Report on the first half of the year 2013 for EP Energy, a.s.

- ✓ Consolidated sales reached EUR 935.1 million, consolidated EBITDA EUR 220.3 million and consolidated net debt amounted to EUR 900.3 million
- ✓ Financial performance remained good in all segments in the first half 2013
- ✓ Long term group financing secured mainly through two outstanding bond emissions.

EP Energy, a.s. ("group or Group or EPE") is vertically integrated energy utility that includes 59 companies. In 2012 the Group was the leading heat supplier in the Czech Republic, the second largest power generator in the Czech Republic and the third largest mining company in Germany. Group benefits from relatively low exposure to market developments, as significant majority of EBITDA is generated by regulated assets or assets with long term off take contracts. The key operations are located in the Czech Republic and Germany, with smaller activities also in the Slovak Republic.

KEY FIGURES AT A GLANCE

Million	Consolidated financial results CZK Not audited 30.6.2012 [2]	Not audited 30.6.2013[2]	Consolidated financial results in EUR Not audited 30.6.2012[2]	Not audited 30.6.2013[2]
Sales	18,002.0	24,032.0	715.2	935.1
EBITDA[1]	4,406.0	5,661.0	175.0	220.3
Profit from operations	5,175.0	2,450.0	205.6	95.3
Profit before tax	8,947.0	996.0	355.5	38.8
Net profit attrib. to EPE	8,457.0	445.0	336.0	17.3
Total assets		79,795.0		3,075.0
Total net debt[3]		23,364.0		900.3
CAPEX[7]	-353.0	-641.0	-14.0	-24.9
Operating cash flow before changes in working capital	4,452.0	5,742.0	176.9	223.4

	1H 2012	1H 2013
Coal production .... Mt	8.3	9.5
Installed *cogeneration* Capacity[4].... MW_e	500	500
Installed *condensation* Capacity[4] .. MW_e	360	360
Installed heat capacity[4] .... MW_{th}	4,105	4,105
Heat supplied[4,5] .... TJ[6]	10,688	11,455
Power produced[4]............................ GWh	1,646.2	1,478.4
Power traded[4] .... GWh	5,498.0	6,020.0
Power supplied[4] .... GWh	920.0	1,028.0
Natural gas supplied[4] .... GWh	983.0	1,185.0
Saale Energie................................. MW_e		400

(1) EBITDA represents profit from operations plus depreciation of property, plant and equipment and amortization of intangible assets minus revaluation of 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 group.
(2) Difference between consolidation scope for the first half in 2012 and the first half of the year 2013 is described later in section: "Key factors affecting comparability of the results of operations of the EPE group"
(3) Net debt figure is based on the consolidated financial statement, but excludes the liabilities towards the Pražská Teplárenská Holding, a.s. (also "PTH")
(4) 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 EP Energy a.s. group or the ownership share of the EPE group in each entity. Nevertheless, operating data for Energotrans are excluded.
(5) Represented by Elektrárny Opatovice a.s. (also "EOP"), Severočeská teplárenská a.s. (also "ST"), Plzeňská energetika a.s. (also "PE") and Pražská teplárenská a.s. (also "PT")
(6) 1 TJ = 0,2778 GWh
(7) Excluding emission allowances

CONTENT:

The Condensed Consolidated Interim Financial Statements for the group are presented in separate files as attachments to this report.

>> We remain focused on maintaining and improving our risk-profile and exploring further synergies across the group. <<

Dear investors, customers and partners,

Benefiting from EP Energy's resilient operations and inherently low risk profile, we report consolidated EBITDA of EUR 220.3 million in the first half 2013. In comparison to the first half 2012, our EBITDA has grown by approximately 26%. This can be attributed mainly to the changes in the consolidation scope, better performance of Mining segment as well as favourable weather conditions supporting solid performance of Heat & Power segment.

There have been no material changes to the operations of the group in the first half of 2013 and we concentrated on efficiency and cost discipline.

As of May 24, 2013 our parent company Energetický a průmyslový holding, a.s. ("EPH") signed a share purchase agreement with Életricité de France S.A. ("EdF") on the purchase of 49% equity share (associated with management control) in Stredoslovenská Energetika, a.s. ("SSE"), the major power distribution and supply company in Slovak Republic. After the completion of the acquisition, it is expected that EPH will contribute this asset and related financing to EP Energy. As a result, EP Energy would further increase its share of EBITDA from regulated businesses and it would also perfectly fit into our strategy of creating and strengthening a vertically integrated value chain. In addition EP Energy would have excess of power supply over the generation which represents rather an advantage given the recent development of power market. We expect closing and contribution of SSE into EP Energy during the second half of 2013 or in the first quarter of 2014.

As mentioned above, we remain focused on maintaining and improving our risk-profile and exploring further synergies across the group. At the same time, we closely follow the market development and, in line with our prudent acquisition strategy, are currently analysing a limited number of opportunities in our core business either to utilize spare mining capacity of Mibrag or to further strengthen our vertical integration.

On behalf of the Board of Directors and everyone involved in EP Energy, we would like to thank you for your on-going support as we continue to deliver on our strategy and commitments to our stakeholders.

Sincerely yours,

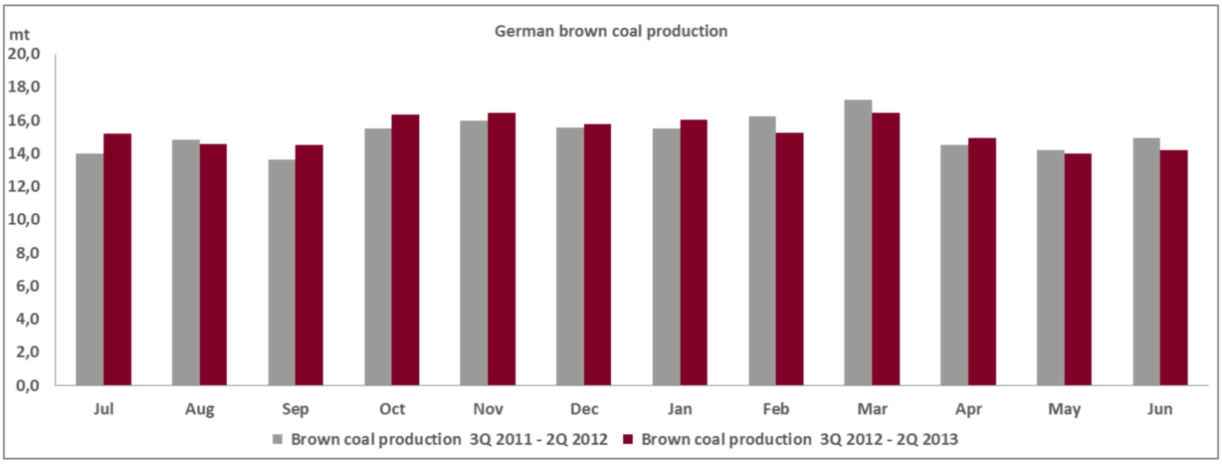
Tomáš David
Member of the Board and CEO

Economy and Market development

Economy development:
According to preliminary estimates of the Czech Statistical Office, the Czech gross domestic product adjusted for price, seasonal, and calendar effects decreased in the second quarter 2013 by 1.2%, year-on-year, but increased by 0.7%, quarter-on-quarter. Positive effect and the key driver was the increase in foreign trade. On the other hand investments and household consumption continued to decline slightly. Government spending has remained the same.
According to estimates of Federal Statistical Office (Destatis) the German gross domestic product adjusted for price, seasonal, and calendar effects increased in the second quarter 2013 by 0.5%, year-on-year, and increased by 0.7%, quarter-on-quarter.
The outlook for the economy development remains quite uncertain. Nevertheless, according to the Czech Central Bank, the Czech GDP should decrease by 1.5% in 2013; the Bundesbank expects German GDP to grow by 0.3% in 2013.

Weather:
The heat segment, the renewables segment and electricity production in cogeneration mode are correlated to weather development. Thus, seasonality may be observed in the group performance, where the heat segment is the strongest in 1Q and also in 4Q accompanied by higher power production in cogeneration mode.
From the heating business perspective, the first half 2013 was colder than the first half 2012. An approximate metrics representing "coldness" of the weather pattern is so called "day-degrees" (a metric integrating difference between reference indoor temperature and outdoor temperature over the given period of time), which was for the group and in the areas where we deliver the heat H1-t-H1 15.5% higher. Thus, weather pattern in the first half 2013 had positive impact on the Heat and Power segment performance.

German brown coal market:
Unlike hard coal, brown coal is not a commodity traded on international markets and, therefore, brown coal prices and production volumes are less dependent on market developments compared to other fuels. Brown coal production is rather driven by local demand of several power plants, mainly due to relatively high transportation costs and specific design of such power plants to utilize a certain quality of brown coal. Since brown coal is usually sold under long term contracts, the prices of brown coal are typically driven by escalation formulas specified in such contracts. Overall, brown coal is a relatively cheap fuel, which secures better position of brown coal fuelled power plants in the power generation merit order compared to other fossil fuels such as hard coal, gas or oil. The favourable merit order position translates to a relatively stable share of brown coal on German power generation of around 26%.
Overall brown coal production in Germany decreased from 92.6 million tons in H1 2012 to 90.9 million tons in H1 2013, i.e. by 1.8% according to the statistics of Kohlenwirtschaft e.V.
Through our German subsidiary, Mitteldeutsche Braunkohlen Gesellschaft mbH ("MIBRAG"), we produce and sell brown coal in Central Germany. MIBRAG is the third largest producer of brown coal in Germany with a total annual production of approximately 19 million tons. Our two biggest customers (Lippendorf and Schkopau) are efficient, state-of-the-art power plants operating in base load and both well positioned in the German power merit order. This could be demonstrated by the stable demand of our customers, which persisted in the first half 2013. Furthermore, we sell our brown coal based on long term contracts with a high degree of price stability, which mainly depends on indexation related to mining costs, such as labour costs increases. Our three major contracts last until 2039, 2020 and 2022 respectively.



Source: Kohlenwirtschaft e.V.

Heat market:

The group heat business is concentrated in the Czech Republic, where the market remains solid and very 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 cogeneration mode and based on brown coal, the most cost efficient source of primary energy), we are able to charge our customers highly competitive prices.

Heat prices are based on a "costs plus reasonable profit" mechanism, required by the legislation and regulation by the independent Energy Regulatory Office, which we fully 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 Energy Regulatory Office.

Electricity and CO2 market:

During the first half 2013 power and EU Allowance ("EUA") prices remained under pressure due to lower economic activity in respective markets, low prices of hard coal and renewable energy production. In the first half 2013 the 1-year forward electricity prices on the European Energy Exchange (also "EEX") dropped in base load to EUR 40.6 per MWh (compared to EUR 50.9 per MWh year ago) and peak load dropped to EUR 51.0 MWh (compared to EUR 62.6 per MWh year ago), representing a decrease for the base load and peak load prices of 20.3% and 18.6% respectively.[1]

EUA with spot delivery was traded at average around EUR 4.28 per ton in the first half 2013[2], which represents substantial drop of the y-t-y prices of 41.2%.

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 is oscillating between 0.5 EUR/MWh and 1.0 EUR/MWh. The low spreads encourage cross border trading and, vice versa, the liquidity of the Czech market increases.

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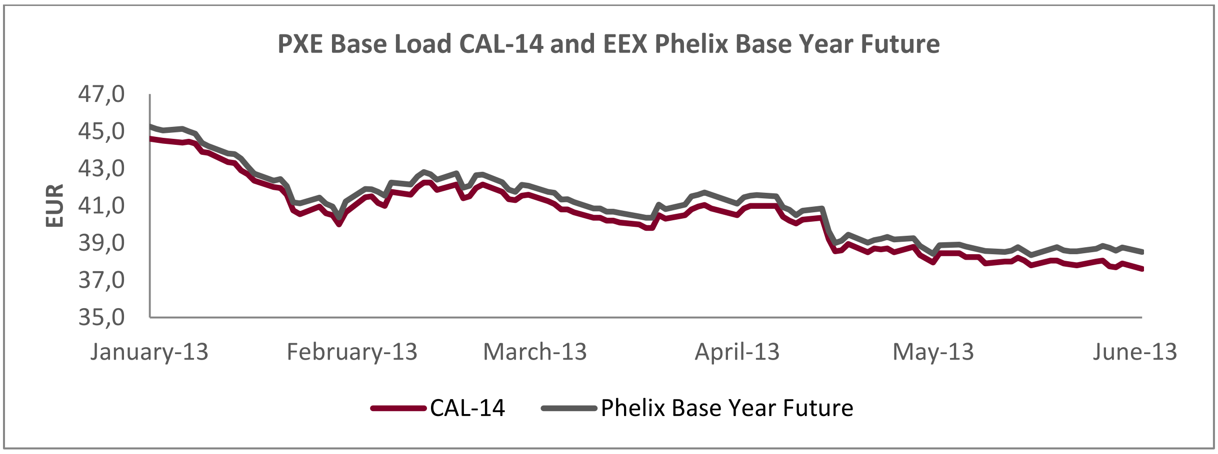
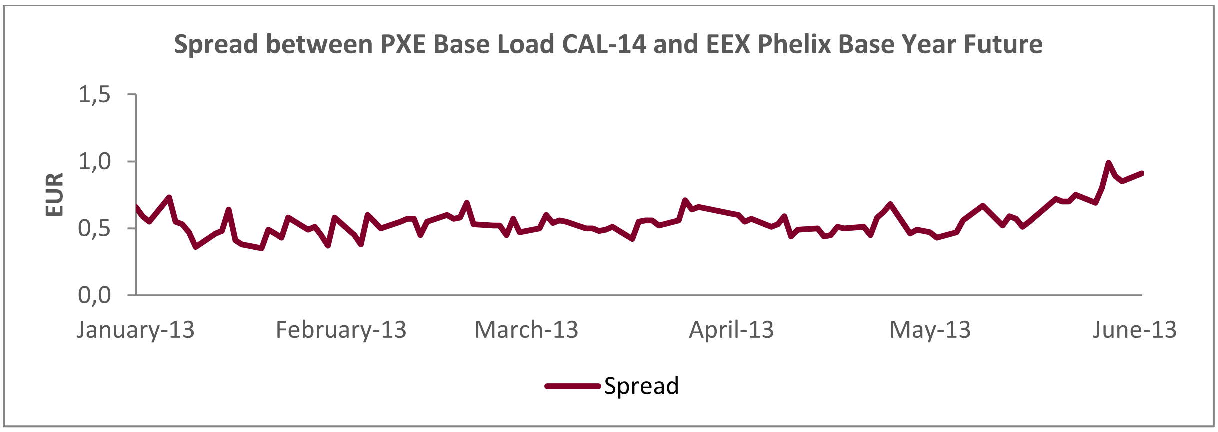
[1] Source: EEX, Phelix Base Year Future and Phelix Peak Year Future (simple average of the daily price for 1 year forward prices calculated for period January 1 until June 30 of respective year)

[2]Source: European Energy Exchange: EU Emission Allowances Rights, contract EUSP, simple average

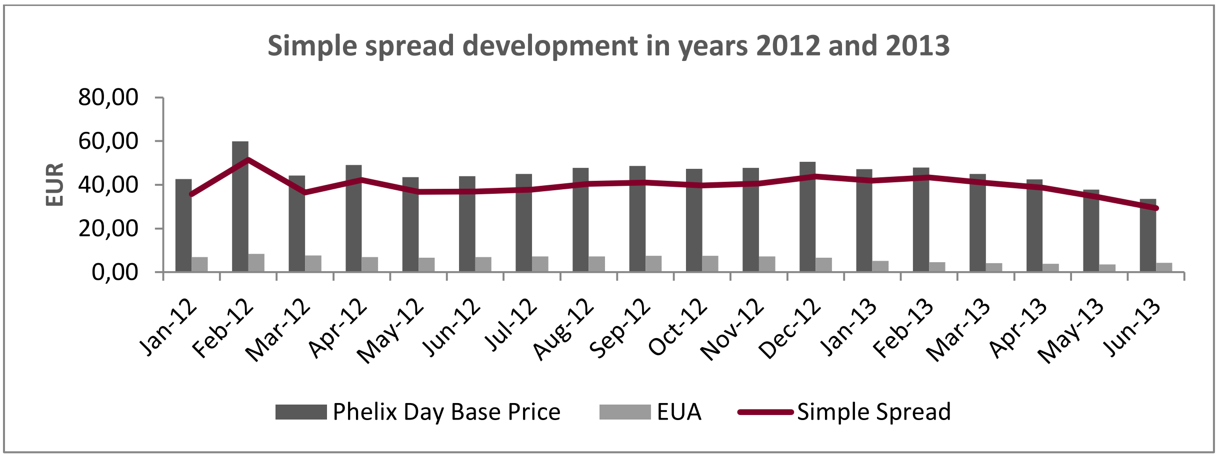




Source: PXE Base Load CAL14; EEX Phelix Base Year Future.

On the Czech market, electricity production from cogenerating units benefits from regulatory support. Currently, CZK 200 is received as subsidy for each MWh produced in cogeneration mode, which represents increase of CZK 155 per MWh provided in 2012.
Additionally, the Czech Energy Regulatory Office has reintroduced a subsidy for producers supplying their power production directly to distribution grids for 2013. Based on that we benefit from the subsidy of CZK 12 for one MWh delivered directly to the distribution grid, which applies to our entire power production in the Czech Republic.

Besides relatively low share of power production on EBITDA and cash flow generation of the group, we would like to point out that from the performance perspective, EPE is rather exposed to the spread between the power price and the price of emission allowance than to development of power prices alone.



Source: EEX Simple Spread defined as the difference between Phelix Day Base and EUA price, using trading days 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 2013

Potential acquisitions

Our parent company, EPH, has signed a share purchase agreement to acquire a 49% interest with associated management control in the Slovak power distribution and supply company SSE on May 24, 2013. The transaction is expected to close during the third quarter of 2013 and is inter alia subject to obtaining anti-trust clearance. Although we have no agreement with EPH, following such acquisition, we expect that EPH would contribute the holding company with the 49% interest in SSE to EPE in exchange for subordinated shareholder funding and/or equity. As a result of such contribution, EPE would indirectly assume the indebtedness of the holding company and its subsidiaries, including SSE, which could be significant. There can be no assurance that EPH will successfully close the transaction and acquire the minority interest or that even if it is successful that EPH will contribute such interest to us.
We are in negotiations to acquire a German brown coal-fired plant and its adjacent brown coal mine. The potential transaction is expected to be completed during 2013 and the assets would become part of the consolidated EPE Group. The power plant under consideration is currently self-sufficient in its supply of fuel, however, its mine is expected to be fully depleted in 2017, at which time, if we successfully purchase the plant, we would begin supplying it exclusively with MIBRAG brown coal. We would be also liable for reclamation payments in relation to the plant's exhausted mine which we expect to finance by cash generated from the plant's operations. As the purchaser, we would assume certain personnel-related obligations and the reclamation obligation, which would be reflected in the purchase price. By using our brown coal to generate power at this plant, we would benefit from the synergies between our business lines and strengthen the vertical integration of the EPE Group through this acquisition.

EP Energy, a.s. (the "Company") Report for the first half of 2013

Reporting

This report (the "Report") is the report required under Section 4.03 of the indenture governing the senior secured notes (the "Notes I"), dated as of October 31, 2012 (the "Indenture I") and Section Section 4.03 of the indenture governing the senior secured notes (the "Notes II) dated as of April 18, 2013 (the "Indenture II") (both also the "Notes" and "Indenture") for the first half of the year 2013.

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, 2013 prepared in accordance with IFRS as adopted by the European Union ("IFRS").

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

EBITDA is calculated as 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 group.

After the listing of the Notes on the Irish Stock Exchange, the EPE Group has begun to report segment information in accordance with IFRS 8 Segment Reporting (starting with the 2012 annual consolidated financial statements). Since we did not previously report segment information using IFRS 8 rules, it may be difficult to compare our segment data with our "line of business" data previously reported elsewhere. For the purposes of this report we have restated segment information comparatives to comply with the IFRS 8 methodology.

We present EBITDA and other certain financial measures and ratios because we believe these financial measures may enhance an investor's understanding of the profitability and cash flow generation of our business that could be used to service or pay down debt, pay income taxes and for other uses, and because they are frequently used by securities analysts, investors and other interested parties in the evaluation of companies generally. We use EBITDA to assess our performance. EBITDA is not a measure calculated in accordance with IFRS and our use of the term EBITDA may vary from others in our industry. EBITDA differs from Consolidated EBITDA as defined in the Indenture. EBITDA should not be considered as an alternative to "Sales: energy," "Sales: other," "Gross profit," "Profit/(loss) from operations," "Cash generated from (used in) operating activities" or any other performance measure derived in accordance with IFRS.

Although we believe EBITDA and other certain financial measures and ratios to be useful performance indicators for our group as a whole and certain of our segments, we believe that such measurements may not accurately reflect our results of operations, and may not serve as accurate performance indicators, of our Energy Supply and Trading segment due to the implementation of our power optimization strategy in this segment.

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.

The financial information presented in this Report is presented in Czech crowns. For your convenience, we have translated certain Czech crown amounts in this Report into euro. We include a number of convenience euro translations throughout the Report. 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.

- Half year ended June 30, 2012: CZK 25.170 per €1.00
- Half year ended June 30, 2013: CZK 25.699 per €1.00

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

- As of June 30, 2012: CZK 25.810 per €1.00
- As of June 30, 2013: CZK 25.950 per €1.00

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

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.

Many factors may cause our results of operations, financial condition, liquidity, reserves and the development of the industry in which we compete to differ materially from those expressed or implied by the forward-looking statements contained in this Report.

These factors include, among others:

- negative or uncertain global and regional economic conditions;
- failure to implement our key strategies;

- failures, breakdowns or other outages, as well as natural disasters, sabotage, or terrorism in our mines or in our generation and distribution facilities;
- the effects of waning political or public support for the brown coal used in our operations;
- the sensitivity of certain of our businesses to variations in weather;
- the effects of volatility in prices for electricity, natural gas, hard coal and CO_2 emission allowances;
- disruptions in the supply of, or the unexpected increase in the price of, fuel and other raw materials, as well as transportation costs;
- reliance on a small number of suppliers in our power and heat business;
- customer concentration in our mining business;
- failure to successfully integrate and manage acquired companies; and
- changes in laws or regulatory schemes; and
- other factors discussed on “Risk factors.”

These risks and others described under “Risk factors” are not exhaustive. Other sections of this Report describe additional factors that could adversely affect our business, financial condition, results of operation, cash flows, reserves and the development of the industry in which we operate. New risks can emerge from time to time, and it is not possible for us to predict all such risks, nor can we assess the impact of all such risks on our business or the extent to which any risks, or combination of risks and other factors, may cause actual results to differ materially from those contained in any forward-looking statements. Although we believe that the expectations reflected in such forward-looking statements are reasonable, we can give no assurance that such expectations will prove to be correct. Given these risks and uncertainties, you should not rely on forward-looking statements as a prediction of actual results.

Any forward-looking statements are only made as of the date of this Report and we do not intend, and do not assume any obligation, to update forward-looking statements set forth in this Report. You should interpret all subsequent written or oral forward-looking statements attributable to us or to persons acting on our behalf as being qualified by the cautionary statements in this Report. As a result, you should not place undue reliance on these forward-looking statements.

Business, operational and financial performance

EPE lines of business

EPE has five principal lines of business (in the Report we use also “segments”) Mining, Heat and Cogeneration, Power Generation, Renewables and Energy Supply and Trading. However, because we cannot separate sales of power generated in cogeneration mode (combined production of heat and power) from sales of power generated in condensation mode (power generation only) and because we cannot separate the costs of sales of heat and power (as they are produced in the same facilities), for financial presentation purposes and for purposes of this discussion and analysis, we present the Heat and Cogeneration and Power Generation lines of business as a single line of business “Heat and Power.”

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 EP Energy a.s. group or the ownership share of the EPE group in each entity. Nevertheless, operating data for Energotrans are excluded.

For the purpose of the Chapters “Business and operation performance” and “Financial performance”, we comment on the segments and their performance, based on the segment reporting as presented in the Notes to the consolidated statements of EP Energy, a.s. as of and for the period ended June 30, 2013 prepared according to IFRS. 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.

Business and operation performance

Mining:
In H1 2013, our brown coal sales slightly grew and reached 8.5Mt as compared to 7.5 Mt in H1 2012, with total production 9.5Mt as compared to 8.3 Mt in H1 2012, mainly due to higher demand from one of the supplied power plants.

Heat and power:
In H1 2013, our heat supplied reached 11,455.0 TJ (3,181.9 GWh), compared to 10,688.0 TJ (2,968.9 GWh) supplied in H1 2012. This represents an increase of 767.0 TJ y-t-y (+7.2%). This increase is caused primarily by the colder weather in 2013 compared to the previous year.
The power production, excluding the Saale Energie GmbH that we do not include here, decreased in the first half 2013 compared to the first half 2012 by 10.2% reflecting the low power prices and production optimization activities of the group.

Renewables:
In the first half of 2013, the group generated 18.6 GWh from solar, wind and biogas power plans. This represents y-t-y decrease of 10.0%. This is driven by worse wind and solar conditions throughout the first half and temporary technical outage of one wind tower.

Energy Supply and Trading:
In H1 2013, the division in aggregate traded 6,020.0 GWh of electricity, which represents +9.5% y-t-y change. Additionally, in H1 2013, the power supply reached 1,028.0 GWh, i.e. increased by 11.7% and natural gas supplied reached 1,185.0 GWh, i.e. increased by 20.5%, compared to H1 2012. The power traded volumes grew due to an increased resale of power purchased on the wholesale market in connection with our power optimization process. The power supply is driven by group´s intention to grow the sales to end customers. Gas and power supply growth corresponds mainly to the increase in the number off-take points and colder winter season.

Financial performance

Millions	H1 2012 (CZK)	H1 2013 (CZK)	H1 2012 (EUR)	H1 2013 (EUR)
Sales:				
Mining	2,511.0	4,872.0	99.8	189.6
Heat and Power	6,230.0	8,215.0	247.5	319.7
Trading and Supply	9,178.0	10,836.0	364.6	421.7
Renewables	66.0	71.0	2.6	2.8
Other	17.0	38.0	0.7	1.5
EBITDA:				
Mining	754.0	2,420.0	30.0	94.2
Heat and Power	3,433.0	3,107.0	136.4	120.9
Trading and Supply	192.0	128.0	7.6	5.0
Renewables	57.0	47.0	2.3	1.8
Other	-30.0	-41.0	-1.2	-1.6

Note: Sales represent external revenues only, i.e. disregarding intersegment sales.

Sales:

Mining:

Sales of mining division increased to CZK 4,872.0 (EUR 189.6) million in H1 2013, as compared to CZK 2,511.0 (EUR 99.8) million in H1 2012. The sales contain mainly sales of coal, but also external sales of power and heat produced by MIBRAG´s own power plants. The increase in sales was caused primarily by the change of the consolidation scope relating to acquisition of remaining 50% in MIBRAG in 2012.

Heat and power:

Sales of heat and electricity increased by 31.9%, to CZK 8,215.0 (EUR 319.7) million in H1 2013 as compared to CZK 6,230.0 (EUR 247.5) million in H1 2012. The result is influenced by the change of the consolidation scope including the acquisition of Saale Energie GmbH which has been consolidated to the Group from July 17, 2012, increase in volume and prices of heat. These positive effects were partly offset by lower power prices.

Renewables:

Sales of electricity produced by renewables division increased to CZK 71.0 (EUR 2.8) million in H1 2013, as compared to CZK 66.0 (EUR 2.6) million in the first half 2012. This is driven by same factors as described above in section "Business and operation performance – renewables" and supported by higher power prices.

Energy Supply and Trading:

The sales of power and gas increased by 18.1% to CZK 10,836.0 (EUR 421.7) million in H1 2013, as compared to CZK 9,178.0 (EUR 364.6) million in H1 2012. The increase in sales of electricity corresponds to higher volumes traded and was partly offset by power lower prices.

Operating results and consolidated EBITDA:

Mining:

The mining line of business accounted for 42.7%[3] of consolidated EBITDA in H1 2013 (before intersegment eliminations). The EBITDA increased by 221.0%, to CZK 2,420.0 (EUR 94.2) million in H1 2013 (before intersegment eliminations), as compared to CZK 754.0 (EUR 30.0) million in H1 2012

[3] The percentages do not add up to 100% because of non-presented „Other" items which account for -0.7% of consolidated EBITDA.

(before intersegment eliminations), with key driver being the change of the consolidation scope, where in the first half 2013 the whole MIBRAG is consolidated as compared to only 50% share consolidation in the first half 2012. Additionally, effective from January 1, 2013 a new standard, IFRIC 20 Stripping Costs in the Production Phase of a Surface Mine, became effective requiring mining companies to capitalize the costs connected to overburden (effect of CZK 377 (EUR 14.7) million for the H1 2013).

Heat and power:
The Heat and Power line of business accounted for 54.9%[3] of consolidated EBITDA in H1 2013 (before intersegment eliminations). The EBITDA decreased by 9.5%, to CZK 3,107.0 (EUR 120.9) million in H1 2013 (before intersegment eliminations), as compared to CZK 3,433.0 (EUR 136.4) million in H1 2012 (before intersegment eliminations). This decrease is driven by change of the consolidation scope and also by lower power prices realized in 1H 2013 compared to 1H 2012.

Renewables:
The Renewables line of business accounted for 0.8%[3] of consolidated EBITDA decreasing to CZK 47.0 (EUR 1.8) million in H1 2013 (before intersegment eliminations) from CZK 57.0 (EUR 2.3) million in H1 2012 (before intersegment eliminations), which was driven by same factors as described above in section of this Report “Sales – Renewables”.

Energy supply and trading
The Energy Supply and Trading line of business accounted for 2.3%[3] of consolidated EBITDA in H1 2013 (before intersegment eliminations). EBITDA decreased by 33.3%, to CZK 128.0 (EUR 5.0) million in H1 2013 (before intersegment eliminations) as compared to CZK 192.0 (EUR 7.6) million in H1 2012 (before intersegment eliminations). Lower EBITDA in the first half 2013 is primarily affected by lower margin realized by energy supply and trading segment.

Consolidated financial statements of the group

Revenues:
The group reported consolidated total revenues of CZK 24,032.0 (EUR 935.1) million in H1 2013, which represents CZK 6,030.0 (EUR 234.6) million y-t-y increase.
The biggest contributor, apart from change of consolidation scope, to the group revenues are trading activities, followed by heat and power division and mining division, where all segments reported y-t-y growth.

Operating profit and EBITDA :
The group reported in H1 2013 EBITDA of CZK 5,661.0 (EUR 220.3) million (with excluded effect from negative goodwill) and operating profit of CZK 2,394.0 (EUR 93.2) million (with excluded release of negative goodwill), which represent a y-t-y increase of EBITDA of CZK 1,255.0 (EUR 48.8) million and y-t-y decrease of operating profit of CZK 241.0 (EUR 9.4) million.
The key drivers were changes in the consolidation scope (described in section of this Report “Key factors affecting comparability of the results of operations of the EPE group”), improved operating performance of mining division, increased heat volumes and prices and new IFRS rules influencing MIBRAG.
Effect of negative goodwill was CZK 56.0 (EUR 2.2) million in H1 2013 as compared to CZK 2,540.0 (EUR 100.9) million in H1 2012.

Interest costs:
Net interest increased by CZK 463.0 (EUR 18.0) million to CZK 981.0 (EUR 38.2) million in H1 2013 as compared to CZK 518.0 (EUR 20.6) million in H1 2012. The major reason was the issue of the bonds in

the fourth quarter of 2012, utilization of the bank financing during the first quarter 2013 and refinancing of the bank financing by the second bond issued in April 2013.

Income tax:
The current income tax cost for the current period reached CZK 810.0 (EUR 31.5) million and deferred tax was positive CZK 343.0 (EUR 13.3) million in H1 2013 as compared to CZK 625.0 (EUR 24.8) million current income tax and positive CZK 133.0 (EUR 5.3) million deferred tax in H1 2012.

Net profit attributable to EPE:
As a result of absence of material one off items compared to the 1H 2012, the group posted a net profit attributable to EPE of CZK 445.0 (EUR 17.3) million in H1 2013, compared to CZK 8,457.0 (EUR 336.0) million in H1 2012. The net profit reported in H1 2013 was CZK 529.0 (EUR 20.6) million, compared to CZK 8,455.0 (EUR 335.9) million in H1 2012.

Minority interest:
In the period under review the minority interest amounted to CZK 84.0 (EUR 3.3) million. The key entity contributing to the minority interest is Pražská teplárenská a.s., where approx. 26.7% is owned by City of Prague and other minority shareholders. As this entity started to be fully consolidated since June 29, 2012, only insignificant minority interest relating to other investments was reported in H1 2012.

Cash flow:

Operating activities:
The group cash flow from (used in) operating activities (before changes in working capital, paid interest and income taxes) reached CZK 5,742.0 (EUR 223.4) million in H1 2013, compared to CZK 4,452.0 (EUR 176.9) million in H1 2012. The operating cash flow reflects the change in the scope of the consolidation, accounting for the emission allowances and also the improved EBITDA of the group in this period.
The group cash flows from (used in) operating activities (after change in working capital) reached CZK 1,568.0 (EUR 61.0) million in H1 2013 as compared to negative CZK 13,544.0 (EUR 538.1) million in H1 2012. The principal reason for the variance was repayment of previously received advance totalling CZK 12,767.44 (EUR 507.3) million in H1 2012.

Investing Activities:
Cash flows from (used in) investing activities decreased by CZK 14,000.0 (EUR 544.8) million to CZK 205.0 (EUR 8.0) million in H1 2013 as compared to cash inflow CZK 14,205.0 (EUR 564.4) million in H1 2012. The principal reason for the variance was sale of Energotrans a.s. which took place in H1 2012.

Financing Activities:
Cash flows from (used in) financing activities decreased by CZK 11,714.0 (EUR 455.8) million to negative CZK 2,303.0 (EUR 89.6) million in H1 2013, as compared to CZK 9,411.0 (EUR 373.9) million in H1 2012. The variance is attributable to proceeds from new loans and the second issued bond, where the proceeds were used for repayment of existing senior borrowings and partial repayment of shareholder´s loan. Additionally, Pražská teplárenská a.s. declared dividends where part attributable to minority shareholders and associate Pražská teplárenská Holding, a.s. is reported as Dividends paid within Cash flows from (used in) financing activities.

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.
Capital expenditures for tangible and intangible fixed assets reached CZK 641.0 (EUR 24.9) million in H1 2013 as compared to CZK 353.0 (EUR 14.0) million in H1 2012. The increase in capital expenditures for tangible fixed assets was primarily due to change in consolidation scope described elsewhere in the Report.

Total net debt of the group:
The group net debt as of June 30, 2013 reached CZK 23,364.0 (EUR 900.3) million, where major key components are issued debentures at amortised cost CZK 28,318.0 (EUR 1,091.3) million. The group net debt does not include the liability of CZK 3,843.0 (EUR 148.1) million reported by the EPE Group towards Pražská teplárenská Holding, a.s. ("PTH"), an equity accounted associate. This liability corresponds to a loan provided by PTH to PT-Holding Investments B.V. ("PTHI"), a subsidiary of EP Energy. The reason for exclusion from Net debt balance is the fact that EPE expects that PTHI will receive dividend from PTH in 2014 in a same or similar amount as the debt and the debt shall be thus extinguished.

Balance sheet:
Total assets as of June 30, 2013 were CZK 79,795.0 (EUR 3,075.0) million, a CZK 3,895.0 (EUR 150.1) million or 4.6% decrease compared to the end of 2012. In June 2013, EPE declared dividends of CZK 6,842.4 (EUR 263.7) million to its sole shareholder and the resulting dividend liability was fully set off with the loan provided by EPE to EPH.

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 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 the periods for which the major entities are included in our consolidated financial statements and the basis for the stand-alone financial information, which we used in Chapters "Business and operation performance" and "Financial performance":

Periods presented in the Issuer's consolidated IFRS financial statement		
Subsidiary	Half year ended June 30, 2012	Half year ended June 30, 2013
EOP	Fully consolidated	Fully consolidated
UE	Fully consolidated	Fully consolidated
PT	Proportionately consolidated (73.3%)	Fully consolidated
Energotrans, a.s.	Proportionately consolidated (73.3%), together with PT	Not included, as it was sold in June 2012
Plzeňská energetika a.s.	Fully consolidated	Fully consolidated
JTSD/MIBRAG	Proportionately consolidated (50%)	Fully consolidated
Saale Energie GmbH	n.a.	Fully consolidated
PEAS, EPET	Fully consolidated as separate entities	PEAS merged to EP Energy Trading, a.s. ("EPET") effective January 1, 2013. However, there is no impact on financial performance.
První mostecká, a.s.	Equity consolidated	Fully consolidated

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 Group has not materially changed since the Bond issue and the risk analysis provided in the Offering Memorandum is still a valid indication of the key risks that the Group faces.

The Group continues to actively keep track of the risks and has dedicated staff to follow different risk areas.

Attachments:

Unaudited condensed consolidated interim statement of comprehensive income for the period from 1 April to 30 June 2013
Unaudited condensed consolidated interim statement of cash flows for the period from 1 April to 30 June 2013

Attachment that are available at http://www.epenergy.cz/en/investors-2/reports/year2013/

Unaudited Condensed Consolidated Interim Financial Statements as of and for the six-month period ended June 30, 2013 prepared in accordance with International Financial Reporting Standards as adopted by the European Union

EP Energy, a.s.

Unaudited condensed consolidated interim statement of comprehensive income

For the period from 1 April to 30 June 2013

In millions of CZK ("MCZK")

	1 April to 30 June 2013	1 April to 30 June 2012
Sales: Energy	9 474	6 996
of which: Electricity	*5 518*	*4 418*
Heat	*1 544*	*1 026*
Gas	*928*	*644*
Coal	*1 484*	*856*
Other energy products	-	*52*
Sales: Other	539	70
Total sales	**10 013**	**7 066**
	-	-
Cost of sales: Energy	(6 217)	(4 344)
Cost of sales: Other	(131)	(257)
Cost of sales	**(6 348)**	**(4 601)**
	-	-
Gross profit	**3 665**	**2 465**
	-	-
Personnel expenses	(1 211)	(742)
Depreciation and amortisation	(1 692)	(872)
Repairs and maintenance	(66)	(123)
Emission rights, net	(113)	(55)
Negative goodwill	-	2 540
Taxes and charges	(68)	(52)
Other operating income	615	120
Other operating expenses	(631)	(373)
Profit/(loss) from operations	**499**	**2 908**
	-	-
Finance income	241	75
Finance expense	(1 079)	(500)
Profit/(loss) from financial instruments	(12)	(207)
	-	-
Net finance income/(expense)	**(850)**	**(632)**
	-	-
Share of profit of equity accounted investees, net of tax	(155)	-
Gain/(loss) on disposal of subsidiaries, special purpose entities, joint ventures and associates	-	4 484
	-	-
Profit/(loss) before income tax	**(506)**	**6 760**
	-	-
Income tax expenses	(570)	(8)
Profit/(loss) for the period	**(1 076)**	**6 752**

EP Energy, a.s.
Unaudited condensed consolidated interim statement of cash flows
For the period from 1 April to 30 June 2013

In millions of CZK ("MCZK")

	1 April to 30 June 2013	1 April to 30 June 2012
OPERATING ACTIVITIES		
Profit (loss) for the period	(1 076)	6 752
Adjustments for:		
Income taxes	570	8
Depreciation and amortization	1 655	873
Impairment losses on property, plant and equipment and intangible assets	16	5
Gain/Loss on disposal of property, plant and equipment, investment property and intangible assets	3	-
Gain / Loss on disposal of inventories	(1)	(1)
Emission rights	113	55
Gain on disposal of subsidiaries, special purpose entities, joint ventures, associates and non-controlling interests	-	(4 484)
Share of profit of equity accounted investees	155	-
Gain / Loss on financial instruments	12	207
Net interest expense	716	265
Change in allowance for impairment to trade receivables and other assets, write-offs	(1)	20
Change in provisions	(947)	68
Negative goodwill	-	(2 540)
Unrealized foreign exchange gains/(losses), net	378	18
Operating profit before changes in working capital	***1 593***	***1 246***
Change in financial instruments not at fair value	186	(2 528)
Change in trade receivables and other assets	1 547	79
Change in inventories (including proceeds from sale)	(455)	(18)
Change in extracted minerals and mineral products	(7)	(32)
Change in assets held for sale and related liabilities	5	(11 190)
Change in trade payables and other liabilities	305	(1 734)
Cash generated from (used in) operations	***3 174***	***(14 177)***
Interest paid	(279)	(396)
Income taxes paid	(621)	68
Cash flows generated from (used in) operating activities	***2 274***	***(14 505)***
INVESTING ACTIVITIES		
Received dividends	661	
Proceeds from sale of financial instruments - derivatives	(125)	5
Acquisition of property, plant and equipment, investment property and intangible assets	(463)	(174)
Purchase of emission rights	43	(136)
Proceeds from sale of emission rights	(128)	-

Proceeds from sale of property, plant and equipment, investment property and other intangible assets	64	7
Proceeds from sale of inventories	2	-
Acquisition of subsidiaries and special purpose entities, net of cash acquired	-	2 404
Net cash (outflow)/ inflow from disposal of subsidiaries and special purpose entities including received dividends	182	12 286
Increase in participation in existing subsidiaries and special purpose entities	-	-
Interest received	14	12
Cash flows from (used in) investing activities	***250***	***14 404***
FINANCING ACTIVITIES		
Proceeds from loans received	7 038	9 353
Repayment of borrowings	(18 420)	(509)
Proceeds from bonds issued	15 436	-
Payment of finance lease liabilities	-	-
Dividends paid	(8 188)	(2)
Cash flows from (used in) financing activities	***(4 134)***	***8 842***
Net increase (decrease) in cash and cash equivalents	*(1 610)*	*8 741*
Cash and cash equivalents at beginning of the period	**-**	**-**
Effect of exchange rate fluctuations on cash held	(179)	29
Cash and cash equivalents at end of the period	***(1 789)***	***8 770***