales: Energy. Cost of sales: Energy is divided into five component parts, namely cost of sold energy, cost of sold gas and other energy products, consumption of coal and other material, consumption of energy and other cost of sales. Cost of sales: Energy does not include directly attributable overhead costs (particularly personnel expenses, depreciation and amortization, repairs and maintenance, emission rights, taxes and charges). Cost of sales: Energy also includes losses incurred in energy trading transactions.

Cost of sales: Other. Cost of sales: Other is divided into five component parts, namely cost of goods sold, consumption of material, consumption of energy, changes in work-in-progress, semi-finished products and finished goods and other cost of sales. Cost of sales: Other does not include directly attributable overhead costs (particularly personnel expenses, depreciation and amortization, repairs and maintenance, emission rights, taxes and charges).

Personnel expenses. Personnel expenses represent expenses related to employees and board members, including wages and salaries of employees, benefits, remuneration of board members, social and health insurance, provisions related to employees (e.g., provisions for untaken holidays, accruals for bonuses and rewards), revenues/expenses related to employee benefits recorded in accordance with IAS 19 and other costs related to employees during the reporting period.

Depreciation and amortization. Depreciation represents non-cash expenses of tangible assets over time. Amortization represents non-cash expenses of intangible assets over time.

Repairs and maintenance. Repairs and maintenance represent externally incurred costs to bring an asset back to an earlier condition or to keep the asset operating in its present condition.

Emission rights, **net**. Emission rights, net comprise the profit from sale of emission allowances and the consumption of emission allowances on a continuous basis based on the actual production of emissions, with a corresponding decrease in the carrying value of deferred income on a systematic basis over the period for which the rights were issued.

Negative goodwill. Negative goodwill (gain on bargain purchase) represents a gain occurring when the price paid for an acquisition is less than the fair value of net assets of the acquired company.

Taxes and charges. Taxes and charges comprise electricity taxes, property taxes and other taxes and charges (excluding income tax).

Other operating income and expenses. Other operating income and expenses represent items that are of secondary importance compared to the EPE Group's principal activities. These items include, for example, rental income, contractual penalties received from suppliers or paid to customers, consulting fees and commissions expense, transport services, insurance services, consumption of material, gains/losses on sale of intangible assets/property (excluding the sale of emissions allowances), plant and equipment or inventories, creation and reversal of various provisions, outsourcing and administrative fees and professional and advertising services.

Finance income. Finance income comprises interest income on funds invested, dividend income, changes in the fair value of financial assets at fair value through profit or loss, foreign currency gains (only if total foreign currency gains and losses result in net income; receivables in foreign currency are recalculated mark-to-market at the end of the accounting period to Czech crowns) that do not qualify for hedge accounting, gains on sale of investments in securities and gains on hedging instruments that are recognized in profit or loss.

Finance expense. Finance cost comprises interest expense on borrowings, unwinding of the discount on provisions (e.g., on provisions for decommissioning), foreign currency losses (only if total foreign currency gains and losses result in a net expense; payables in foreign currency are recalculated mark-to-market at the end of the accounting period to Czech crowns); realized profit from currency derivative contracts that do not qualify for hedge accounting, changes in the fair value of financial assets at fair value through profit or loss, fees and commissions expense for payment transactions and guarantees and impairment losses recognized on financial assets.

Profit/(loss) from financial instruments. Profit/(loss) from financial instruments represents profit or loss from commodity derivatives that are not presented as a part of Gain (loss) from commodity derivatives for trading with electricity and gas, net, currency derivatives (including both realized and mark-to-market valuations at the end of the accounting period), hedging activities and interest rate derivatives that do not qualify for hedge accounting.

Share of profit/(loss) of equity accounted investees. Share of profit/loss of equity accounted investees represents a share of profit of equity accounted associates.

Gain/(loss) on disposal of subsidiaries, special purpose entities, joint ventures and associates. Gain/Loss on disposal of subsidiaries, special purpose entities, joint ventures and associates comprises gain or loss from selling an ownership interest in a company.

Income tax expenses. Income tax expenses represent the sum of the tax currently payable and deferred tax. The tax currently payable is based on taxable profit for the year. Deferred tax is accounted for using the balance sheet method and is recognized on differences between the carrying amounts of assets and liabilities in the consolidated financial statements and the corresponding tax bases.

Other comprehensive income for the period, net of tax. Other comprehensive income represents the difference between net income in the income statement and comprehensive income (which is the change in equity of a business enterprise during a period from transactions and other events and circumstances from non-owner sources; it includes all changes in equity during a period except those resulting from investments by owners and distributions to owners).

Total comprehensive income for the period. Total comprehensive income for the year represents the change in equity during a period resulting from transactions and other events, other than those changes resulting from transactions with owners in their capacity as owners. Total comprehensive income comprises all components of "profit or loss" and of Other comprehensive income, net of tax, and represents the certain gains and losses of the enterprise not recognized in the income statement.

Results of operations of the EPE Group

The following sections provide a period-by-period comparison of the EPE Group's historical income statement data. The financial data has been prepared in accordance with IFRS, and has been derived from the EPE's condensed consolidated interim financial statements for the six-month period ended June 30, 2016 (which include financial information for the six-month period ended June 30, 2015 as a comparison) and should be read in conjunction with and is qualified in its entirety by reference to these financial statements, including the notes thereto.

Results of operations of the EPE Group: the first half 2016 compared to the first half 2015

The following table sets forth our historical income statement data derived from the EPE's condensed consolidated interim financial statements for the six-month period ended June 30, 2016, prepared in accordance with IFRS as adopted by the EU, as well as other financial data. For a description of the changes in the reporting perimeter, see "Key factors affecting comparability of the results of operations of the EPE Group".

Condensed consolidated interim statement of comprehensive income

For the six-month period ended 30 June 2016
In million EUR

	2015 (six months) Restated[11]	**2016 (six months)**
Sales: Energy	950	940
of which: Electricity	*625*	*644*
Heat	*166*	*210*
Gas	*139*	*73*
Coal	*20*	*13*
Sales: Other	18	18
Gain (loss) from commodity derivatives for trading with electricity and gas, net	8	2
Total sales	**976**	**960**
Cost of sales: Energy	(737)	(702)
Cost of sales: Other	(13)	(15)
Total cost of sales	**(750)**	**(717)**
Subtotal	**226**	**243**
Personnel expenses	(42)	(49)
Depreciation and amortization	(78)	(84)
Repairs and maintenance	(5)	(4)
Emission rights, net	(1)	(6)
Taxes and charges	(1)	(2)
Other operating income	14	16
Other operating expenses	(31)	(24)
Profit (loss) from operations	**82**	**90**

[11] Restated: Consolidated financial statements of EP Energy a.s. as at and for the six-month period ended June 30, 2015 have been restated as the German assets have been reclassified to assets and liabilities held for sale and operations were classified as discontinued. For further details, please refer to the section Key developments.

Finance income	22	14
Finance expense	(44)	(35)
Profit (loss) from financial instruments	(1)	(12)
Net finance income (expense)	**(23)**	**(33)**
Gain/(loss) on disposal of subsidiaries, special purpose entities, joint ventures and associates	-	102
Profit (loss) before income tax	**59**	**159**
Income tax expenses	(17)	(21)
Profit (loss) from continuing operations	**42**	**138**
Profit (loss) from discontinued operations, net of tax	(19)	(12)
Profit (loss) for the period	**23**	**126**
Items that are or may be reclassified subsequently to profit or loss:		
Foreign currency translation differences for foreign operations	(14)	7
Foreign currency translation differences from presentation currency	45	(1)
Effective portion of changes in fair value of cash flow hedges, net of tax	14	(5)
Fair value reserve included in other comprehensive income	(1)	-
Other comprehensive income for the period, net of tax	**44**	**1**
Total comprehensive income for the period	**67**	**127**
Profit (loss) attributable to:		
Owners of the Company		
Profit for the year from continuing operations	24	109
Profit for the year from discontinued operations	(19)	(12)
Profit for the year attributable to owners of the company	**5**	**97**
Non-controlling interest		
Profit for the year from continuing operations	18	29
Profit for the year attributable to non-controlling interest	18	29
Profit (loss) for the period	**23**	**126**
Total comprehensive income attributable to:		
Owners of the Company	46	*97*
Non-controlling interest	21	30
Total comprehensive income for the period	**67**	**127**

Key line items

Sales: Energy

Sales: Energy decreased by EUR 10 million, or 1.1%, to EUR 940 million for the first half 2016 as compared to EUR 950 million for the first half 2015.

Sales of electricity

Sales of electricity increased by EUR 19 million, or 3.0%, to EUR 644 million for the first half 2016 as compared to EUR 625 million for the first half 2015. The increase in sales of electricity was primarily due to the acquisition of BERT, which had electricity sales of EUR 42 million from power generation primarily in cogeneration mode in the first half 2016, while EUR 0 million in the first half 2015 as it was acquired in December 2015. This positive effect was partially offset by a decrease in sales of electricity

stemming from (i) lower power trading activity of EPET, (ii) lower volume of power generated in condensation mode by the Czech CHP fleet and (iii) lower power prices in the first half 2016 as compared to the first half 2015.

Sales of heat

Sales of heat increased by EUR 44 million, or 26.5%, to EUR 210 million for the first half 2016 as compared to EUR 166 million for the first half 2015. The increase in sales of heat was primarily due to the acquisition of BERT, which had heat sales of EUR 41 million in the first half 2016, while EUR 0 million in the first half 2015 as it was acquired in December 2015.

Sales of gas

Sales of gas decreased by EUR 66 million, or 47.5%, to EUR 73 million for the first half 2016 as compared to EUR 139 million for the first half 2015. This decrease in natural gas was primarily due to significant one-off natural gas trading transactions performed by EPET in the first half 2015.

Sales of coal

Sales of coal decreased by EUR 7 million, or 35.0%, to EUR 13 million for the first half 2016 as compared to EUR 20 million for the first half 2015. This decrease stems from lower trading activity of EPS that recorded drop in its coal sales of EUR 9 million.

Sales: Other

Sales: Other remained stable at EUR 18 million in the first half of 2016 and 2015.

Gain (loss) from commodity derivatives for trading with electricity and gas, net

Gain from commodity derivatives for trading with electricity and gas, net decreased by EUR 6 million, or 75.0% to EUR 2 million for first half 2016 as compared to EUR 8 million for the first half 2015. This resulted from fair value re-measurement of trading derivatives at the date of financial statements and corresponded to contracted trading margin during the period.

Cost of sales: Energy

Cost of sales: Energy decreased by EUR 35 million, or 4.7%, to EUR 702 million for the first half 2016 as compared to EUR 737 million for the first half 2015. This decrease in Cost of sales: Energy was primarily due to lower natural gas and power trading activities undertaken by EPET, which resulted in lower natural gas and power purchases.

Cost of sales: Other

Cost of sales: Other increased by EUR 2 million, or 15.4%, to EUR 15 million for first half 2016 as compared to EUR 13 million for the first half 2015. This decrease stems from lower coal trading activity of EPS that recorded drop in its Cost of sales: Other of EUR 2 million.

Personnel expenses

Personnel expenses increased by EUR 7 million, or 16.7%, to EUR 49 million for first half 2016 as compared to EUR 42 million for the first half 2015. This increase in personnel expenses was mainly attributable to 1.9% increase in average headcount to 3,734 in the first half 2016 as compared to 3,665 in the first half 2015, which was influenced primarily by the acquisition of BERT in December 2015.

Depreciation and amortization

Depreciation and amortization increased by EUR 6 million, or 7.7%, to EUR 84 million in the first half 2016 as compared to EUR 78 million for the first half 2015. This increase stems primarily from acquisition of BERT, which was partially offset by the end of lifetime of selected assets in 2015 as well as by the introduction of operating leasing of the company cars at SSE (and also other EPE Group entities) in January 2015.

Repairs and maintenance

Repairs and maintenance decreased by EUR 1 million, or 20.0%, to EUR 4 million in the first half 2016 as compared to EUR 5 million for the first half 2015.

Emission rights, net

Emission rights, net decreased by EUR 5 million, or 500.0%, to negative EUR 6 million for the first half 2016 as compared to negative EUR 1 million for first half 2015, which primarily results from continuing decrease of emission allowances free allocation despite to slightly lower consumption of emission allowances (stemming from lower power production) in the first half 2016 as compared to the first half 2015.

Taxes and charges

Taxes and charges decreased by EUR 1 million, or 100.0%, to EUR 2 million in the first half 2016 as compared to EUR 1 million for the first half 2015.

Other operating income

Other operating income increased by EUR 2 million, or 14.3%, to EUR 16 million for the first half 2016 as compared to EUR 14 million for the first half 2015. This slight increase in Other operating income was driven by more minor effects.

Other operating expenses

Other operating expenses decreased by EUR 7 million, or 22.6%, to EUR 24 million for first half 2016 as compared to EUR 31 million for the first half 2015. This decrease in Other operating expenses was driven by more minor effects.

Finance income

Finance income decreased by EUR 8 million, or 36.4%, to EUR 14 million for the first half 2016 as compared to EUR 22 million for the first half 2015. Finance income is mostly represented by interest income, primarily due from loans provided to the parent and ultimate parent companies. Decrease in interest income stems mainly from offset of balances between EPE and EPH as of February 5, 2015 and followed by partial offset of balances between EPE and EPIF from May 2, 2016.

Finance expense

Finance expense decreased by EUR 9 million, or 20.5%, to EUR 35 million for the first half 2016 as compared to EUR 44 million for the first half 2015. Primary reason for decrease of finance expense is improved FX result that resulted in a gain of EUR 2 million in the first half 2016, while a loss of EUR 10 million in the first half 2015, followed by saved interest costs due from on April 4, 2016 settled EUR 175 million term loans.

Profit/(loss) from financial instruments

Profit/(loss) from financial instruments decreased by EUR 11 million to a loss of EUR 12 million for the first half 2016 as compared to loss of EUR 1 million for the first half 2015. This negative change in profit/(loss) from financial instruments was primarily due to mark-to-market revaluation of interest rate swaps (IRS) that EP Energy contracted in 2016 in order to hedge its interest rate risk.

Gain/(loss) on disposal of subsidiaries, special purpose entities, joint ventures and associates.

Gain/(loss) on disposal of subsidiaries, special purpose entities, joint ventures and associates increased by EUR 102 million to EUR 102 million for the first half 2016 as compared to EUR 0 million for the first half 2015. Gain was primarily due to the disposal of German Assets (see the section Key developments - German assets sale) resulting in gain of EUR 53 million and Pražská teplárenská LPZ, a.s. resulting in gain of EUR 46 million.

Income tax expenses

Income tax expenses increased by EUR 4 million, or 23.5%, to EUR 21 million for the first half 2016 as compared to EUR 17 million for the first half 2015. This increase stems primarily from acquisition of BERT while the income tax expense at other operating companies is rather stable taking into consideration development in their business performance.

Other comprehensive income for the period, net of tax

Other comprehensive income for the period, net of tax, changed by EUR 43 million to EUR 1 million for the first half 2016 as compared to EUR 44 million for the first half 2015. This negative development in Other comprehensive income for the period, net of tax, was primarily due to foreign currency translation differences from presentation currency and from changes in fair value of cash flow hedges predominantly relating to a cash flow hedge recognized on the EPE Group level.

Liquidity and capital resources of the EPE Group

Capital resources

EPE's financial condition and liquidity are and will continue to be influenced by a variety of factors, including:

- our ability to generate cash flows from our operations;
- the level of our outstanding indebtedness, and the interest EPE is obligated to pay on such indebtedness, which affects our financing costs;
- prevailing interest rates, which affect our debt service requirements;
- our ability to continue to borrow funds from banks and international debt capital markets;
- our level of acquisitions activity; and
- our capital expenditure requirements and development projects.

EPE's historical liquidity requirements have arisen primarily from the need for us to meet EPE's debt service requirements, to fund capital expenditures for the general maintenance and expansion of EPE's production and heat distribution facilities and for new facilities, to fund growth in our working capital and to support our acquisition strategy.

EPE's primary sources of liquidity historically have been cash flows from operations of subsidiaries, cash on EPE's balance sheet and external financings (including shareholder loans and bonds since EPE's issuance of the Notes). EPE's ability to generate cash from our operations depends on future operating performance, which is in turn dependent, to some extent, on general economic, financial, competitive market, legislative, regulatory and other factors, many of which are beyond our control.

EPE believes that its operating cash flows, together with the cash reserves and future borrowings permitted under EPE's debt facilities, will be sufficient to fund EPE's working capital requirements, anticipated capital expenditures and debt service requirements as they become due. EPE intends to maintain cash balances at EPE to meet the Group's short-term liquidity needs, including working capital (which we intend to replenish periodically with cash from operations).

EP Energy and its subsidiaries may from time to time use available liquidity (from any sources) to reduce the indebtedness of the Group. In particular, subject to compliance with applicable law and the terms and conditions of the bonds, the Company and its subsidiaries may from time to time repurchase outstanding bonds issued by them in the open market or otherwise at any time and at any price, as they may determine in their absolute discretion depending on prevailing market conditions.

Cash flow

The following table summarizes our selected consolidated cash flows for the first half 2015 and 2016.

	For the six-month period ended June 30,	
	2015 (restated)	**2016**
	In million EUR	
Operating profit before changes in working capital	**225**	**182**
Selected changes to working capital		
Change in trade receivables and other assets	39	40
Change in trade payables and other liabilities	(32)	(36)
Change in inventories (including proceeds from sale)	(4)	(2)
Change in assets held for sale and related liabilities	8	304
Cash flows generated from (used in) operating activities	**184**	**425**
Cash flows from (used in) investing activities	**(77)**	**191**
Cash flows from (used in) financing activities	**(133)**	**(206)**
Total changes in cash flows	**(26)**	**410**

Operating Activities

Cash flows generated from (used in) operating activities increased by EUR 241 million, or 131.0%, to EUR 425 million for the first half 2016, as compared to EUR 184 million for the first half 2015.

This change in cash flows generated from (used in) operating activities is primarily due to a positive change in assets held for sale and related liabilities that improved by EUR 296 million since the German assets were disposed during first half 2016 (for further information please see section Key developments - German assets sale). On the other hand, the position Operating profit before changes in working capital for the first half 2015 included also cash profit of EUR 83 million (first half 2016: EUR 12 million) from discontinued operations, which originates from the fact that the EPE Group's cash balance as of June 30, 2015 included also cash of disposed German assets.

Investing Activities

Cash flows from (used in) investing activities improved by EUR 268 million to positive EUR 191 million for the first half 2016, as compared to negative EUR 77 million for the first half 2015. The positive change was mainly driven by proceeds from disposal of German Assets (see the section Key developments - German assets sale) and Pražská teplárenská LPZ, a.s. In addition, EPE Group experienced a drop of EUR 33 million in its capital expenditures in the first half 2016 reflecting higher investing activity in 2015 mainly in order to comply with the stricter emission targets set forth by the European Industrial Emissions Directive.

Financing Activities

Cash flows from (used in) financing activities decreased by EUR 73 million to negative cash flows used in financing activities of EUR 206 million for the first half 2016, as compared to negative cash flows from financing activities of EUR 133 million for the first half 2015. The result of financing activities is primarily influenced by the following items: (i) repayment of EPE term loans of EUR 175 million using the proceeds from the sale of JTSD, (ii) net repayment of loans and borrowings of EUR 56 million in the first half 2015 (EUR 25 million in the first half 2016) and (iii) payment of dividends by SSE, PT and EPE outside of EPE Group of EUR 69 million in the first half 2015, while none were paid in the first half 2016.

Capital expenditures

Our strategy is to focus capital investments on projects that maintain our technical equipment and increase operational efficiency. We have managed to keep capital expenditures at reasonably low levels by means of controlled business planning, engineering, procurement and project management at our operating subsidiaries. We have made, and expect to continue to make, expenditures to maintain compliance with environmental laws. For example, starting in 2016, the stricter emission targets set forth by the European Industrial Emissions Directive (IED) applies for large combustion plants, including those that we operate, which required capital expenditures in excess of EUR 80 million for our power plants in the Czech Republic (predominantly at EOP and minor technology improvements at UE and PE) in period 2014 – 2016. Non-compliance with the stricter emission targets set forth by the European Industrial Emissions Directive, the Air Protection Act or the operation permit in the designated time periods might have led to the imposition of penalties or even resulted in operations being shut down.

We also expect to accelerate our capital expenditures on certain refurbishments to our heating network operations over the next two years in order to be eligible for public subsidies currently available in the Czech Republic.

During the first half 2015 and 2016, capital expenditures, irrespective of actual cash flows, were as follows:

	As of and for the six-month period ended June 30,	
	2015 (restated)	**2016**
Capital expenditures for tangible fixed assets	60	45
Capital expenditures for intangible fixed assets excluding emission rights	2	1
Capital expenditures for emission rights (incl. free allocations)	12	9
Capital expenditures relating to discontinued operations	18[12]	-
Total capital expenditures	**92**	**55**
Property, plant and equipment, at depreciated cost	1,524	1,574

Capital expenditures for tangible fixed assets and intangible fixed assets excluding emission rights

Capital expenditures for tangible fixed assets decreased by EUR 15 million, or 25.0%, to EUR 45 million for the first half 2016 as compared to EUR 60 million for the first half 2015. This decrease in capital expenditures for tangible fixed assets was primarily due to investments performed in EOP in the first half 2015 so as to be in line with the IED (Industrial Emissions Directive) that applies for large combustion plants since 2016. On the contrary, EP Cargo incurred EUR 4 million in relation to a new machinery acquisition in the first half 2016.

Capital expenditures for intangible fixed assets decreased by EUR 1 million to EUR 1 million for the first half 2016 as compared to EUR 2 million for the first half 2015.

Capital expenditures for emission rights

For the periods presented in this Report out of all entities included in the EPE Group, EOP, PE, UE and BERT were required to purchase emission allowances for their own respective consumption due to an insufficient allocation of emission allowances. The share that our Czech operating subsidiaries will need to purchase will increase over time as the result of the allocation system under which fewer emissions allowances are now allocated free of charge. We are exposed to changes in the way emissions allowances are allocated, including the conditions attaching to free allocations and the allocation of

[12] of which EUR 1 million relates to acquisition of emission rights

emissions allowances, as well as volatility in the market prices of emissions allowances that we need to acquire.

Contractual and other material financial obligations of the EPE Group

The table sets out our loans and borrowings as of December 31, 2015 and June 30, 2016.

In EUR millions	Dec 31, 2015	Jun 30, 2016
Issued debentures at amortised cost	1,097	1,099
Loans payable to credit institutions	223	55
Loans payable to other than credit institutions	10	3
of which owed to the parent company / ultimate parent company	*3*	*3*
of which owed to other related companies	*7*	-
Bank overdraft	20	-
Total	**1,350**	**1,157**
Non-current	1,304	1,126
of which owed to the parent company / ultimate parent company	-	-
of which owed to other related companies	*7*	-
Current	46	31
of which owed to the parent company / ultimate parent company	*3*	*3*
of which owed to other related companies	-	-
Total	**1,350**	**1,157**

Off-balance sheet arrangements of the EPE Group

The table below sets out EPE's financial commitments and contingencies as of December 31, 2015 and June 30, 2016.

In EUR millions	Dec 31, 2015	Jun 30, 2016
Granted pledges – securities	1,013	980
Guarantees given	180	210
Other granted pledges	1,676	947
Total	**2,869**	**2,137**

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

On March 17, 2016 50% minus one share of the capital stock of EP Energy was pledged as part of the refinancing of EP Infrastructure, a.s.

Guarantees given mainly include contracts for the future supply of energy for EUR 200 million (December 31, 2015: EUR 163 million).

Other contingent liabilities:

In EUR millions	Dec 31, 2015	Jun 30, 2016
Loans granted[1]	1,157	364
Property, plant and equipment	374	361
Cash and cash equivalents	45	144
Trade receivables	71	51
Inventories	28	27
Investment property	1	-
Total	**1,676**	**947**

All other contingencies were used as collateral for external financing.

(1) Total balance of pledged granted loans includes intercompany loans of EUR 324 million (December 31, 2015: EUR 925 million).

Off balance sheet assets

In EUR millions	Dec 31, 2015	Jun 30, 2016
Received promises	263	299
Other received guarantees and warranties	4	4
Total	**267**	**303**

Received promises

Received promises mainly comprise the contracts for the future purchase of energy in amount of EUR 102 million (December 31, 2015: EUR 120 million) and regulatory contingent assets related to green energy of EUR 111 million (December 31, 2015: EUR 73 million) recognised by SSE, which are represented by the contingent assets related to green energy for the years 2016 and 2015 (December 31, 2015: contingent assets cover year 2015).

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 ("RONI") and to purchase the green electricity generated, which is used to cover network losses. The purchase tariff for green energy is set by RONI and is covered by the Tariff for system operation ("TPS"). For the six-month period ended June 30, 2016 SSE recognised a loss of EUR 36 million (June 30, 2015: EUR 22 million) 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 January 1, 2016 to June 30, 2016. The loss disregards effects from recognition and releasing of accrued income as described below. Based on the current Regulatory Framework the cumulated losses incurred in 2015 and 2016 will be compensated in two years' time, i.e. relevant amounts in 2017 and 2018 through an increase of revenues from TPS (2013 and 2014 losses to be recovered in 2015 and 2016). The 2016 loss is included in the contingent asset of EUR 111 million (December 31, 2015: EUR 73 million) specified above. Based on the RONI decision dated in December 2015 the resulting asset of EUR 77 million originating in the year 2014 was recognised as accrued income in the combined statement of financial position as of December 31, 2015 and will be fully collected in the course of 2016; for the six-month period ended June 30, 2016, SSE already released EUR 38 million from the accrued income to profit and loss account (June 30, 2015: EUR 21 million). The resulting contingent asset originating in the year 2015 which is expected to be approved by RONI in the second half of 2016 was proportionately recognized as accrued income totalling EUR 37 million during 2016 (June 30, 2015: EUR 27 million). The loss for 2016 has not yet been recognized as the asset does not yet meet the recognition criteria set by IFRS as adopted by the EU and will be

recognised during the course of 2017 once an URSO confirmation on the exact amount shall be received.

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 buy-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. Next court hearing is planned to be held in second half of 2016.

The parallel dispute regarding inadequate compensation is still ongoing with no clear outcome. Next court hearing is expected to be held in Q3 2016.

Plzeňská energetika a.s.

In August 2012, Škoda Investment a.s. (SI) filed a claim for unjust enrichment against Plzeňská energetika a.s. (PE) for approximately EUR 2 million. This unjust enrichment claim allegedly arises from the fact that Plzeňská energetika a.s. owns and operates utility distribution systems (e.g., for gas, water and heat), which lie on the property of Škoda Investment a.s., thereby illegally restricting the ownership of Škoda Investment a.s. EPE Group's management believes that the claim is unfounded and should be dismissed by the court. For this reason, Plzeňská energetika a.s. did not create a provision for this litigation as at June 30, 2016.

In February 2016 both parties, i.e. PE as well as SI, received an official request from the court to settle the dispute by mediation. Following this request, the hearing has been adjourned until further notice.

In June 2016 SI has filed an additional claim for unjust enrichment against PE for approximately EUR 1 million. The additional claim covers period 2013 – 2014.

Stredoslovenská energetika, a.s. Group ("SSE Group")

The SSE Group is a party to various legal proceedings. As of June 30, 2016 no legal provisions were recorded (December 31, 2015: EUR 0 million). The EPE Group management has decided not to disclose details in respect of material legal claims as they are currently ongoing and disclosure may prejudice the SSE Group.

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

The SSE Group further faces a claim for EUR 43 million 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.

Regulatory proceedings by ERO against Pražská teplárenská ("PT")

PT is involved in regulatory proceedings commenced in October 2015 by ERO claiming that prices charged to customers of PT's local small-scale heating infrastructures in 2011 were in breach of the Czech Act on Prices. In March 2016, ERO issued a decision ordering PT to pay EUR 9 million (CZK 240 million) consisting of a penalty in the amount of EUR 4.5 million (CZK 120 million) and restitution to affected customers in the amount of EUR 4.5 million (CZK 120 million). PT appealed the decision on March 24, 2016 with supplemental information provided on April 14, 2016. On July 7, 2016 PT received a resolution from ERO by which the Chairman of ERO returned the case again to the first instance for a new hearing. PT believes that it has reasonable arguments to succeed, nevertheless it cannot be ruled out that PT may ultimately be obliged to make the payment, regarding which no provision has yet been created. These proceedings may be relevant but not necessarily decisive in assessing the prices charged under similar circumstances from 2012 onwards.

Attachments stored on www.epenergy.cz:

EP Energy, a.s. - Unaudited condensed consolidated interim financial statements as of and for the six-month period ended June 30, 2016 prepared in accordance with IAS 34 – Interim Financial Reporting.

EP Energy, a.s. – Unaudited pro forma consolidated financial statements as of and for year ended December 31, 2015 presenting effects of disposal of German assets, other minor disposals and acquisition of BERT are included in the year-end 2015 reporting section on www.epenergy.cz

EP Energy, a.s.

Unaudited condensed consolidated interim statement of comprehensive income

For the period from April 1 to June 30, 2016

In millions of EUR ("mEUR")

	April 1 to June 30, 2016	April 1 to June 30, 2015 (restated)
Sales: Energy	395	409
of which: Electricity	*293*	*291*
Heat	*64*	*53*
Gas	*31*	*51*
Coal	*7*	*14*
Sales: Other	7	11
Gain (loss) from commodity derivatives for trading with electricity and gas, net	3	3
Total sales	**405**	**423**
Cost of sales: Energy	(315)	(340)
Cost of sales: Other	(5)	(7)
Cost of sales	**(320)**	**(347)**
Gross profit	**85**	**76**
Personnel expenses	(27)	(23)
Depreciation and amortization	(44)	(39)
Repairs and maintenance	(2)	(3)
Emission rights, net	(1)	1
Negative goodwill	-	-
Taxes and charges	(1)	-
Other operating income	7	4
Other operating expenses	(9)	(17)
Profit/(loss) from operations	**8**	**(1)**
Finance income	5	11
Finance expense	(15)	(23)
Profit/(loss) from financial instruments	(11)	(1)
Net finance income/(expense)	**(21)**	**(13)**
Gain/(loss) on disposal of subsidiaries, special purpose entities, joint ventures and associates	101	-
Profit/(loss) before income tax	**88**	**(14)**
Income tax expenses	(4)	-
Profit/(loss) for the period	**84**	**(14)**
Profit/(loss) from discontinued operations, net of tax	-	(23)
Profit/(loss) for the period	**84**	**(37)**

EP Energy, a.s.
Unaudited condensed consolidated interim statement of cash flow

For the period from April 1 to June 30, 2016

In millions of EUR ("mEUR")

	April 1 to June 30, 2016	April 1 to June 30, 2015 (restated)
OPERATING ACTIVITIES		
Profit (loss) for the period	84	(37)
Adjustments for:		
Income taxes	4	-
Depreciation and amortization	44	39
Gain/Loss on disposal of property, plant and equipment, investment property and intangible assets	(1)	-
Emission rights	1	(1)
Gain on disposal of subsidiaries, special purpose entities, joint ventures, associates and non-controlling interests	(101)	-
Gain / Loss on financial instruments	11	1
Net interest expense	15	18
Change in allowance for impairment to trade receivables and other assets, write-offs	1	2
Other finance fees, net	(3)	(12)
Negative goodwill	1	-
Discontinued operations	-	50
Realized foreign exchange gains/(losses), net	(6)	(2)
Unrealized foreign exchange gains/(losses), net	-	8
Operating profit before changes in working capital	**50**	**66**
Change in trade receivables and other assets	31	51
Change in inventories (including proceeds from sale)	(3)	1
Change in extracted minerals and mineral products	-	2
Change in assets held for sale and related liabilities	285	(9)
Change in trade payables and other liabilities	7	(24)
Cash generated from (used in) operations	**370**	**87**
Interest paid	(29)	(29)
Income taxes paid	(20)	(7)
Cash flows generated from (used in) operating activities	**320**	**51**
INVESTING ACTIVITIES		
Change in financial instruments not at fair value	2	(3)
Loans provided to the other entities	1	-
Proceeds from sale of financial instruments - derivatives	13	(1)
Acquisition of property, plant and equipment, investment property and intangible assets	(32)	(55)
Proceeds from sale of property, plant and equipment, investment property and other intangible assets	(3)	1
Net cash (outflow)/ inflow from disposal of subsidiaries and special purpose entities including received dividends	223	-

Interest received	(10)	1
Cash flows from (used in) investing activities	**194**	**(57)**
FINANCING ACTIVITIES		
Change in deposits and loans	(179)	29
Realized foreign exchange gains/(losses), net	6	2
Dividends paid	-	(69)
Cash flows from (used in) financing activities	**(173)**	**(38)**
Net increase (decrease) in cash and cash equivalents	*341*	*(44)*
Cash and cash equivalents at beginning of the period	**201**	**220**
Effect of exchange rate fluctuations on cash held	-	1
Cash and cash equivalents at end of the period	**542**	**177**