

EP Energy, a.s.

**Condensed Consolidated Interim Financial Statements
for the nine-month period ended 30 September 2012**

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

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Condensed consolidated interim statement of comprehensive income

For the nine-month period ended 30 September 2012

In thousands of CZK ("TCZK")

	Note	30 September 2012 (nine months)	30 September 2011 (nine months)
Sales: Energy	6	26,481,774	21,325,205
<i>of which: Electricity</i>		15,644,999	13,029,046
Heat		4,167,125	3,727,594
Coal		4,095,619	992,677
Gas		2,507,493	3,453,778
Other energy products		66,538	122,110
Sales: Other	6	1,065,859	478,292
Total sales		27,547,633	21,803,497
Cost of sales: Energy	7	(16,149,633)	(15,566,383)
Cost of sales: Other	7	(1,008,686)	(429,629)
Cost of sales		(17,158,319)	(15,996,012)
Gross profit		10,389,314	5,807,485
Personnel expenses	8	(2,485,307)	(1,237,270)
Depreciation and amortisation	15, 16	(3,338,654)	(2,452,507)
Repairs and maintenance		(378,598)	(270,352)
Emission rights, net	9	(150,403)	(118,663)
Negative goodwill	5	2,935,400	208,774
Taxes and charges	10	(298,428)	(363,392)
Other operating income	11	484,511	241,861
Other operating expenses	12	(1,433,767)	(733,837)
Profit/(loss) from operations		5,724,068	1,082,099
Finance income	13	362,777	436,068
Finance expense	13	(1,461,987)	(1,502,534)
Profit/(loss) from financial instruments	13	(142,973)	282,895
Net finance expense		(1,242,183)	(783,571)
Share of profit of equity accounted investees, net of tax	17	21,709	(1,309)
Gain/(loss) on disposal of subsidiaries, special purpose entities, joint-ventures and associates	5, 14	4,454,482	-
Profit/(loss) before income tax		8,958,076	297,219
Income tax expenses	14	(474,532)	(237,789)
Profit/(loss) from continuing operations		8,483,544	59,430
Profit/(loss) for the period		8,483,544	59,430
Foreign currency translation differences for foreign operations, net of tax		(36,526)	21,445
Effective portion of changes in fair value of cash-flow hedges		77	(6,829)
Share of other comprehensive income of associates accounted for using the equity method, net of tax		-	2,010
Other comprehensive income for the period, net of tax		(36,449)	16,626
Total comprehensive income for the period		8,447,095	76,056
Profit/(loss) attributable to:			
Owners of the Company		8,576,420	60,471
Non-controlling interest		(92,876)	(1,041)
Profit/(loss) for the period		8,483,544	59,430
Total comprehensive income attributable to:			
Owners of the Company		8,540,969	77,100
Non-controlling interest		(93,874)	(1,044)
Total comprehensive income for the period		8,447,095	76,056
Earnings per share in CZK	25	441.64	3.11

The notes presented on pages 9 to 45 form an integral part of these condensed consolidated interim financial statements.

Condensed consolidated interim statement of financial position

As at 30 September 2012

In thousands of CZK ("TCZK")

	Note	30 September 2012	31 December 2011
Assets			
Property, plant and equipment	15	42,178,859	27,484,378
Intangible assets	16	3,372,089	796,342
Goodwill	16	2,620,902	2,622,129
Investment property		8,759	8,759
Participations with significant influence	17	4,195,016	1,033,977
Financial instruments and other financial assets	30	1,239,865	1,219,185
<i>of which owed by the parent company</i>		-	-
Trade receivables and other assets	19	520,823	350,590
Deferred tax assets	23	30,395	32,187
Total non-current assets		54,166,708	33,547,547
Inventories	18	861,355	605,122
Extracted minerals and mineral products		61,619	50,500
Financial instruments and other financial assets	30	13,434,876	7,010,556
<i>of which owed by the parent company</i>		12,247,613	6,682,157
Trade receivables and other assets	19	5,376,067	4,086,954
Prepayments and other deferrals		100,837	56,462
Tax receivables	21	377,331	429,234
Cash and cash equivalents	20	5,430,460	2,263,194
Assets/disposal groups held for sale	22	260,779	11,980,314
Total current assets		25,903,324	26,482,336
Total assets		80,070,032	60,029,883
Equity			
Share capital	24	19,419,548	19,419,548
Reserves	24	(7,650,353)	(7,515,948)
Retained earnings		15,242,267	6,558,431
Total equity attributable to equity holders		27,011,462	18,462,031
Non-controlling interest	26	7,063,763	(5,773)
Total equity		34,075,225	18,456,258
Liabilities			
Loans and borrowings	27	8,014,167	9,839,409
<i>of which owed to the parent company</i>		-	2,441
Financial instruments and other financial liabilities	30	42,953	35,970
Provisions	28	7,523,001	3,236,678
Deferred tax liabilities	23	4,573,767	2,446,054
Trade payables and other liabilities	31	2,301,292	80,581
Total non-current liabilities		22,455,180	15,638,692
Trade payables and other liabilities	31	5,741,858	18,246,063
Loans and borrowings	27	15,236,458	4,287,326
<i>of which owed to the parent company</i>		12,304,342	124,997
Financial instruments and other financial liabilities	30	599,166	737,677
Provisions	28	340,356	60,164
Deferred income	29	1,332,857	300,719
Tax liabilities		243,870	179,394
Liabilities from assets disposal groups held for sale	22	45,062	2,123,590
Total current liabilities		23,539,627	25,934,933
Total liabilities		45,994,807	41,573,625
Total equity and liabilities		80,070,032	60,029,883

The notes presented on pages 9 to 45 form an integral part of these condensed consolidated interim financial statements.

Condensed consolidated interim statement of changes in equity

For the nine-month period ended 30 September 2012

In thousands of CZK ("TCZK")

	Share capital	Other capital funds from capital contributions	Non-distributable reserves	Translation reserve	Other capital reserves	Hedging reserve	Retained earnings	Total	Non-controlling interest	Total Equity
Balance at 1 January 2012 (A)	19,419,548	579,179	16,524	26,468	(8,112,307)	(25,812)	6,558,431	18,462,031	(5,773)	18,456,258
<i>Total comprehensive income for the period:</i>										
Profit or loss (B)	-	-	-	-	-	-	8,576,420	8,576,420	(92,876)	8,483,544
<i>Other comprehensive income:</i>										
Foreign currency translation differences for foreign operations, net of tax	-	-	-	(35,528)	-	-	-	(35,528)	(998)	(36,526)
Effective portion of changes in fair value of cash-flow hedges	-	-	-	-	-	77	-	77	-	77
Total other comprehensive income (C)	-	-	-	(35,528)	-	77	-	(35,451)	(998)	(36,449)
Total comprehensive income for the period (D) = (B + C)	-	-	-	(35,528)	-	77	8,576,420	8,540,969	(93,874)	8,447,095
<i>Contributions by and distributions to owners:</i>										
Transfer to non-distributable reserves	-	-	2,276	-	-	-	(2,276)	-	-	-
Dividends to equity holders	-	-	-	-	-	-	-	-	(1,480)	(1,480)
Total contributions by and distributions to owners (E)	-	-	2,276	-	-	-	(2,276)	-	(1,480)	(1,480)
<i>Changes in ownership interests in subsidiaries that do not result in loss of control:</i>										
Effect of changes in shareholding on non-controlling interests	-	-	-	-	-	-	-	-	-	-
Effect of disposals through step acquisition	-	-	(169)	(101,061)	-	-	-	(101,230)	-	(101,230)
Effect of acquisitions through step acquisition	-	-	-	-	-	-	109,692	109,692	7,164,890	7,274,582
Total changes in ownership interests in subsidiaries (F)	-	-	(169)	(101,061)	-	-	109,692	8,462	7,164,890	7,173,352
Total transactions with owners (G) = (E + F)	-	-	2,107	(101,061)	-	-	107,416	8,462	7,163,410	7,171,872
Balance at 30 September 2012 (H) = (A + D + G)	19,419,548	579,179	18,631	(110,121)	(8,112,307)	(25,735)	15,242,267	27,011,462	7,063,763	34,075,225

The notes presented on pages 9 to 45 form an integral part of these condensed consolidated interim financial statements.

Condensed consolidated interim statement of changes in equity

For the nine-month period ended 30 September 2011

In thousands of CZK ("TCZK")

	Share capital	Other capital funds from capital contributions	Non-distributable reserves	Translation reserve	Other capital reserves	Hedging reserve	Retained earnings	Total	Non-controlling interest	Total Equity
Balance at 1 January 2011 – Restated (A)	18,649,239	579,179	10,289	1,222	(7,341,998)	(2,010)	5,642,171	17,538,092	4,088	17,542,180
<i>Total comprehensive income for the period:</i>										
Profit or loss (B)	-	-	-	-	-	-	60,471	60,471	(1,041)	59,430
<i>Other comprehensive income:</i>										
Foreign currency translation differences for foreign operations, net of tax	-	-	-	21,448	-	-	-	21,448	(3)	21,445
Effective portion of changes in fair value of cash-flow hedges	-	-	-	-	-	(6,829)	-	(6,829)	-	(6,829)
Share of the other comprehensive income of associates accounted for using the equity method	-	-	-	-	-	2,010	-	2,010	-	2,010
Total other comprehensive income (C)	-	-	-	21,448	-	(4,819)	-	16,629	(3)	16,626
Total comprehensive income for the period (D) = (B + C)	-	-	-	21,448	-	(4,819)	60,471	77,100	(1,044)	76,056
<i>Contributions by and distributions to owners:</i>										
Transfer to non-distributable reserves	-	-	6,035	-	-	-	(6,035)	-	-	-
Dividends to equity holders	-	-	-	-	-	-	-	-	(598)	(598)
Issue of own capital	770,309	-	-	-	-	-	-	770,309	-	770,309
Total contributions by and distributions to owners (E)	770,309	-	6,035	-	-	-	(6,035)	770,309	(598)	769,711
<i>Changes in ownership interests in subsidiaries that do not result in loss of control:</i>										
Pricing differences arising from common control acquisitions	-	-	-	-	(770,309)	-	-	(770,309)	-	(770,309)
Effect of disposals	-	-	-	-	-	-	-	-	-	-
Effects from acquisitions	-	-	-	-	-	-	-	-	-	-
Effect of changes in shareholdings on non-controlling interests	-	-	-	-	-	-	22,585	22,585	(8,100)	14,485
Total changes in ownership interests in subsidiaries (F)	-	-	-	-	(770,309)	-	22,585	(747,724)	(8,100)	(755,824)
Total transactions with owners (G) = (E + F)	770,309	-	6,035	-	(770,309)	-	16,550	22,585	(8,698)	13,887
Balance at 30 September 2011 (H) = (A + D + G)	19,419,548	579,179	16,324	22,670	(8,112,307)	(6,829)	5,719,192	17,637,777	(5,654)	17,632,123

The notes presented on pages 9 to 45 form an integral part of these condensed consolidated interim financial statements.

Condensed consolidated interim statement of cash flows

For the nine-month period ended 30 September 2012

In thousands of CZK ("TCZK")

	Note	30 September 2012 (nine months)	30 September 2011 (nine months)
OPERATING ACTIVITIES			
Profit/(loss) for the period		8,483,544	59,430
<i>Adjustments for:</i>			
Income taxes	14	474,532	237,789
Depreciation and amortisation	15,16	3,338,654	2,452,507
Dividend income		22,627	-
Impairment losses on property, plant and equipment and intangible assets	15	19,523	83
Gain on disposal of property, plant and equipment, investment property and intangible assets, net	11	4,036	20,049
Gain on disposal of material, net	11	851	9,261
Emission rights	9	150,403	118,663
Gain on disposal of subsidiaries, special purpose entities, joint-ventures, associates and non-controlling interests	5	(4,454,481)	-
Share of profit of equity accounted investees	17	(21,709)	(1,309)
Gain/loss on financial instruments	13	142,973	(282,895)
Net interest expense	13	796,557	1,080,780
Change in allowance for impairment to trade receivables and other assets, write-offs		(41,247)	167,854
Change in provisions		51,251	157,451
Negative goodwill	5	(2,935,400)	(208,774)
Unrealised foreign exchange gains/losses, net		(156,912)	(53,416)
Operating profit before changes in working capital		5,875,203	3,757,473
Change in financial instruments in other than fair value		(4,296,394)	834,973
Change in trade receivables and other assets		808,685	478,200
Change in inventories (including proceeds from sale)		(91,109)	(94,090)
Change in extracted minerals and mineral products		(11,119)	-
Change in trade payables and other liabilities		(14,824,842)	845,934
Change in assets held for sale and related liabilities		(2,107,690)	-
Cash generated from (used in) operations		(14,647,267)	5,822,490
Interest paid		(1,157,152)	(457,601)
Income taxes paid		(410,056)	469,441
Cash flows generated from (used in) operating activities		(16,214,478)	5,834,330
INVESTING ACTIVITIES			
Proceeds from sale of financial instruments – derivatives		197,945	(118,762)
Acquisition of property, plant and equipment, investment property and intangible assets	15,16	(1,537,011)	(1,251,321)
Purchase of emission rights	16	(192,518)	(2,061)
Proceeds from sale of emission rights	9	281,668	17,381
Proceeds from sale of property, plant and equipment, investment property and other intangible assets		3,643	20,789
Proceeds from sale of inventories		4,861	6,337
Acquisition of subsidiaries and special purpose entities, net of cash acquired	5	2,738,285	(308,893)
Net cash inflow from disposal of subsidiaries and special purpose entities	5	12,286,229	-
Interest received		45,094	150,332
Cash flows from (used in) investing activities		13,828,197	(1,486,198)

Condensed consolidated interim statement of cash flows (continued)

For nine-month period ended 30 September 2012

<i>In thousands of CZK ("TCZK")</i>	Note	30 September 2012 (nine months)	30 September 2011 (nine months)
FINANCING ACTIVITIES			
Proceeds from issue of share capital		-	-
Change in deposits and loans		5,571,389	(3,651,395)
Payment of finance lease liabilities		(2,086)	-
Dividends paid		(1,480)	-
Cash flows from (used in) financing activities		5,567,823	(3,651,395)
<i>Net increase (decrease) in cash and cash equivalents</i>		<i>3,181,544</i>	<i>696,737</i>
Cash and cash equivalents at beginning of the period		2,263,194	934,461
Effect of exchange rate fluctuations on cash held		(14,278)	(2)
Cash and cash equivalents at end of the period		5,430,460	1,631,196

The notes presented on pages 9 to 45 form an integral part of these condensed consolidated interim financial statements.

Notes to the condensed consolidated interim financial statements

1. Background

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

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

The share capital of the Company of CZK 19,419,548 thousand was settled by a non-cash consideration in the form of shares in Honor Invest, a.s., AISE, s.r.o., První energetická a.s., Czech Energy Holding, a.s., Plzeňská energetika a.s., ROLLEON a.s., EP Renewables a.s., HC Fin3 N.V. and LIGNITE INVESTMENTS 1 LIMITED.

The condensed consolidated interim financial statements of the Company for the period ended 30 September 2012 comprise the statements of the Parent Company and its subsidiaries (together referred to as the “Group” or the “EPE Group”) and the Group’s interests in associates and joint-ventures. The Group entities are listed in Note 34 – Group entities.

The shareholders of the Company as at 30 September 2012 were as follows:

	Interest in share capital		Voting rights	
	TCZK	%		%
Energetický a průmyslový holding, a.s.	19,419,548	100.00		100.00
Total	19,419,548	100.00		100.00

The members of the Board of Directors as at 30 September 2012 were:

- JUDr. Daniel Křetínský (Chairman of the Board of Directors)
- Mgr. Marek Spurný (Vice-Chairman of the Board of Directors)
- Ing. Jan Špringl (Member of the Board of Directors)
- Pavel Horský (Member of the Board of Directors)

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

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

2. Basis of preparation

(a) Statement of compliance

These condensed consolidated interim financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS), specifically IAS 34 Interim Financial Reporting. They do not include all of the information required for full annual financial statements, and should be read in conjunction with the consolidated financial statements of the EPE Group as at and for the year ended 31 December 2011.

These condensed consolidated interim financial statements were approved by the Board of Directors on 20 December 2012.

(b) Critical accounting estimates and assumptions

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

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

In preparing these condensed interim financial statements, the significant judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the consolidated financial statements as at and for the period ended 31 December 2011.

3. Significant accounting policies

(a) Basis of preparation

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

Except as described below, the accounting policies applied by the EPE Group in these condensed consolidated interim financial statements are the same as those applied by the EPE Group in its consolidated financial statements as at and for the year ended 31 December 2011.

i. Newly adopted Standards, Amendments to standards and Interpretations effective for the period ended 30 September 2012 that have been applied in preparing the Group's financial statements

The following paragraphs provide a summary of the key requirements of IFRSs that are effective for annual periods beginning on or after 1 January 2012 and that have thus been applied by the Group for the first time.

Amendments to IFRS 7 Disclosures – Transfers of Financial Assets (effective for annual periods beginning on or after 1 October 2011)

The amendments require disclosure of information that enables users of financial statements: to understand the relationship between transferred financial assets that are not derecognised in their entirety and the associated liabilities; and to evaluate the nature of, and risks associated with, the entity's continuing involvement in derecognised financial assets. The amendments define "continuing involvement" for the purposes of applying the disclosure requirements. This new amendment did not result in any material impacts for the purposes of preparation of these condensed consolidated interim financial statements.

ii. Standards not yet adopted

At the date of authorisation of these consolidated financial statements, the following significant Standards, Amendments to Standards and Interpretations have been issued but are not yet effective for the interim period ended 30 September 2012 and thus have not been adopted by the Group (in addition to those already disclosed in the 2011 consolidated financial statements):

Amendments to IAS 1 – Presentation of Financial Statements: Presentation of Items of Other Comprehensive Income (effective for annual periods beginning on or after 1 October 2012)

The amendments require that an entity present separately the items of other comprehensive income that may be reclassified to profit or loss in the future from those that would never be reclassified to profit or loss. If items of other comprehensive income are presented before the related tax effects, the aggregated tax amount should be allocated between these sections. Further, the amendments require a change in the title of the Statement of Comprehensive Income to Statement of Profit or Loss and Other Comprehensive Income; however, use of other titles is also permitted. The Group is currently assessing the impact of this revised standard on its financial statements.

IAS 19 – Employee Benefits (effective for annual periods beginning on or after 1 January 2013)

The amendment requires that actuarial gains and losses be recognised immediately in other comprehensive income. The amendment removes the corridor method previously applicable to recognising actuarial gains and losses, and eliminates the ability for entities to recognise all changes in the defined benefit obligation and plan assets in profit or loss, which currently is allowed under the requirements of IAS 19. The amendment also requires the expected return on plan assets recognised in profit or loss to be calculated based on the rate used to discount the defined benefit obligation. The Group is currently assessing the impact of this revised standard on its financial statements.

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

The following exchange rates were used during translations of foreign subsidiaries, associates and joint-ventures using EUR as the functional currency:

Date	Closing exchange rate CZK/EUR	Average exchange rate CZK/EUR for the 9-month (12-month) period
30 September 2012	24.865	25.136
31 December 2011	25.800	24.586
30 September 2011	24.755	24.361
31 December 2010	25.060	25.290

4. Seasonality of operations

The seasonal character of sales revenues in the heat generation industry is affected by the climate of the temperate climatic zone. The heating season generally runs from the beginning of September to the end of May the next year. The length of the heating season differs year to year depending on the average day temperature and weather conditions, and as such, period to period comparability of heat revenues and associated expenses is limited. In addition, the EPE Group acquired significant subsidiaries and joint-ventures at the end of the first half of 2011 and in 2012. These acquisitions caused substantial changes in the Group's structure and significantly influenced the comparability of financial information.

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

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

1. If the contributed entities were previously acquired by the parent company Energetický a průmyslový holding, a.s. under the scope of IFRS 3, the Company presents the contributed entities in its consolidated financial statements under the scope of IFRS 3 from the original date of acquisition by the parent company Energetický a průmyslový holding, a.s. The difference between the value contributed to the statutory share capital of the company as determined by the independent valuation specialist, and net book value (after fair value adjustments recorded by EPH) of the contributed entity as at the date when acquired by the parent company, was presented as a pricing difference in Other capital reserves in Equity. This approach relates to the following entities:
 - a. AISE, s.r.o. (acquired by EPH on 8 October 2009)
 - b. PT Holding Investment B.V. and its associates (acquired by EPH on 20 September 2010)
 - c. Plzeňská energetika a.s. (acquired by EPH on 6 October 2009)
 - d. EP Renewables a.s. and its subsidiaries (acquired by EPH on 1 September 2010)
 - e. ROLLEON a.s. and its subsidiary (acquired by EPH on 6 October 2009)
 - f. HC Fin3 N.V. (acquired by EPH on 16 March 2010)
 - g. EAST BOHEMIA ENERGY HOLDING LIMITED and its subsidiaries (acquired by EPH on 31 December 2010)
 - h. LIGNITE INVESTMENTS 1 LIMITED and its first 50% share in JTSD Braunkohlebergbau GmbH (acquired by EPH on 28 June 2011)
2. If the contributed entities were previously acquired by the parent company Energetický a průmyslový holding, a.s. under the common control principle, the Company presents the contributed entities in its consolidated financial statements as common control acquisition from the original date of acquisition by the parent company Energetický a průmyslový holding, a.s. The difference between the value contributed to the statutory share capital of the company as determined by the independent valuation specialist and the net book value of the contributed entity as at the date when contributed to the parent company was presented as a pricing difference in Other capital reserves in Equity. This approach relates to the following entities:
 - a. Czech Energy Holding, a.s. and its subsidiaries and associate (acquired by EPH on 6 October 2009)
 - b. Honor Invest, a.s. and its associate Pražská energetika, a.s. (acquired by EPH on 10 August 2009 and later disposed on 20 September 2010)
 - c. První energetická a.s. (acquired by EPH on 6 October 2009)

(a) Acquisitions

i. 30 September 2012 information

<i>In thousands of CZK</i>	Date of acquisition	Purchase price	Cash outflow	Equity interest acquired %	Equity interest after acquisition %
New associates					
COOP ENERGY, a.s.	15/06/2012	800	(800)	-	-
Total		800	(800)	-	-

<i>In thousands of CZK</i>	Date of acquisition	Purchase price	Cash outflow	Other consideration	Equity interest acquired %	Equity interest after acquisition %
New subsidiaries						
JTSD Braunkohlebergbau GmbH and its subsidiaries and associates	29/06/2012	686,239	(686,239)	3,225,927 ⁽¹⁾	50	100
Pražská teplárenská a.s. and its subsidiaries and associates	29/06/2012	-	-	18,977,546 ⁽¹⁾	0	73.26
Saale Energie GmbH and its joint-ventures	17/07/2012	3,582,214	(2,301,151)	-	100	100
Total		4,268,453	(2,987,390)	22,203,473	-	-

(1) Fair value of interest already held as at the date of step acquisition.

On 17 July 2012 the Group acquired a 41.9% share in the German power plant Kraftwerk Schkopau GbR and 44.4% share in Kraftwerk Schkopau Betriebsgesellschaft mbH through the acquisition of a 100% share in Saale Energie GmbH (SEG) from NRG Energy, Inc. for a consideration of EUR 141,366 thousand. The purchase price was paid at the date of acquisition.

Step acquisitions

On 29 June 2012 LIGNITE INVESTMENTS 1 LIMITED acquired the remaining 50% share in JTSD Braunkohlebergbau GmbH for EUR 26,764 thousand. The total share in JTSD Braunkohlebergbau GmbH, thus increased to 100% and EPE Group obtained control of this entity.

On 29 June 2012 Pražská teplárenská Holding a.s. and PT Holding Investment B.V. signed a new shareholders' agreement. As a result of this contract, the EPE Group obtained control of Pražská teplárenská a.s. The total share in Pražská teplárenská a.s. remained unchanged (73.26%).

ii. 31 December 2011 information

<i>In thousands of CZK</i>	Date of acquisition	Shares issued	Cost borne by EPH⁽³⁾	Cash outflow	Equity interest acquired %	Equity interest after acquisition %
New subsidiaries and fully consolidated SPEs						
LIGNITE INVESTMENTS 1 LIMITED	⁽¹⁾ 28/06/2011	⁽²⁾ 770,309	680,644	(680,644)	100	100
ČKD Blansko Wind, a.s.	01/08/2011	N/A	N/A	-	100	100
Total		770,309	680,644	(680,644)	-	-
New associates and joint-ventures						
JTSD Braunkohlebergbau GmbH ⁽⁴⁾	28/06/2011	-	-	-	50.00	50.00
Total		-	-	-	-	-

- (1) Entity was originally acquired by EPH; in line with the above, the same date was used as the acquisition date by the Company
- (2) Shares issued are represented by the value of shares issued in exchange for the contribution by the parent company Energetický a průmyslový holding, a.s.
- (3) Costs borne (including historical goodwill) by EPH when the new subsidiaries, fully consolidated SPEs and associates were acquired by EPH
- (4) Cost for acquisition of JTSD Braunkohlebergbau GmbH is included in the consideration for LIGNITE INVESTMENTS 1 LIMITED

LIGNITE INVESTMENTS 1 LIMITED was acquired by HC Fin3 N.V. for CZK 680,644 thousand. Subsequently, HC Fin3 N.V. was contributed to EP Energy, a.s. For the purposes of the contribution HC Fin3 N.V. was revaluated by an independent valuation specialist. The total value of HC Fin3 N.V. was stated as CZK 1,703,571 thousand, of which CZK 770,309 thousand was assigned to LIGNITE INVESTMENTS 1 LIMITED; the remaining value of CZK 933,262 thousand was assigned to EAST BOHEMIA ENERGY HOLDING LIMITED.

On 1 August 2011 EP Renewables a.s. acquired a 100% share in ČKD Blansko Wind, a.s. for CZK 1.

Step acquisitions

On 16 June 2011 NPTH, a.s. acquired a 0.28% share in Pražská teplárenská a.s. for CZK 48,100 thousand. The total share in Pražská teplárenská a.s. increased to 73.26%.

On 23 May 2011 the Company acquired an additional 29% share in AISE, s.r.o. for CZK 9,860 thousand. The EPE Group's total share in AISE, a.s. increased to 80%.

(b) Effect of acquisitions

i. 30 September 2012

The fair value of the consideration transferred and the amounts recognised for assets acquired and liabilities assumed as at the step acquisition date of JTSD Braunkohlebergbau GmbH and Pražská teplárenská a.s. are provided in the following table.

<i>In thousands of CZK</i>	Carrying amount⁽¹⁾	Fair value adjustment⁽¹⁾	30 September 2012 Total⁽¹⁾
Property, plant, equipment, land, buildings	25,653,849	5,949,003	31,602,852
Intangible assets	515,170	60,046	575,216
Participations with significant influence	632,484	162,359	794,843
Inventories	390,687	-	390,687
Trade receivables and other assets	3,548,666	-	3,548,666
Financial instruments – assets	11,381,535	-	11,381,535
Assets held for sale, net	163,675	64,249	227,924
Cash and cash equivalents	9,944,536	-	9,944,536
Provisions	(6,306,304)	(1,486,981)	(7,793,285)
Deferred tax liabilities	(1,326,924)	(977,628)	(2,304,552)
Loans and borrowings	(8,199,651)	-	(8,199,651)
Trade payables and other liabilities	(7,042,203)	(532,278)	(7,574,481)
Net identifiable assets and liabilities	29,355,520	3,238,770	32,594,290
Non-controlling interest			(7,164,890)
Goodwill on step acquisition of subsidiaries			-
Negative goodwill on step acquisition of subsidiaries			(2,539,688)
Pricing differences in equity			-
Cost of acquisition			22,889,712
Consideration paid, satisfied in cash (A)			686,239
Consideration, other			22,203,473
Total consideration transferred			22,889,712
Less: Cash acquired ⁽²⁾ (B)			9,944,536
Net cash inflow (outflow) (C) = (B – A)			9,258,297

(1) Represents values at 100% share.

(2) Of which CZK 6,853,701 thousand was already recognised in the consolidation before acquisition of the remaining 50% share in JTSD Braunkohlebergbau GmbH and gaining of control in Pražská teplárenská a.s.

In 2012, the EPE Group also acquired a 40% share in COOP ENERGY, a.s., for which it paid CZK 800 thousand. This is not included in the effect of acquisition presented.

Consideration paid represents cost paid by the direct parent company LIGNITE INVESTMENTS 1 LIMITED for the acquisition of the remaining 50% share in JTSD Braunkohlebergbau GmbH. No consideration was paid to obtain control of Pražská teplárenská a.s.

The fair value of the consideration transferred and the amounts recognised for assets acquired and liabilities assumed as at the acquisition date of Saale Energie GmbH are provided in the following table.

<i>In thousands of CZK</i>	Carrying amount	Fair value adjustment	30 September 2012 Total
Property, plant, equipment, land, buildings	229	-	229
Intangible assets	-	2,085,482	2,085,482
Participations with significant influence	2,054,482	701,285	2,755,767
Inventories	11,506	-	11,506
Trade receivables and other assets	356,949	-	356,949
Financial instruments – assets	1,071,598	-	1,071,598
Cash and cash equivalents	270,839	-	270,839
Provisions	(1,360)	-	(1,360)
Deferred tax liabilities	-	(811,782)	(811,782)
Loans and borrowings	(3,020,015)	-	(3,020,015)
Trade payables and other liabilities	(744,858)	-	(774,858)
Net identifiable assets and liabilities	(630)	1,974,985	1,974,355
Non-controlling interest			-
Goodwill on acquisition of subsidiaries			-
Negative goodwill on acquisition of subsidiaries			(395,712)
Pricing differences in equity			-
Cost of acquisition			1,578,643
Consideration paid, satisfied in cash (A)			2,301,151
Consideration, other			1,281,063
Total consideration transferred			3,582,214
Less: Cash acquired (B)			270,839
Net cash inflow (outflow) (C) = (B – A)			(2,030,312)

The acquisition of Saale Energie GmbH included in this financial information uses acquisition accounting techniques including preliminary purchase price allocation. Purchase price allocation adjustments and related tax effect used in this financial information are only indicative and thus are still subject to change. The final purchase price allocation will be available later in 2012 and will be included in the annual consolidated financial statements as of and for the year ended 31 December 2012.

ii. 31 December 2011 – LIGNITE INVESTMENTS 1 LIMITED

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

<i>In thousands of CZK</i>	Carrying amount	Fair value adjustment	2011 Total
Property, plant, equipment, land, buildings	4,450,026	3,861,238	8,311,264
Mine property	657,325	(657,325)	-
Intangible assets	2,520,759	(2,352,302)	168,457
Participations with significant influence	155,783	146,891	302,674
Deferred tax assets	-	-	-
Inventories	100,939	-	100,939
Trade receivables and other assets	525,247	-	525,247
Financial instruments – assets	1,645,697	-	1,645,697
Cash and cash equivalents	371,751	-	371,751
Provisions	(1,631,474)	(1,579,101)	(3,210,575)
Deferred tax liabilities	(181,151)	24,367	(156,784)
Loans and borrowings	(5,521,461)	-	(5,521,461)
Trade payables and other liabilities	(652,131)	(996,029)	(1,648,160)
Net identifiable assets and liabilities	2,441,310	(1,552,261)	889,049
Non-controlling interest			-
Goodwill on acquisition of new subsidiaries and joint-ventures			-
Negative goodwill on acquisition of new subsidiaries and joint-ventures			(208,405)
Pricing differences in equity			770,309
Cost of acquisition			1,450,953
Consideration paid, satisfied in cash (A)			680,644
Consideration, other			-
Consideration, contingent			-
New shares issued			770,309
Total consideration transferred			1,450,953
Less: Cash acquired (B)			371,751
Net cash inflow (outflow) (C) = (B – A)			(308,893)

The effect of the acquisition above involves all incoming subsidiaries and joint-ventures (from the subsidiary's group perspective) acquired in 2011.

Consideration paid represents cost paid by the direct parent company HC Fin3 N.V. The outstanding amount of CZK 770,309 thousand represents contribution in kind to the share capital of EP Energy, a.s. carried out by EPH on 30 June 2011 in the form of shares of HC Fin3 N.V.

In 2011, the EPE Group also acquired a 100% share in ČKD Blansko Wind, a.s., for which it paid CZK 1. Net assets acquired totalled negative CZK 7,901 thousand. The transaction resulted in goodwill of CZK 7,901 thousand.

iii. Rationale for acquisitions

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

- The subsidiaries' businesses are complementary to EPE's portfolio;
- Potential for synergic effects;
- The subsidiaries have an advantageous position within the market;
- Subject industries are expected to grow in the future.

As further expansion in the Czech and Slovak energy sector is one of the strategic aims of the Group, EPE is investing both in energy companies and in companies supplying the energy industry. The Group's current aim is to further strengthen its position, and become an important participant in the energy market.

The Group's view is that there is long-term strategic value in these investments due to development of the market and this resulted in initial goodwill from 2010, 2011 and 2012 in total amount of CZK 2,620,902 thousand (2011: CZK 2,622,129 thousand).

Negative goodwill arose upon the step acquisition of JTSD Braunkohlebergbau GmbH and acquisition of Saale Energie GmbH totalling CZK 2,935,400 thousand (30 September 2011: CZK 208,774 thousand). The Group reconsidered the identification and measurement of all identified assets and liabilities acquired in these business combinations; the same results were obtained in respect of negative goodwill.

The following table provides information on revenues and profit or loss of acquirees (i.e. represented solely by the effect from newly acquired shares) that have been included in the consolidated statement of comprehensive income for the reporting period.

<i>In thousands of CZK</i>	2012 Total
Revenue of the acquirees recognised since the acquisition date (subsidiaries and joint-ventures)	2,364,256
Profit (loss) of the acquirees recognised since the acquisition date (subsidiaries and joint-ventures)	416,809

<i>In thousands of CZK</i>	2011 Total
Revenue of the acquirees recognised since the acquisition date (subsidiaries and joint-ventures)	3,724,901
Profit (loss) of the acquirees recognised since the acquisition date (subsidiaries and joint-ventures)	287,357

The following table provides information on the estimated revenues and profit or loss that would have been included in the consolidated statement of comprehensive income, if the acquisition had occurred at the beginning of the reporting period (i.e. as at 1 January 2011 or as at 1 January 2012); this financial information was derived from the statutory or IFRS financial statements of the acquired entities.

<i>In thousands of CZK</i>	1-9/2012 Total
Revenue of the acquirees recognised in the nine-month period ended 30 September 2012 (subsidiaries and joint-ventures) ⁽¹⁾	13,778,647
Profit (loss) of the acquirees recognised in the nine-month period ended 30 September 2012 (subsidiaries and joint-ventures) ⁽¹⁾	4,696,445

<i>In thousands of CZK</i>	1-9/2011 Total
Revenue of the acquirees recognised in the nine-month period ended 30 September 2011 (subsidiaries and joint-ventures) ⁽¹⁾	7,325,624
Profit (loss) of the acquirees recognised in the nine-month period ended 30 September 2011 (subsidiaries and joint-ventures) ⁽¹⁾	566,223

(1) *Before intercompany eliminations*

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

(c) **Business combinations – acquisition accounting 2012**

The acquiree's identifiable assets, liabilities and contingent liabilities were recognised and measured at their fair values at the acquisition date (2011: The acquiree's identifiable assets, liabilities and contingent liabilities were recognised and measured at their fair values at the acquisition date by the parent company Energetický a průmyslový holding, a.s. (except for acquisitions under common

control, which are carried in net book values)); in line with the above, the established fair values were subsequently reported in the consolidated financial statements of the Company. Allocation of the total purchase price among the net assets acquired for financial statement reporting purposes was performed with the support of professional advisors.

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

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

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

Fair value adjustments resulting from business combinations in 2012 are presented in the following table.

<i>In thousands of CZK</i>	Intangible assets	Land and buildings	Machinery and equipment	Other	Deferred tax asset/(liability)	Total net effect on financial position
Subsidiary						
JTSD Braunkohlebergbau GmbH Pražská teplárenská a.s. Saale Energie GmbH	(25,050) 85,096 2,085,482	- 1,323,171 -	4,668,731 (42,899) -	(1,887,371) 94,720 701,285	(700,212) (277,416) (811,782)	2,056,098 1,182,672 1,974,985
Total	2,145,528	1,323,171	4,625,832	(1,091,366)	(1,789,410)	5,213,755

Fair value adjustments resulting from business combinations in 2011 are presented in the following table.

<i>In thousands of CZK</i>	Intangible assets	Land and buildings	Mine property	Other	Deferred tax asset/(liability)	Total net effect on financial position
Subsidiary and joint-venture						
LIGNITE INVESTMENTS 1 LIMITED JTSD Braunkohlebergbau GmbH	- (2,352,302)	- 3,861,238	- (657,325)	(984,676) (1,443,563)	- 24,367	(984,676) (567,585)
Total	(2,352,302)	3,861,238	(657,325)	(2,428,239)	24,367	(1,552,261)

(d) Disposal of investments in 2012 and 2011

In 2012 the Group disposed of its investment in Energotrans, a.s. (a former subsidiary of Pražská teplárenská a.s.), which was classified as Assets/disposal groups held for sale as at 31 December 2011. The effects of the disposals are provided in the following table:

<i>In thousands of CZK</i>	Net assets sold in 2012
Assets/disposal groups held for sale ⁽¹⁾	12,713,281
Liabilities from assets/disposal groups held for sale ⁽¹⁾	(2,083,777)
Net identifiable assets and liabilities⁽¹⁾	10,629,504
Sales price ⁽¹⁾	13,189,192
Gain (loss) on disposal⁽¹⁾	2,559,688
Consideration received, satisfied in cash ^{(1), (2)}	12,113,052
<i>Less: Cash disposed⁽¹⁾</i>	-
Net cash inflow (outflow)^{(1), (3)}	12,113,052

(1) Represents values at 73.26% share.

(2) The difference between the sales price and consideration received remained unsettled as at 30 September 2012.

(3) The difference between the Net cash inflow (outflow) presented above and Net cash inflow from disposal of subsidiaries and special purpose entities presented in the condensed consolidated interim statement of cash flows is represented by non-controlling interest.

On 29 June 2012 the Group accounted for a disposal of its 50% investment in JTSD Braunkohlebergbau GmbH and 73.26% investment in Pražská teplárenská a.s. as a part of the step acquisition process. The effects of the disposals are provided in the following table:

<i>In thousands of CZK</i>	Net assets disposed in 2012
Property, plant, equipment, land, buildings	15,065,731
Intangible assets	298,905
Participations with significant influence	316,242
Deferred tax assets	-
Inventories	235,085
Trade receivables and other assets	2,327,994
Financial instruments – assets	8,295,262
Cash and cash equivalents	6,853,701
Provisions	(3,169,786)
Deferred tax liabilities	(913,391)
Loans and borrowings	(4,099,826)
Trade payables and other liabilities	(4,847,969)
Assets held for sale, net	119,909
Non-controlling interests	(173,177)
Net identifiable assets and liabilities disposed at carrying value	20,308,680
Fair value of disposed net identifiable assets and liabilities	22,203,473
Gain (loss) on disposal	1,894,793

Net identifiable assets and liabilities disposed at carrying value attributable to JTSD Braunkohlebergbau GmbH are CZK 2,197,557 thousand, and to Pražská teplárenská a.s. are CZK 18,111,123 thousand. Fair value of disposed net identifiable assets and liabilities attributable to JTSD Braunkohlebergbau GmbH is CZK 3,225,927 thousand, and to Pražská teplárenská a.s. is CZK 18,977,546 thousand.

In 2011 the Group did not dispose of any investments.

6. Sales

<i>In thousands of CZK</i>	30 September 2012 (nine months)	30 September 2011 (nine months)
Sales: Energy		
<i>Electricity</i>	15,644,999	13,029,046
<i>Heat</i>	4,167,125	3,727,594
<i>Coal</i>	4,095,619	992,677
<i>Gas</i>	2,507,493	3,453,778
<i>Other energy products</i>	66,538	122,110
Total Energy	26,481,774	21,325,205
Sales: Other	1,065,859	478,292
Total	27,547,633	21,803,497
Domestic revenues	13,600,719	13,899,532
Foreign sales	13,946,914	7,903,965
Total	27,547,633	21,803,497

As a consequence of further presentation improvements, the Company changed the form of the consolidated statement of comprehensive income as compared to the consolidated statement of comprehensive income for the 9 month period ended 30 September 2011. This resulted in separate disclosure of sales of gas, coal and other energy products on the face of the consolidated statement of comprehensive income.

7. Cost of sales

<i>In thousands of CZK</i>	30 September 2012 (nine months)	30 September 2011 (nine months)
Cost of Sales: Energy		
<i>Cost of sold electricity</i>	9,687,752	8,746,165
<i>Cost of sold gas and other energy products</i>	2,465,837	3,424,668
<i>Consumption of coal and other material⁽¹⁾</i>	3,041,827	2,596,269
<i>Consumption of energy</i>	510,911	382,567
<i>Other cost of sales</i>	512,405	435,412
Total Energy	16,218,732	15,585,081
Cost of Sales: Power engineering & services		
<i>Changes in WIP, semi-finished products and finished goods</i>	(69,099)	(18,698)
Total Power engineering & services	(69,099)	(18,698)
Cost of Sales: Other		
<i>Cost of goods sold</i>	470,642	247,670
<i>Consumption of material</i>	534,018	177,714
<i>Consumption of energy</i>	22,543	17,438
<i>Changes in WIP, semi-finished products and finished goods</i>	(20,050)	(14,310)
<i>Other cost of sales</i>	1,533	1,117
Total Other	1,008,686	429,629
Total	17,158,319	15,996,012

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

Cost of sales presented in the above table does not contain directly attributable overheads.

8. Personnel expenses

<i>In thousands of CZK</i>	30 September 2012 (nine months)	30 September 2011 (nine months)
Wages and salaries	1,713,910	838,569
Compulsory social security contributions	190,976	55,145
Board members' remuneration (including boards of subsidiaries and joint-ventures)	542,574	288,131
Expenses and revenues related to employee benefits (IAS 19)	15,183	18,107
Creation and reversal of provisions for personnel costs	(6,629)	4,440
Other social expenses	29,293	32,878
Total	2,485,307	1,237,270

The average number of employees as at 30 September 2012 was 4,069 (30 September 2011: 3,022), of which 109 (30 September 2011: 55) were executives.

9. Emission rights

<i>In thousands of CZK</i>	30 September 2012 (nine months)	30 September 2011 (nine months)
Deferred income (grant) released to profit and loss	842,239	1,385,147
Profit from sale of emission rights	281,668	180,322
Consumption of emission rights	(1,274,310)	(1,684,132)
Total	(150,403)	(118,663)

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

In case of shortages of emission rights, a provision based on estimated pollutant emission until the end of the period and the current amount of allowances possessed is recognised at the market value prevailing at the reporting date.

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

10. Taxes and charges

<i>In thousands of CZK</i>	30 September 2012 (nine months)	30 September 2011 (nine months)
Gift tax on emission rights	160,548	225,194
Electricity tax	111,685	34,040
Property tax	7,577	5,905
Other taxes and charges	18,618	98,253
Total	298,428	363,392

Gift tax on emission rights has been applicable in the Czech Republic since 2011.

11. Other operating income

In thousands of CZK

	30 September 2012 (nine months)	30 September 2011 (nine months)
Reimbursement of trade association and other companies	182,601	66,448
Ecological tax reimbursement	75,503	22,045
Consulting fees	57,371	14,205
Rental income	54,159	35,983
Contractual penalties	27,369	15,294
Inventory surplus	14,118	1,931
Staff catering	10,054	9,862
Profit from sale of material, net	4,189	1,443
Profit from sale of tangible and intangible assets, net	1,168	1,968
Other	57,979	72,682
Total	484,511	241,861

12. Other operating expenses

In thousands of CZK

	30 September 2012 (nine months)	30 September 2011 (nine months)
Repairs and maintenance	264,531	58,198
Transport expenses	262,570	94,210
Consulting expenses	188,549	50,905
Outsourcing and other administration fees	179,338	110,598
Rent expenses	135,770	78,323
Change in provisions, net	58,924	19,734
Fees and commissions expense	50,340	100,844
Insurance expenses	48,802	31,244
Loss on disposal of property, plant and equipment, investment property and intangible assets, net	35,520	5,560
Loss from receivables written-off	31,776	230
Advertising expenses	28,813	31,085
Information technology costs	22,939	23,984
Gifts and sponsorship	21,928	17,883
Training, courses, conferences	15,636	3,969
Impairment losses	11,101	3,534
Communication expenses	9,635	6,514
Administrative expenses	9,506	4,642
Contractual penalties	8,820	19,931
Shortages and damages	3,462	1,022
Equipment and other material	3,288	535
Other	42,519	70,892
Total	1,433,767	733,837

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

Recognised in profit or loss

In thousands of CZK

	30 September 2012 (nine months)	30 September 2011 (nine months)
Interest income	362,625	405,817
Foreign exchange gain	0	30,155
Other finance income	152	586
Finance income	362,777	436,068
Interest expense	(1,159,181)	(1,482,285)
Foreign exchange loss	(154,640)	(4,925)
Fees and commissions expense for payment transactions	(67,169)	(3,631)
Fees and commissions expense for guarantees	(8,953)	(10,837)
Other services	(72,044)	(856)
Finance costs	(1,461,987)	(1,502,534)
Profit from currency derivatives for trading	113,600	185,216
Profit/(loss) from other derivatives for trading	2,623	(23,655)
Loss from hedging activities	(1,573)	24,821
Loss from interest rate derivatives for trading	(27,379)	(52,337)
Profit/(loss) from commodity derivatives for trading	(230,244)	148,850
Profit from other financial instruments	-	-
Profit/(loss) from financial instruments	(142,973)	282,895
Net finance income (expense) recognised in profit or loss	(1,242,183)	(783,571)

14. Income tax expenses

Income taxes recognised in profit or loss

In thousands of CZK

	30 September 2012 (nine months)	30 September 2011 (nine months)
<i>Current taxes:</i>		
Current year	(708,454)	(435,671)
Withholding tax	(92)	(40)
Adjustment for prior periods	33,076	(2,006)
Total current taxes	(675,471)	(437,717)
<i>Deferred taxes:</i>		
Origination and reversal of temporary differences	200,939	199,928
Total deferred taxes	200,939	199,928
Total income taxes recognised in profit or loss	(474,532)	(237,789)

Deferred taxes are calculated using currently enacted tax rates expected to apply when the asset is realised or the liability settled.

In the period ended 30 September 2012, the EPE Group reported negative goodwill of CZK 2,935,400 thousand (30 September 2011: CZK 208,774 thousand) and recognised Gain on disposal of subsidiaries, special purpose entities, joint-ventures and associates of CZK 4,454,482 thousand (30 September 2011: CZK 0 thousand). Both items represent non-taxable revenues.

15. Property, plant and equipment

<i>In thousands of CZK</i>	Land and buildings	Technical equipment, plant and machinery	Other equipment, fixtures and fittings	Under construction and advances	Total
Cost					
Balance at 1 January 2012	12,254,395	18,228,696	27,409	1,350,103	31,860,603
Effects of movements in foreign exchange	(131,464)	(554,196)	(721)	(44,842)	(731,223)
Additions	43,614	195,061	15	750,164	988,854
Disposals	(13,446)	(46,148)	(10,549)	(227)	(70,370)
Transfer to assets held for sale	(110,110)	(88,708)	-	-	(198,818)
Transfer from assets held for sale	1,158,121	142,084	-	-	1,300,205
Disposals through step acquisitions	(7,430,233)	(9,901,608)	(8,540)	(508,745)	(17,849,126)
Additions through step acquisitions	10,699,388	19,865,171	46,274	992,019	31,602,852
Transfer	245,122	286,318	(38,130)	(493,310)	-
Balance at 30 September 2012	16,715,387	28,126,670	15,758	2,045,162	46,902,977
Depreciation and impairment losses					
Balance at 1 January 2012	(1,634,216)	(2,724,430)	(17,579)	-	(4,376,225)
Effects of movements in foreign exchange	1,138	21,697	10,213	-	33,048
Depreciation charge for the period	(925,515)	(2,294,448)	(1,549)	-	(3,221,512)
Disposals	721	20,092	995	-	21,808
Transfer to assets held for sale	16,906	37,934	-	-	54,840
Disposals through step acquisition	973,920	1,805,119	4,356	-	2,783,395
Impairment losses recognised in profit or loss	(19,472)	-	-	-	(19,472)
Balance at 30 September 2012	(1,586,518)	(3,134,036)	(3,564)	-	(4,724,118)
Carrying amounts					
At 1 January 2012	10,620,179	15,504,266	9,830	1,350,103	27,484,378
At 30 September 2012	15,128,869	24,992,634	12,194	2,045,162	42,178,859

Notes to the condensed consolidated interim financial statements of EP Energy, a.s. for the nine-month period ended 30 September 2012

<i>In thousands of CZK</i>	Land and buildings	Technical equipment, plant and machinery	Other equipment, fixtures and fittings	Under construction and advances	Total
Cost					
Balance at 1 January 2011					
Restated	11,099,501	9,955,392	27,780	411,637	21,494,310
Effects of movements in foreign exchange	(235)	(3,243)	-	(138)	(3,616)
Additions	85,701	34,268	-	230,338	350,307
Acquisitions through business combinations ⁽¹⁾	847,739	7,448,181	-	397,030	8,692,950
Step acquisition ⁽²⁾	20,150	7,642	36	145	27,973
Disposals	(5,746)	(1,199)	(1,747)	(3,975)	(12,667)
Transfers	7,403	5,622	(11,448)	(11,184)	(9,607)
Balance at 30 September 2011	12,054,513	17,446,663	14,621	1,023,853	30,539,650
Depreciation and impairment losses					
Balance at 1 January 2011					
Restated	(330,035)	(698,824)	(17,600)	-	(1,046,459)
Effects of movements in foreign exchange	12	29	-	-	41
Depreciation charge for the period	(1,002,393)	(1,344,470)	(847)	-	(2,347,710)
Disposals	3,574	4,795	1,767	-	10,136
Step acquisition ⁽²⁾	(599)	(460)	(16)	-	(1,075)
Impairment losses recognized in profit or loss	(16,686)	-	-	-	(16,686)
Reversal of impairment losses recognised in profit or loss	66	-	-	-	66
Transfers	-	(2,175)	11,782	-	9,607
Balance at 30 September 2011	(1,346,061)	(2,041,105)	(4,914)	-	(3,392,080)
Carrying amounts					
At 1 January 2011					
Restated	10,769,466	9,256,568	10,180	411,637	20,447,851
At 30 September 2011	10,708,452	15,405,558	9,707	1,023,853	27,147,570

(1) *The amount is not reconcilable to Note 5 – Acquisitions and contributions of subsidiaries, special purpose entities, joint-ventures and associates, because the effects of the acquisition of ČKD Blansko Wind, a.s. are not included in Note 5 – Acquisitions and contributions of subsidiaries, special purpose entities, joint-ventures and associates, as they are immaterial.*

(1) *Additional purchase of shares in Pražská teplárenská a.s.*

Idle assets

As at 30 September 2012, and also as at 31 December 2011, the Group had no significant idle assets.

Finance lease liabilities

The Group had no significant lease liabilities as at 30 September 2012 and as at 31 December 2011.

16. Intangible assets (including goodwill)

<i>In thousands of CZK</i>	Goodwill	Software	Emission rights	Customer relationship and other contracts	Other intangible assets	Total
Cost						
Balance at 1 January 2012	2,622,129	239,056	392,155	329,261	20,036	3,602,637
Effect of movements in foreign exchange	(1,227)	(2,919)	(9,368)	(39,093)	-	(52,607)
Additions	-	29,974	1,241,559	-	2,168	1,273,701
Additions through business combinations	-	-	-	2,085,482	-	2,085,482
Disposals	-	-	(891,596)	-	(106)	(891,702)
Transfers	-	8,558	-	-	(8,558)	-
Disposals through step acquisitions	-	(162,607)	(233,784)	-	(5,206)	(401,597)
Additions through step acquisitions	-	213,659	356,241	-	5,316	575,216
Balance at 30 September 2012	2,620,902	325,721	855,207	2,375,650	13,650	6,191,130
Amortisation and impairment losses						
Balance at 1 January 2012	-	(122,586)	-	(59,744)	(1,836)	(184,166)
Effect of movements in foreign exchange	-	(3)	-	174	-	171
Amortisation for the period	-	(69,172)	-	(46,866)	(1,104)	(117,142)
Disposals	-	-	-	-	112	112
Disposals through step acquisitions	-	101,573	-	-	1,313	102,886
Balance at 30 September 2012	-	(90,188)	-	(106,436)	(1,515)	(198,139)
Carrying amount						
At 1 January 2012	2,622,129	116,470	392,155	269,517	18,200	3,418,471
At 30 September 2012	2,620,902	235,533	855,207	2,269,214	12,135	5,992,991

<i>In thousands of CZK</i>	Goodwill	Software	Emission rights	Customer relationship and other contracts	Other intangible assets	Total
Cost						
Balance at 1 January 2011 Restated	2,685,523	165,934	272,611	329,261	31,215	3,484,544
Additions	-	24,909	1,937,333	-	4,936	1,967,178
Acquisitions through business combinations ⁽¹⁾	7,900	2,970	151,036	-	(17,394)	144,512
Step acquisition ⁽²⁾	-	349	67	-	91	507
Disposals	(71,757)	-	(1,046,406)	-	-	(1,118,163)
Effect of movements in foreign exchange	(400)	-	-	-	-	(400)
Transfers	-	496	-	-	(496)	-
Balance at 30 September 2011	2,621,266	194,658	1,314,641	329,261	18,352	4,478,178
Amortisation and impairment losses						
Balance at 1 January 2011 Restated	-	(24,822)	-	(26,160)	(343)	(51,325)
Amortisation for the period	-	(78,483)	-	(25,188)	(1,126)	(104,797)
Step acquisition ⁽²⁾	-	(66)	-	-	(2)	(68)
Balance at 30 September 2011	-	(103,371)	-	(51,348)	(1,471)	(156,190)
Carrying amount						
At 1 January 2011 Restated	2,685,523	141,112	272,611	303,101	30,872	3,433,219
At 30 September 2011	2,621,266	91,287	1,314,641	277,913	16,881	4,321,988

(1) *The amount is not reconcilable to Note 5 – Acquisitions of subsidiaries, special purpose entities, joint-ventures and associates because the effects of the acquisition of ČKD Blansko Wind, a.s. are not included in Note 5 – Acquisitions of subsidiaries, special purpose entities, joint-ventures and associates as they are immaterial.*

(2) *Additional purchase of shares in Pražská teplárenská a.s.*

In 2012, the EPE Group acquired emission allowances of CZK 36,712 thousand (30 September 2011: CZK 2,061 thousand). The remaining part of CZK 1,204,846 thousand (30 September 2011: CZK 1,935,272 thousand) was allocated to the Group by the Ministry of the Environment of the Czech Republic.

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

Other intangible assets comprise valuable rights, customer relationships and contract related assets (most identified in the Purchase Price Allocation process). All intangible assets were recognised as assets with definite useful life.

Impairment testing for cash-generating units containing goodwill

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

Goodwill and impairment testing

In compliance with IAS 36, the Group annually conducts impairment testing of goodwill arising from a business combination during the current period and impairment testing of goodwill already

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

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

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

The discount rates used in estimating value in use were estimated based on the principle of an average market participant using peer companies (i.e. companies operating in a comparable industry and listed on world markets) as a standard for observing respective betas, debt to equity ratios and size adjustment parameters used for calculation.

There were no impairment indicators as at 30 September 2012.

17. Participations with significant influence

The Group has the following investments in associates and joint-ventures:

<i>In thousands of CZK</i>		Ownership	Carrying amount
		30 September 2012	30 September 2012
Associates and joint-ventures	Country	%	
Pražská teplárenská Holding a.s.	Czech Republic	49.00	595,883
PRVNÍ MOSTECKÁ a.s.	Czech Republic	47.06	151,667
Associates of JTSD Braunkohlebergbau GmbH	Germany	(1)	770,261
Joint-ventures of Saale Energie GmbH	Germany	(1)	2,677,205
Total		-	4,195,016

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

<i>In thousands of CZK</i>		Ownership	Carrying amount
		31 December 2011	31 December 2011
Associates	Country	%	
Pražská teplárenská Holding a.s.	Czech Republic	49.00	580,514
PRVNÍ MOSTECKÁ a.s.	Czech Republic	47.06	149,948
Associates of JTSD Braunkohlebergbau GmbH	Germany	(1)	303,515
Total		-	1,033,977

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

The Group's share of loss from the above associates and joint-ventures for the nine-month period ended 30 September 2012 was CZK 918 thousand (30 September 2011: CZK 1,309 thousand).

JTSD Braunkohlebergbau GmbH is entitled to dividends from its associates in the amount of CZK 22,627 thousand (30 September 2011: CZK 0 thousand).

For the period ended 30 September 2012 the Group is entitled to dividends from Pražská teplárenská Holding a.s. in the amount of CZK 576,328 thousand (30 September 2011: CZK 425,362 thousand).

Summary financial information for standalone associates presented at 100% as at 30 September 2012 and for the nine-month period ended 30 September 2012 is as follows:

In thousands of CZK

Associates	Revenue	Profit/(Loss)	Assets	Liabilities	Equity
Pražská teplárenská Holding a.s.	1,216,247	1,207,542	3,548,505	823	3,547,682
PRVNÍ MOSTECKÁ a.s.	321,822	3,652	834,466	512,182	322,284
Associates of JTSD					
Braunkohlebergbau GmbH	(1)	(1)	(1)	(1)	(1)
Joint-ventures of Saale Energie GmbH	(2)	(2)	(2)	(2)	(2)
	1,538,069	1,211,194	4,382,971	513,005	3,869,966

(1) Data is not available as the associates are sub-consolidated within JTSD Braunkohlebergbau GmbH.

(2) Data is not available as the joint-ventures are sub-consolidated within Saale Energie GmbH.

In thousands of CZK

Associates	Non-current assets	Current assets	Non-current liabilities	Current liabilities
Pražská teplárenská Holding a.s.	2,331,964	1,216,541	-	823
PRVNÍ MOSTECKÁ a.s.	394,788	439,678	27,810	484,372
Associates of JTSD				
Braunkohlebergbau GmbH	(1)	(1)	(1)	(1)
Joint-ventures of Saale Energie GmbH	(2)	(2)	(2)	(2)
	2,726,752	1,656,219	27,810	485,195

(1) Data is not available as the associates are sub-consolidated within JTSD Braunkohlebergbau GmbH.

(2) Data is not available as the joint-ventures are sub-consolidated within Saale Energie GmbH.

Summary financial information for associates, presented at 100% as at and for the year ended 31 December 2011:

In thousands of CZK

Associates	Revenue	Profit/(Loss)	Assets	Liabilities	Equity
Pražská teplárenská Holding a.s.	1,186,024	1,176,060	3,517,130	812	3,516,318
PRVNÍ MOSTECKÁ a.s.	548,399	8,818	1,056,259	737,628	318,631
Associates of JTSD	(1)	(1)	(1)	(1)	(1)
Braunkohlebergbau GmbH					
	1,734,423	1,184,878	4,573,389	738,440	3,834,949

(1) Data is not available as the associates are sub-consolidated within JTSD Braunkohlebergbau GmbH.

In thousands of CZK

	Non-current assets	Current assets	Non-current liabilities	Current liabilities
Associates				
Pražská teplárenská Holding a.s.	2,331,964	1,185,166	-	812
PRVNÍ MOSTECKÁ a.s.	404,660	651,599	26,527	711,101
Associates of JTSD Braunkohlebergbau GmbH	(1)	(1)	(1)	(1)
	2,736,624	1,836,765	26,527	711,913

(1) *Data is not available as the associates are sub-consolidated within JTSD Braunkohlebergbau GmbH.*

As at 30 September 2012 the Group has no other investments in joint-ventures. As described in Note 5 – Acquisitions of subsidiaries, special purpose entities, joint-ventures and associates, the Group obtained control of all its investments previously consolidated as joint-ventures on 29 June 2012.

i. 31 December 2011 information

The Group had the following investments in joint-ventures:

In thousands of CZK

Joint-ventures	Country	Ownership 31 December 2011 %
Pražská teplárenská a.s.	Czech Republic	73.26
JTSD Braunkohlebergbau GmbH	Germany	50.00
MIBRAG Neue Energie GmbH	Germany	50.00

Summary financial information for standalone joint-ventures, presented at 100% as at and for the year ended 31 December 2011:

In thousands of CZK

Joint-ventures	Revenue	Profit/(Loss)	Assets	Liabilities	Equity
Pražská teplárenská a.s.	7,678,855	1,162,671	27,250,303	4,757,978	22,492,325
JTSD Braunkohlebergbau GmbH	5,460,271	1,022,404	20,351,271	15,793,180	4,558,091
MIBRAG Neue Energie GmbH	19,332	(10,474)	293,228	259,987	33,241
	13,158,458	2,174,601	47,894,802	20,811,145	27,083,657

In thousands of CZK

Joint-ventures	Non-current assets	Current assets	Non-current liabilities	Current liabilities
Pražská teplárenská a.s.	8,719,019	18,531,284	987,359	3,770,619
JTSD Braunkohlebergbau GmbH	18,033,952	2,317,319	13,966,604	1,826,576
MIBRAG Neue Energie GmbH	279,520	13,708	237,611	22,376
	27,032,491	20,862,311	15,191,574	5,619,571

18. Inventories

In thousands of CZK

	30 September 2012	31 December 2011
Fossil fuel	404,240	339,403
Raw material and supplies	253,303	165,388
Work in progress	107,935	9,132
Spare parts	95,221	86,086
Finished goods and merchandise	11,447	17,827
Valuation allowance to inventories	(10,791)	(12,714)
Total	861,355	605,122

19. Trade receivables and other assets

<i>In thousands of CZK</i>	30 September 2012	31 December 2011
Trade receivables	4,791,063	4,163,706
Other receivables and assets	243,046	183,325
Advance payments	678,945	59,571
Estimated receivables	344,963	203,413
Accrued income	1,611	1,313
Receivables from participants, members and association	-	15,857
Valuation allowance for bad debts	(162,738)	(189,641)
Total	5,896,890	4,437,544
<i>Non-current</i>	520,823	350,590
<i>Current</i>	5,376,067	4,086,954
Total	5,896,890	4,437,544

20. Cash and cash equivalents

<i>In thousands of CZK</i>	30 September 2012	31 December 2011
Current accounts with banks	3,381,239	2,036,343
Term deposits	2,046,661	224,836
Cash on hand and valuables	2,560	2,015
Total	5,430,460	2,263,194

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

21. Tax receivables

<i>In thousands of CZK</i>	30 September 2012	31 December 2011
Value added tax receivables	259,568	252,301
Current income tax receivables	72,519	174,781
Road tax receivables	18	1
Withholding tax receivables	2	2
Other tax receivables	45,224	2,149
Total	377,331	429,234

22. Asset and liabilities held for sale

Assets held for sale totalling CZK 260,779 thousand (31 December 2011: CZK 11,980,314 thousand) and liabilities held for sale totalling CZK 45,062 thousand (31 December 2011: CZK 2,123,590 thousand) are fully represented by Pražská teplárenská a.s.'s assets and liabilities, which will be transferred to a separate entity and sold to the third party.

The balances as at 31 December 2011 were fully represented by Energotrans, a.s. (subsidiary of Pražská teplárenská a.s.). On 28 July 2011, a share purchase agreement was signed, through which Pražská teplárenská a.s., belonging to the EPE Group, sold a 100% interest in Energotrans, a.s. to the ČEZ, a.s. Group. This concluded long-running business negotiations between Pražská teplárenská a.s. and ČEZ, a.s. about the sale of Energotrans, a.s.

23. Deferred tax assets and liabilities

As at 30 September 2012 the net deferred tax position amounting to CZK 4,543,372 thousand (31 December 2011: CZK 2,413,867 thousand) comprises a deferred tax asset of CZK 30,395 thousand (31 December 2011: CZK 32,187 thousand) and deferred tax liability of CZK 4,573,767 thousand (31 December 2011: CZK 2,446,054 thousand).

24. Equity

Share capital and share premium

The condensed consolidated interim statement of changes in equity is presented on the face of the financial statements.

The authorised, issued and fully paid share capital as at 30 September 2012 consisted of 19,419,548 ordinary shares with a par value of CZK 1,000 each (31 December 2011: 19,419,548 ordinary shares with a par value of CZK 1,000 each).

The shareholder is entitled to receive dividends and to cast 1,000 votes per 1,000 CZK share, at meetings of the Company's shareholders.

30 September 2012	Number of shares	Ownership	Voting rights
Shareholder	1,000 CZK	%	%
Energetický a průmyslový holding, a.s.	19,419,548	100.00	100.00
Total	19,419,548	100.00	100.00

31 December 2011	Number of shares	Ownership	Voting rights
Shareholder	1,000 CZK	%	%
Energetický a průmyslový holding, a.s.	19,419,548	100.00	100.00
Total	19,419,548	100.00	100.00

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

	Number of shares	
	30 September 2012	31 December 2011
	1,000 CZK	1,000 CZK
Shares outstanding at the beginning of the period	19,419,548	18,649,239
New shares issued	-	770,309
Shares outstanding at the end of the period	19,419,548	19,419,548

Reserves recognised in equity comprise the following items:

<i>In thousands of CZK</i>	30 September 2012	31 December 2011
Non-distributable reserves	18,631	16,524
Translation reserve	(110,121)	26,468
Hedging reserve	(25,735)	(25,812)
Other capital reserves	(8,112,307)	(8,112,307)
Total	(8,229,532)	(8,095,127)
Other capital funds from capital contributions	579,179	579,179
Reserves	(7,650,353)	(7,515,948)

Non-distributable reserves

The creation of a legal reserve fund in the Czech Republic is required at a minimum of 20% (10% for limited liability companies) of net profit (annually) and up to a minimum of 10% (5% for limited liability companies) of the registered share capital (cumulative balance). The legal reserve fund can only be used to cover losses of the Company and may not be distributed as a dividend. The calculation of the legal reserve is based on local statutory regulations. The legal reserve of CZK 18,631 thousand was reported as at 30 September 2012 (31 December 2011: CZK 16,524 thousand).

Translation reserve

The translation reserve comprises all foreign exchange differences arising from the translation of the financial statements of foreign operations that are not integral to the operations of the Group.

Other capital reserves

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

In 2010 other capital reserves decreased by CZK 1,168,676 thousand in relation to the disposal of Pražská energetika, a.s. (associate), previously acquired under common control. The amount corresponds to pricing differences assigned directly to the disposed associate and its direct parent company (Honor Invest, a.s.). The increase in other capital reserves was recognised against retained earnings.

In 2011 other capital reserves increased by CZK 770,309 thousand in relation to the acquisition of LIGNITE INVESTMENTS 1 LIMITED which was contributed by EPH to the Company's share capital.

Hedging reserves recognised by associates

The effective portion of fair value changes in financial derivatives which meet criteria for hedge accounting are recognised in equity.

Dividends

The following dividends were declared and paid by the Group:

<i>In thousands of CZK</i>	30 September 2012	30 September 2011
AISE, s.r.o.	1,480	598
Total	1,480	598

25. Earnings per share

Basic earnings per share

Basic earnings per 1,000 CZK share is CZK 441.64 (30 September 2011: 3.11).

The calculation of basic earnings per share as at 30 September 2012 was based on profit attributable to ordinary shareholders of CZK 8,576,420 thousand (30 September 2011: CZK 60,471 thousand), and a

weighted average number of outstanding ordinary shares of 19,419,548 (30 September 2011: 18,849,730).

Weighted average number of ordinary shares as at 30 September 2012

<i>In thousands of shares</i>	Nominal	Weighted
Issued ordinary shares at 10 August 2009 (1 share/CZK 1,000)	5,019,937	5,019,937
Issued ordinary shares at 9 October 2009 (1 share/CZK 1,000)	8,135,816	8,135,816
Issued ordinary shares at 1 September 2010 (1 share/CZK 1,000)	398,724	398,724
Issued ordinary shares at 20 September 2010 (1 share/CZK 1,000)	4,161,500	4,161,500
Issued ordinary shares at 31 December 2010 (1 share/CZK 1,000)	933,262	933,262
Issued ordinary shares at 28 June 2011 (1 share/CZK 1,000)	770,309	770,309
Total	19,419,548	19,419,548

Weighted average number of ordinary shares as at 30 September 2011

<i>In thousands of shares</i>	Nominal	Weighted
Issued ordinary shares at 10 August 2009 (1 share/CZK 1,000)	5,019,937	5,019,937
Issued ordinary shares at 9 October 2009 (1 share/CZK 1,000)	8,135,816	8,135,816
Issued ordinary shares at 1 September 2010 (1 share/CZK 1,000)	398,724	398,724
Issued ordinary shares at 20 September 2010 (1 share/CZK 1,000)	4,161,500	4,161,500
Issued ordinary shares at 31 December 2010 (1 share/CZK 1,000)	933,262	933,262
Issued ordinary shares at 28 June 2011 (1 share/CZK 1,000)	770,309	200,491
Total	19,419,548	18,849,730

26. Non-controlling interest

<i>In thousands of CZK</i>	30 September 2012	31 December 2011
Pražská teplárenská a.s.	7,076,996	-
AISE, s.r.o.	5,366	6,467
Claymore Equity, s.r.o.	(590)	(325)
VTE Pchery, s.r.o.	(5,882)	(8,608)
Alternative Energy, s.r.o.	(12,193)	(4,168)
Other	66	861
Total	7,063,763	(5,773)

27. Other loans and borrowings

<i>In thousands of CZK</i>	30 September 2012	31 December 2011
Loans payable to credit institutions	10,551,849	13,721,789
Loans payable to other than credit institutions	12,311,019	178,922
<i>of which owed to the parent company</i>	<i>12,304,342</i>	<i>127,438</i>
<i>of which owed to other related companies</i>	<i>55</i>	<i>44,496</i>
Bank overdraft	387,757	226,024
Total	23,250,625	14,126,735
Non-current	8,014,167	9,839,409
<i>of which owed to the parent company</i>	<i>-</i>	<i>2,441</i>
<i>of which owed to other related companies</i>	<i>-</i>	<i>5,496</i>
Current	15,236,458	4,287,326
<i>of which owed to the parent company</i>	<i>12,304,342</i>	<i>124,997</i>
<i>of which owed to other related companies</i>	<i>55</i>	<i>39,000</i>
Total	23,250,625	14,126,735

28. Provisions

<i>In thousands of CZK</i>	Employee benefits	Warranties	Provision for lawsuits and litigations	Provision for restructuring, restoration and decommissioning	Other	Total
Balance at 1 January 2012	309,260	2,045	31,985	2,720,650	232,902	3,296,842
Additions through business combinations	-	487	243	630	-	1,360
Provisions made during the period	59,458	139	777	438,679	47,195	546,248
Provisions used during the period	(119,158)	-	-	(6,164)	(324,226)	(449,548)
Provisions reversed during the period	(8,663)	(136)	(5,825)	-	(23,152)	(37,776)
Effects of movements in foreign exchange	(8,847)	138	(12)	(95,891)	(12,656)	(117,268)
Disposals through step acquisitions	(200,025)	(1,503)	(3,822)	(2,715,904)	(248,532)	(3,169,786)
Additions through step acquisitions	451,103	2,051	5,218	6,656,464	678,449	7,793,285
Balance at 30 September 2012	483,128	3,221	28,564	6,998,464	349,980	7,863,357
<i>Non-current</i>	327,186	-	27,580	6,997,647	170,588	7,523,001
<i>Current</i>	155,942	3,221	984	817	179,392	340,356

Provision for restructuring, restoration and decommissioning

The provision of CZK 6,656,464 thousand was recorded by JTSD Braunkohlebergbau GmbH during the Purchase Price Allocation process. It constitutes a liability reflecting the current state of the mining plant.

Other provisions

Other provisions mainly represent various mining provisions recorded by JTSD Braunkohlebergbau GmbH.

Notes to the condensed consolidated interim financial statements of EP Energy, a.s. for the nine-month period ended 30 September 2012

Provisions recorded as at 30 September 2011 were as follows:

<i>In thousands of CZK</i>	Employee benefits	Provision for lawsuits and litigations	Provision for restructuring, restoration and decommissioning	Other	Total
Balance at 1 January 2011 Restated	71,549	36,572	80,000	32,789	220,910
Additions through business combinations	79,562	-	2,602,457	666,281	3,348,300
Step-acquisition	140	30	-	9	179
Provisions made during the period	504	36	79	240,126	240,745
Provisions used during the period	(289)	-	-	(144,029)	(144,318)
Provisions reversed during the period	-	(1,383)	(71,757)	(3,553)	(76,693)
Balance at 30 September 2011	151,466	35,255	2,610,779	791,623	3,589,123
<i>Non-current</i>	<i>114,802</i>	<i>35,255</i>	<i>2,610,779</i>	<i>517,149</i>	<i>3,277,985</i>
<i>Current</i>	<i>36,664</i>	<i>-</i>	<i>-</i>	<i>274,474</i>	<i>311,138</i>

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

29. Deferred income

<i>In thousands of CZK</i>	30 September 2012	31 December 2011
Government grants for emission rights	616,139	111,506
Other government grants	74,587	76,666
Other deferred income	642,131	112,547
Total	1,332,857	300,719

30. Financial instruments

Financial instruments and other financial assets

<i>In thousands of CZK</i>	30 September 2012	31 December 2011
Assets carried at amortised cost		
Loans to other than credit institutions	13,245,421	7,921,372
<i>of which owed by the parent company</i>	11,748,511	6,682,157
Bills of exchange held to maturity	1,204,451	33,144
<i>of which owed by the parent company</i>	499,102	-
Other equity instruments	13,501	13,501
Other short-term deposits	5,000	-
Shares available for sale held at cost	1,356	305
Total	14,469,729	7,968,322
Assets carried at fair value		
Commodity derivatives for trading	107,192	155,226
Currency forwards for trading	91,719	105,324
Equity options for trading	6,100	-
Currency options for trading	-	859
Interest rate swaps	-	9
Other financial assets	1	1
Total	205,012	261,419
<i>Non-current</i>	1,239,865	1,219,185
<i>Current</i>	13,434,876	7,010,556
Total	14,674,741	8,229,741

Financial instruments and other financial liabilities

<i>In thousands of CZK</i>	30 September 2012	31 December 2011
Liabilities carried at amortised cost		
Issued bills of exchange at amortised costs	589,211	632,680
Total	589,211	632,680
Liabilities carried at fair value		
Interest rate swaps	45,650	71,590
Currency forwards	6,422	50,954
Commodity derivatives	-	14,244
Other financial liabilities	836	2,006
Currency options for trading	-	2,173
Total	52,908	140,967
<i>Non-current</i>	42,953	35,970
<i>Current</i>	599,166	737,677
Total	642,119	773,647

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

<i>In thousands of CZK</i>	30 September 2012 Nominal amount buy	30 September 2012 Nominal amount sell	30 September 2012 Fair value buy	30 September 2012 Fair value sell
Interest rate swaps (IRS)	1,856	(7,122)	-	(45,650)
Currency forwards	9,270,652	(9,173,875)	91,719	(6,422)
Equity options for trading	-	-	6,100	-
Commodity derivatives – futures/forwards	14,985,200	(14,934,302)	107,192	-
Total	24,257,708	(24,115,299)	205,011	(52,072)

<i>In thousands of CZK</i>	31 December 2011	31 December 2011	31 December 2011	31 December 2011
	Nominal amount buy	Nominal amount sell	Fair value buy	Fair value sell
Interest rate swaps (IRS)	20,361	(49,601)	9	(71,590)
Currency forwards	6,166,110	(6,824,457)	105,324	(50,954)
Currency options	395,100	(774,464)	859	(2,173)
Commodity derivatives – futures/forwards	14,021,894	(14,121,956)	155,226	(14,244)
Total	20,603,465	(21,770,478)	261,418	(138,961)

There were no transfers between fair value levels in either 2012 or 2011.

31. Trade payables and other liabilities

<i>In thousands of CZK</i>	30 September 2012	31 December 2011
Trade payables	4,916,785	4,101,320
Advance payments received	1,651,920	12,979,995
Estimated payables	369,435	331,866
Payroll liabilities	331,716	219,527
Other tax liabilities	290,571	370,797
Uninvoiced supplies	135,960	3,590
Accrued expenses	12,438	52,441
Lease liabilities	6,928	9,014
Retentions to contractors	3,650	6,839
Other liabilities	323,747	251,255
Total	8,043,150	18,326,644
<i>Non-current</i>	2,301,292	80,581
<i>Current</i>	5,741,858	18,246,063
	8,043,150	18,326,644

Trade payables and other liabilities have not been secured as at 30 September 2012, or as at 31 December 2011.

As at 30 September 2012 and 31 December 2011 no liabilities to social and health insurance or tax authorities were overdue.

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

32. Financial commitments and contingencies

<i>In thousands of CZK</i>	30 September 2012	31 December 2011
Granted pledges – securities	9,901,680	23,513,508
Guarantees given	-	2,698,166
Other contingent liabilities	9,638,618	9,254,588
Other guarantees given	399,335	2,272,313
Total	19,939,633	37,738,575

Guarantees mostly represent granted promises and warranties.

Other contingent liabilities relate to pledges used as collateral for loan financing.

Other commitments and contingencies

EPE's parent company, Energetický a průmyslový holding, a.s. ("EPH"), and a major energy company ("the Interested Party") are parties to the contractual arrangements on the basis of which they have agreed to make their best effort to agree on the potential sale of certain heating assets currently held by certain member of EPE group ("the Transaction"), provided that the specified conditions will be met, inter alia, that the terms and conditions of the transaction will be agreed between the parties and the transaction will be approved by the respective corporate bodies of each relevant entity. If the Transaction is not completed within the agreed period, EPH will make its best efforts to provide the Interested Party with a similar alternative asset ("the Alternative Transaction"). If neither the Alternative Transaction is completed by the extended deadline, EPH will pay to the Interested Party a compensation of approximately MCZK 200. As these transactions are subject to a confidentiality obligation, disclosure of more detailed information herein is prohibited.

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

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

33. Related parties

Identity of related parties

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

- (1) – Ultimate shareholders and companies they control
- (2) – Associates
- (3) – Other related parties

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

(a) The summary of outstanding balances with related parties as at 30 September 2012 and 31 December 2011 was as follows:

<i>In thousands of CZK</i>	Ref.	Accounts receivable and other financial assets 2012	Accounts payable and other financial liabilities 2012	Accounts receivable and other financial assets 2011	Accounts payable and other financial liabilities 2011
AC Sparta Praha fotbal, a.s.	1	5,616	2,308	3,841	2,992
Bea Development, a.s.	3	12	9	5	-
CE EQUITY PLUS LIMITED	1	-	-	-	39,000
EGEM, spol. s r.o.	1	1	-	-	7,243
Elektrizace železnic Praha a.s.	1	-	579	-	126
Energetický a průmyslový holding, a.s.	1	12,247,645	12,258,669	6,682,189	150,412
EP Investment Advisors, s.r.o	1	18,121	1,030	417	9,974
EŽC a.s.	1	-	-	-	120
J&T BANKA, a.s.	3	757,414	0	252,332	124,511
J&T BANKA, a.s. pobočka zahraničnej banky	3	46,061	-	124	-
J&T FINANCE GROUP, a.s.	3	-	-	-	602
J&T GLOBAL MANAGEMENT s.r.o.	3	-	22	-	-
J&T GLOBAL SERVICES LIMITED	3	-	-	-	62
J&T IB and Capital Markets, a.s.,	3	-	-	-	-
J&T Management, a.s.	3	429	48	-	137
JTG Services Anstalt	3	-	684	-	2,494
MSEM a.s.	1	-	12	-	64
PPF banka a.s.	3	897,201	-	344,364	-
PPF GATE a.s.	3	82	-	400	-
Pražská teplárenská Holding a.s.	2	97	-	72	9
PRVNÍ MOSTECKÁ a.s.	2	18,053	9,234	8,526	1,949
Przedsiębiorstwo Górnictwa Silesia	1	6,452	93	3,950	362
SEDILAS ENTERPRISES LIMITED	1	2	-	-	5,496
SERW, spol. s r.o.	1	-	5	-	134
VČE – montáže, a.s.	1	-	-	-	3,494
Total		13,997,186	12,272,693	7,296,220	349,181

(b) The summary of transactions with related parties during the period ended 30 September 2012 and 2011 was as follows:

<i>In thousands of CZK</i>	Ref.	Revenues	Expenses	Revenues	Expenses
		2012	2012	2011	2011
		(nine months)	(nine months)	(nine months)	(nine months)
AC Sparta Praha fotbal, a.s.	1	2,767	12,750	2,752	10,083
Bea Development, a.s.	3	-	70	-	139
EGEM s.r.o.	1	34	1,065	14	212
Elektrizace železnic Praha a.s.	1	5,897	-	3,370	-
Energetický a průmyslový holding, a.s.	1	248,784	323,545	8,620	10,139
EP Investment Advisors, s.r.o.	1	-	37,794	-	7,643
Greeninvest Energy, a.s.	2	-	-	21,295	-
J & T BANKA, a.s.	3	6,397	10,886	44	46
J & T BANKA, a.s. pobočka zahraničnej banky	3	15	6	42	19
J&T FINANCE GROUP, a.s.	3	-	96	-	1,890
J&T GLOBAL MANAGEMENT s.r.o.	3	-	50	-	-
J&T IB and Capital Markets, a. s.	3	112	-	-	-
J&T Management, a.s.	3	-	613	-	553
JTG Services Anstalt	3	-	145	-	95
MSEM a.s.	1	781	-	726	-
PPF banka a.s.	3	5,150	-	2,975	6
PPF GATE a.s.	3	3,831	-	3,280	-
Pražská teplárenská Holding a.s.	2	23,140	-	17,472	-
PRVNÍ MOSTECKÁ a.s.	2	221,133	1,346	243,542	1,312
Przedsiębiorstwo Górnictwo Silesia	1	21,262	-	6,027	-
SEDILAS ENTERPRISES LIMITED	1	-	108	63,307	67,617
SERW, spol. s r.o.	1	5,641	-	5,413	-
SOR Libchavy spol. s r.o.	1	13	-	2,875	-
Total		544,957	388,474	381,754	99,754

34. Group entities

The list of Group entities as at 30 September 2012 and 31 December 2011 is set out below:

		30 September 2012		31 December 2011		2012	2011
	Country of incorporation	Consolidated %	Ownership interest	Consolidated %	Ownership interest	Consolidation method	Consolidation method
EP Energy, a.s.	Czech Republic	100	Direct	100	Direct	Full	Full
AISE, s.r.o.	Czech Republic	80	Direct	80	Direct	Full	Full
Honor Invest, a.s.	Czech Republic	100	Direct	100	Direct	Full	Full
PT Holding Investment B.V.	Netherlands	100	Direct	100	Direct	Full	Full
Pražská teplárenská Holding a.s.	Czech Republic	49	Direct	49	Direct	Equity	Equity
Pražská teplárenská a.s.	Czech Republic	47.33	Direct	47.33	Direct	Full*	Prop.
Termonta Praha a.s.	Czech Republic	100	Direct	100	Direct	Full*	Prop.
Energotrans, a.s.	Czech Republic	-	-	100	Direct	-	Prop.
Energotrans SERVIS a.s.	Czech Republic	85	Direct	-	-	Full*	-
Tepló Neratovice spol. s r.o.	Czech Republic	100	Direct	100	Direct	Full*	Prop.
První energetická a.s.	Czech Republic	100	Direct	100	Direct	Full	Full
Czech Energy Holding, a.s.	Czech Republic	100	Direct	100	Direct	Full	Full
United Energy, a.s.	Czech Republic	100	Direct	100	Direct	Full	Full
United Energy Moldova, s.r.o.	Czech Republic	100	Direct	100	Direct	Full	Full
EKY III, a.s.	Czech Republic	100	Direct	100	Direct	Full	Full
United Energy Invest, a.s.	Czech Republic	100	Direct	100	Direct	Full	Full
EVO – Komořany, a.s.	Czech Republic	100	Direct	100	Direct	Full	Full
Severočeská teplárenská, a.s.	Czech Republic	100	Direct	100	Direct	Full	Full
PRVNÍ MOSTECKÁ a.s.	Czech Republic	47.06	Direct	47.06	Direct	Equity	Equity
PRVNÍ MOSTECKÁ Servis a.s.	Czech Republic	100	Direct	-	-	Equity	Equity
United Energy Coal Trading, a.s.	Czech Republic	100	Direct	100	Direct	Full	Full
UNITED ENERGY COAL TRADING POLSKA S.A.	Poland	100	Direct	-	-	Full	-
EP ENERGY TRADING, a.s. (former United Energy Trading, a.s.)	Czech Republic	100	Direct	100	Direct	Full	Full
COOP ENERGY, a.s.	Czech Republic	40	Direct	-	-	Equity	-
Plzeňská energetika a.s.	Czech Republic	100	Direct	100	Direct	Full	Full
EP Renewables a.s.	Czech Republic	100	Direct	100	Direct	Full	Full
Arisun, s.r.o.	Slovakia	100	Direct	100	Direct	Full	Full
Greeninvest Energy, a.s.	Czech Republic	41.70	Direct	41.70	Direct	Equity	Equity
ČKD Blansko Wind, a.s.	Czech Republic	100	Direct	100	Direct	Full	Full
POWERSUN a.s.	Czech Republic	100	Direct	100	Direct	Full	Full
Triskata, s.r.o.	Slovakia	100	Direct	100	Direct	Full	Full
MR TRUST s.r.o.	Czech Republic	0.50	Direct	0.50	Direct	Full	Full
VTE Pchery s.r.o.	Czech Republic	64	Direct	64	Direct	Full	Full
MR TRUST s.r.o.	Czech Republic	99.50	Direct	99.50	Direct	Full	Full
VTE Pastviny s.r.o.	Czech Republic	100	Direct	100	Direct	Full	Full
VTE Moldava, a.s.	Czech Republic	100	Direct	100	Direct	Full	Full
CHIFFON ENTERPRISES LIMITED	Cyprus	100	Direct	100	Direct	Full	Full
Claymore Equity, s.r.o.	Slovakia	80	Direct	80	Direct	Full	Full
Alternative Energy, s.r.o.	Slovakia	90	Direct	90	Direct	Full	Full
ROLLEON a.s.	Czech Republic	100	Direct	100	Direct	Full	Full
ENERGZET, a.s.	Czech Republic	100	Direct	100	Direct	Full	Full
HC Fin3 N.V.	Netherlands	100	Direct	100	Direct	Full	Full
EAST BOHEMIA ENERGY HOLDING LIMITED	Cyprus	100	Direct	100	Direct	Full	Full
EBEH Opatovice, a.s.	Czech Republic	100	Direct	100	Direct	Full	Full
Elektrárny Opatovice, a.s.	Czech Republic	100	Direct	100	Direct	Full	Full
Reatex a.s.	Czech Republic	100	Direct	100	Direct	Full	Full
EOP & HOKA s.r.o.	Czech Republic	99.79	Direct	99.79	Direct	Full	Full
V A H O s.r.o.	Czech Republic	100	Direct	100	Direct	Full	Full
NPTH, a.s.	Czech Republic	100	Direct	100	Direct	Full	Full
Pražská teplárenská a.s.	Czech Republic	50.07	Direct	50.07	Direct	Full*	Prop.

Notes to the condensed consolidated interim financial statements of EP Energy, a.s. for the nine-month period ended 30 September 2012

		30 September 2012		31 December 2011		2012	2011
Termonta Praha a.s.	Czech Republic	100	Direct	100	Direct	Full*	Prop.
Energotrans, a.s.	Czech Republic	-	-	100	Direct	-	Prop.
Energotrans SERVIS a.s.	Czech Republic	85	Direct	-	-	Full*	-
Teplo Neratovice spol. s r.o.	Czech Republic	100	Direct	100	Direct	Full*	Prop.
LIGNITE INVESTMENTS 1 LIMITED	Cyprus	100	Direct	100	Direct	Full	Full
JTSD Braunkohlebergbau GmbH Mitteldeutsche Braunkohlen Gesellschaft GmbH	Germany	100	Direct	50	Direct	Full*	Prop.
Montan Bildungs- und Entwicklungsgesellschaft mbH	Germany	100	Direct	100	Direct	Full*	Prop.
GALA-MIBRAG-Service GmbH	Germany	100	Direct	100	Direct	Full*	Prop.
Mitteldeutsche Umwelt- und Entsorgung GmbH	Germany	50	Direct	50	Direct	Equity	Equity
Fernwärme GmbH Hohenmölsen – Webau	Germany	48.96	Direct	48.96	Direct	Equity	Equity
Ingenieurbüro für Grundwasser GmbH	Germany	25	Direct	25	Direct	Equity	Equity
MIBRAG Neue Energie GmbH	Germany	100	Direct	100	Direct	Full*	Prop.
EP Germany GmbH	Germany	100	Direct	-	-	Full	-
Saale Energie GmbH	Germany	100	Direct	-	-	Full	-
Kraftwerk Schkopau GbR	Germany	41.9	Direct	-	-	Equity	-
Kraftwerk Schkopau Betriebsgesellschaft mbH	Germany	44.4	Direct	-	-	Equity	-

*Full consolidation method has been applied since 29 June 2012 when the EPE Group obtained control over the entities.

Prop. = proportional

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

Transactions with Members of the EPE Board

EPE has provided the following monetary and non-monetary remuneration to the members of Board of Directors of the Company for the financial periods ended 30 September 2012 and 30 September 2011:

	<u>2012</u>	<u>2011</u>
Total remuneration	<u>32,000</u>	<u>-</u>

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

35. Litigations and claims

Energetický a průmyslový holding, a.s. and EP Investment Advisors, s.r.o.

In May 2010, the European Commission initiated formal proceedings against EPH (EPE's parent company) and EPH's related company EP Investment Advisors, s.r.o. for potential breach of their procedural obligations during the on-site inspection in November 2009. As a result of the proceeding, on 28 March 2012 the European Commission decided to impose a fine amounting to EUR 2.5 million. EPH and EP Investment Advisors, s.r.o. are jointly and severally liable for the fine; adequate provisions were recorded at both companies as at 31 December 2011.

On 12 June 2012 Energetický a průmyslový holding, a.s. filed an appeal against the European Commission's decision to the General Court of the European Union (previously known as the European Court of First Instance). Prior to discussing the matter, the General Court set a time-limit by which the European Commission should express an opinion on the Company's appeal, i.e. by 1 October 2012. The parties submitted their replies to the General Court and are awaiting oral hearing to be called by the court.

Elektrárny Opatovice, a.s.

In addition, on 7 June 2012 Czech Coal a.s. attempted to terminate the long-term contract for the supplies of coal to Elektrárny Opatovice, a.s. for allegedly outstanding fractional amount of approximately CZK 19.5 million. This amount corresponds to VAT requested by Czech Coal a.s. on the amount of a price adjustment for 2009 and 2010, claimed by Czech Coal a.s. in September 2011, which was disputed by Elektrárny Opatovice, a.s., but paid with reservation, exercising caution in order to avoid losses. According to internal calculations which were carried out in line with the established practice that has been applied over the validity of the contract, the claims raised by Czech Coal were unfounded and the price adjustment should have amounted to zero. For prudential reasons, also the amount of claimed VAT was paid on 7 June 2012. The Company's management took subsequently appropriate legal measures. As a result on 27 November 2012 the Regional Court in Ústí nad Labem delivered an interim injunction ordering Czech Coal to supply brown coal to Elektrárny Opatovice, a.s. to the full extent under the contract in place throughout 2013.

Except for the matters described above, there were neither significant changes nor new significant litigations in the period ended 30 September 2012 except for those described in the consolidated financial statements of the Group as at and for the year ended 31 December 2011.

36. Subsequent events

As at the date of preparation of these condensed consolidated interim financial statements, the EPE Group is in the negotiating process relating to obtaining control of PRVNÍ MOSTECKÁ a.s. (currently an associate).

On October 31, the Company issued €500 million 5.875% senior secured notes due 2019. The notes are secured by guarantees of certain subsidiaries and benefit from other security over the assets of the Group. The notes were rated BBB- by Fitch, while the Company obtained corporate rating BB+ from the same rating agency.

The security package securing the notes will be shared on a pari passu basis with the senior lenders under the €1 billion senior facilities agreement. The commitments under the senior facilities were decreased by the proceeds of the notes issuance.

Except for the matters described above, the Company's management is not aware of any other material subsequent events that could have an effect on the condensed consolidated interim financial statements for the period ended 30 September 2012.

Appendices:

Appendix 1 – Business combination

Appendix 2 – Condensed consolidated interim statement of profit and loss for the three-month period ended 30 September 2012

Appendix 3 – Condensed consolidated statement of cash flows for the three-month period ended 30 September 2012

Date: 20 December 2012	Signature of the authorised representative  Jan Špringl Member of the Board of Directors  Pavel Horský Member of the Board of Directors
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Appendix 1 – Business combinations

The following tables provide further information on the amounts recognised for assets acquired and liabilities assumed as at the acquisition date for individually significant business combinations through step acquisition.

Effect of acquisitions

30 September 2012

JTSD Braunkohlebergbau GmbH including its subsidiaries and associates

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

<i>In thousands of CZK</i>	Carrying amount	Fair value adjustment	30 September 2012 Total
Property, plant, equipment, land, buildings	16,028,716	4,668,731	20,697,447
Intangible assets	337,527	(25,050)	312,477
Participations with significant influence	632,484	162,359	794,843
Inventories	220,469	-	220,469
Trade receivables and other assets	1,168,353	-	1,168,353
Financial instruments – assets	184,225	-	184,225
Cash and cash equivalents	1,855,830	-	1,855,830
Provisions	(6,234,789)	(1,486,981)	(7,721,770)
Deferred tax liabilities	(252,425)	(700,212)	(952,637)
Loans and borrowings	(8,199,651)	-	(8,199,651)
Trade payables and other liabilities	(1,344,983)	(562,749)	(1,907,732)
Net identifiable assets and liabilities	4,395,756	2,056,098	6,451,854
Non-controlling interest			-
Goodwill on acquisition of new subsidiaries			-
Negative goodwill on acquisition of new subsidiaries			(2,539,688)
Pricing differences in equity			-
Cost of acquisition			3,912,166
Consideration paid, satisfied in cash (A)			686,239
Consideration, other			3,225,927
Consideration, contingent			-
New shares issued			-
Total consideration transferred			3,912,166
Less: Cash acquired (B)			1,855,830
Net cash inflow (outflow) (C) = (B – A)			1,169,591

Pražská teplárenská a.s.

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

<i>In thousands of CZK</i>	Carrying amount	Fair value adjustment	30 September 2012 Total
Property, plant, equipment, land, buildings	9,625,133	1,280,272	10,905,405
Intangible assets	177,643	85,096	262,739
Inventories	170,218	-	170,218
Trade receivables and other assets	2,380,313	-	2,380,313
Financial instruments – assets	11,197,310	-	11,197,310
Assets held for sale, net	163,675	64,249	227,924
Cash and cash equivalents	8,088,706	-	8,088,706
Provisions	(71,515)	-	(71,515)
Deferred tax liabilities	(1,074,499)	(277,416)	(1,351,915)
Trade payables and other liabilities	(5,697,220)	30,471	(5,666,749)
Net identifiable assets and liabilities	24,959,764	1,182,672	26,142,436
Non-controlling interest			(7,164,890)
Goodwill on acquisition of new subsidiaries			-
Negative goodwill on acquisition of new subsidiaries			-
Pricing differences in equity			-
Cost of acquisition			18,977,546
Consideration paid, satisfied in cash (A)			-
Consideration, other			18,977,546
Consideration, contingent			-
New shares issued			-
Total consideration transferred			18,977,546
Less: Cash acquired (B)			8,088,706
Net cash inflow (outflow) (C) = (B – A)			8,088,706

EP Germany GmbH including its subsidiaries and joint-ventures

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

<i>In thousands of CZK</i>	Carrying amount	Fair value adjustment	30 September 2012 Total
Property, plant, equipment, land, buildings	229	-	229
Intangible assets	-	2,085,482	2,085,482
Participations with significant influence	2,054,482	701,285	2,755,767
Inventories	11,506	-	11,506
Trade receivables and other assets	356,949	-	356,949
Financial instruments – assets	1,071,598	-	1,071,598
Cash and cash equivalents	270,839	-	270,839
Provisions	(1,360)	-	(1,360)
Deferred tax liabilities	-	(811,782)	(811,782)
Loans and borrowings	(3,020,015)	-	(3,020,015)
Trade payables and other liabilities	(744,858)	-	(774,858)
Net identifiable assets and liabilities	(630)	1,974,985	1,974,355
Non-controlling interest			-
Goodwill on acquisition of subsidiaries			-
Negative goodwill on acquisition of subsidiaries			(395,712)
Pricing differences in equity			-
Cost of acquisition			1,578,643
Consideration paid, satisfied in cash (A)			2,301,151
Consideration, other			1,281,063
Total consideration transferred			3,582,214
Less: Cash acquired (B)			270,839
Net cash inflow (outflow) (C) = (B – A)			(2,030,312)

Appendix 2 - Condensed consolidated interim statement of profit and loss for the three-month period ended 30 September 2012

The following tables provide statement of profit and loss for three-month period ended 30 September 2012 and 30 September 2011 and statement of cash flow for three-month period ended 30 September 2012 and 30 September 2011.

Condensed consolidated interim statement of profit and loss

For the three-month period ended 30 September 2012

In thousands of CZK ("TCZK")

	30 September 2012 (three months)	30 September 2011 (three months)
Sales: Energy	9,020,540	6,990,770
of which: Electricity	5,672,441	4,876,562
Heat	592,835	417,580
Coal	2,232,301	913,157
Gas	508,297	707,857
Other energy products	14,666	75,614
Sales: Other	525,460	312,794
Total sales	9,546,000	7,303,564
Cost of sales: Energy	(5,400,360)	(5,134,816)
Cost of sales: Other	(501,049)	(157,578)
Cost of sales	(5,901,409)	(5,292,394)
Gross profit	3,644,591	2,011,170
Personnel expenses	(1,087,611)	(632,940)
Depreciation and amortisation	(1,567,406)	(942,900)
Repairs and maintenance	(199,598)	(145,835)
Emission rights, net	(82,249)	(52,454)
Negative goodwill	395,712	369
Taxes and charges	(108,927)	(154,583)
Other operating income	263,295	132,111
Other operating expenses	(708,952)	(360,288)
Profit/(loss) from operations	548,854	(145,350)
Finance income	117,599	13,905
Finance expense	(597,363)	(510,049)
Profit/(loss) from financial instruments	(40,773)	(23,821)
Net finance expense	(520,536)	(519,965)
Share of profit of equity accounted investees, net of tax	12,513	(5,638)
Gain/(loss) on disposal of subsidiaries, special purpose entities, joint-ventures and associates	(30,006)	-
Profit/(loss) before income tax	10,825	(670,954)
Income tax expenses	17,373	106,509
Profit/(loss) from continuing operations	28,198	(564,445)
Profit/(loss) for the period	28,198	(564,445)

Appendix 3 - Condensed consolidated statement of cash flows for the three-month period ended 30 September 2012

Condensed consolidated interim statement of cash flows

For the three-month period ended 30 September 2012

In thousands of CZK ("TCZK")

	30 September 2012 (three months)	30 September 2011 (three months)
OPERATING ACTIVITIES		
Profit/(loss) for the period	28,198	(564,445)
<i>Adjustments for:</i>		
Income taxes	(17,373)	(106,509)
Depreciation and amortisation	1,567,406	942,900
Dividend income	22,627	-
Impairment losses on property, plant and equipment and intangible assets	11,256	149
Gain on disposal of property, plant and equipment, investment property and intangible assets, net	6,316	49,106
Gain on disposal of material, net	2,741	11,731
Emission rights	82,249	52,454
Gain on disposal of subsidiaries, special purpose entities, joint-ventures, associates and non-controlling interests	30,006	-
Share of profit of equity accounted investees	(12,513)	3,020
Gain/loss on financial instruments	40,773	23,821
Net interest expense	277,559	304,198
Change in allowance for impairment to trade receivables and other assets, write-offs	(42,857)	164,917
Change in provisions	64,640	158,163
Negative goodwill	(395,712)	(369)
Unrealised foreign exchange gains/losses, net	(242,408)	59,680
Operating profit before changes in working capital	1,422,909	1,098,815
Change in financial instruments in other than fair value	(968,844)	(589,295)
Change in trade receivables and other assets	1,722,277	(248,529)
Change in inventories (including proceeds from sale)	(142,195)	(27,403)
Change in extracted minerals and mineral products	(2,875)	-
Change in trade payables and other liabilities	(3,139,449)	973,393
Change in assets held for sale and related liabilities	6,957	(798,618)
Cash generated from (used in) operations	(1,101,221)	408,362
Interest paid	(624,443)	(207,933)
Income taxes paid	(110,443)	1,038,354
Cash flows generated from (used in) operating activities	(1,836,107)	1,238,783

Condensed consolidated interim statement of cash flows (continued)

For three-month period ended 30 September 2012

In thousands of CZK ("TCZK")

	30 September 2012 (three months)	30 September 2011 (three months)
INVESTING ACTIVITIES		
Proceeds from sale of financial instruments – derivatives	216,911	(39,299)
Acquisition of property, plant and equipment, investment property and intangible assets	(1,183,992)	(944,769)
Purchase of emission rights	33,224	-
Proceeds from sale of emission rights	211,732	17,381
Proceeds from sale of property, plant and equipment, investment property and other intangible assets	(13,291)	(31,328)
Proceeds from sale of inventories	2,668	3,867
Acquisition of subsidiaries and special purpose entities, net of cash acquired	333,689	-
Net cash inflow from disposal of subsidiaries and special purpose entities	0	-
Interest received	19,527	81,241
Cash flows from (used in) investing activities	(379,531)	(912,907)
FINANCING ACTIVITIES		
Proceeds from issue of share capital	-	-
Change in deposits and loans	(3,842,260)	(1,598,933)
Payment of finance lease liabilities	(827)	-
Dividends paid	-	598
Cash flows from (used in) financing activities	(3,843,087)	(1,598,335)
<i>Net increase (decrease) in cash and cash equivalents</i>	<i>(6,058,725)</i>	<i>(1,272,459)</i>
Cash and cash equivalents at beginning of the period	11,499,277	2,904,039
Effect of exchange rate fluctuations on cash held	(10,092)	(384)
Cash and cash equivalents at end of the period	5,430,460	1,631,196