

Report on the first quarter of the year 2014 for CE Energy, a.s.

- ✓ Consolidated EBITDA reached EUR 131¹ million, consolidated pro forma adjusted EBITDA for last twelve months EUR 392¹ million and consolidated net debt amounted to EUR 1,634¹ million
- ✓ CE Energy, a.s. issued senior notes of EUR 500 million due in 2021

CE Energy, a.s. (also "Company" or "CE Energy" or "Group" or "CEE" or "CEE Group") is a vertically integrated energy utility that includes 68 companies. In January 2014 CE Energy acquired a 100% share in EP Energy, a.s. (also "EP Energy" or "EPE" or "EPE Group"), which was the leading heat supplier in the Czech Republic, the second largest power generator in the Czech Republic and the third largest mining company in Germany in 2013. The Group benefits from relatively low exposure to market developments, as a significant majority of EBITDA is generated by regulated assets or assets with long term off take contracts. The Group's key operations are located in the Czech Republic, Germany and the Slovak Republic.

¹ Stredoslovenská energetika (also "SSE") included on a proportionate basis

KEY FIGURES AT A GLANCE

Consolidated financial results in EUR millions

	1Q 2013 ¹	1Q 2014
Total sales	548.3	647.3
EBITDA ²	135.7	147.9
EBITDA incl. SSE on a proportionate basis ³	135.7	130.7
Pro forma Adjusted EBITDA (last twelve months) ⁴		446.1
Pro forma Adjusted EBITDA incl. SSE on a proportionate basis (last twelve months) ⁵		391.9
Total net debt ⁶		1,635.5
Total net debt incl. SSE on a proportionate basis ⁷		1,633.5
Indicative pro forma net leverage (incl. SSE on a prop. basis)		4.17x
Profit from operations	76.3	78.2
Profit before tax	58.7	67.0
Net profit attributable to CEE	55.5	39.6
Total assets		4,495.5
CAPEX ⁸	8.6	16.3

Physical units (CEE excluding SSE)

	1Q 2013	1Q 2014
Coal production Mt	5.0	5.6
Installed <i>cogeneration</i> Capacity ⁹ MW _e	500	500
Installed <i>condensation</i> Capacity ⁹ .. MW _e	360	750 ¹¹
Installed heat capacity ⁹ MW _{th}	4,106	3,933
Heat supplied ^{9,10} TJ ¹²	8,544	6,647
Power produced ⁹ GWh	912	1,545
Power traded ⁹ GWh	4,441	3,788
Power supplied ⁹ GWh	530	517
Natural gas supplied ⁹ GWh	798	1,014
Saale Energie MW _e	400	400

Physical units SSE

	1Q 2013	1Q 2014
Power distributed GWh	1,674	1,605
Power traded GWh	1,413	1,559
Power supplied GWh	1,272	1,192
Natural gas supplied GWh	35	79
Power produced GWh	3.5	3.6
Installed capacity MW _e	62.3	62.3

(1) Operations of CEE for the first quarter 2013 are represented by consolidated results of the EPE Group.

(2) EBITDA represents profit from operations plus depreciation of property, plant and equipment and amortization of intangible assets minus negative goodwill (if applicable) with the SSE EBITDA included

on a fully consolidated basis (i.e. EUR 33.8 million). The EBITDA included in this report does not represent the term EBITDA as may be defined by any documentation for any financial liabilities of the CEE Group. For further discussion over the CEE Group performance refer to the following pages and to a Report for the first quarter of the year 2014 for EP Energy, a.s.

(3) EBITDA incl. SSE on a proportionate basis represents profit from operations plus depreciation of property, plant and equipment and amortization of intangible assets minus negative goodwill (if applicable) with the SSE EBITDA included on the proportionate 49% basis (i.e. EUR 16.5 million). The EBITDA incl. SSE on a proportionate basis included in this report does not represent the term EBITDA as may be defined by any documentation for any financial liabilities of the CEE Group. For further discussion over the CEE Group performance refer to the following pages and to a Report for the first quarter of the year 2014 for EP Energy, a.s.

(4) Pro forma Adjusted EBITDA (last twelve months) represents pro forma profit from operations plus pro forma depreciation of property, plant and equipment and pro forma amortization of intangible assets minus pro forma negative goodwill (if applicable) with the SSE EBITDA included on a fully consolidated basis, further adjusted to exclude effect of certain transactions (all for the twelve-month period ended March 31, 2014):

(a) the items related to Saale Energie, which lead to an EUR 8.8 million decrease to EBITDA in the twelve-month period ended March 31, 2014, which, due to the accounting treatment of the specific contractual arrangement with Schkopau (an associate of Saale Energie), are charged to operating costs of Saale Energie but relate to entries that would otherwise not be included in EBITDA.

(b) the impact of capitalisation of overburden accounted for in MIBRAG, which lead to an EUR 21.5 million increase to EBITDA for the twelve-month period ended March 31, 2014.

(c) the impact of non-cash goodwill impairment losses of Renewables segment, which lead to an EUR 8.6 million decrease to EBITDA in the twelve-month period ended March 31, 2014.

To derive Pro forma Adjusted EBITDA for the period from April 1, 2013 to March 31, 2014, CEE utilized IFRS consolidated statement of comprehensive income of EP Energy, a.s. for the year ended December 31, 2013 (EBITDA of EUR 383.5 million), IFRS condensed consolidated interim statement of comprehensive income of CE Energy, a.s. for the three-month period ended March 31, 2014 (EBITDA of EUR 147.9 million) and IFRS condensed consolidated interim statement of comprehensive income of EP Energy, a.s. for the three-month period ended March 31, 2013 (EBITDA of 135.7 million) as comparatives. The historical financial information of the CEE Group have been further adjusted to reflect a consolidation of a 49% share (associated with a management control) in Stredoslovenská energetika, a.s. (also "SSE") and its subsidiaries using the full method of consolidation including related changes in financing as if the SSE Group was acquired effectively on January 1, 2013. For information purposes only, the share of 51% non-controlling interest of Stredoslovenská energetika, a.s. and its subsidiaries on the Pro forma Adjusted EBITDA amounted to EUR 54.2 million in the twelve-month period ended March 31, 2014 (of which EUR 26.4 million relates to the period from December 1, 2013 to March 31, 2014 and EUR 27.8 million relates to the period from April 1, 2013 to November 30, 2013).

The Pro forma Adjusted EBITDA included in this report does not represent the term EBITDA as may be defined by any documentation for any financial liabilities of the CEE Group. For further discussion over the CEE Group performance refer the Report for the first quarter of the year 2014 for EP Energy, a.s.

(5) Pro forma Adjusted EBITDA incl. SSE on a proportionate basis (last twelve months) represents Pro forma Adjusted EBITDA (last twelve months) further adjusted to exclude a non-controlling interest of 51% of SSE EBITDA (i.e. EUR 54.2 million).

The Pro forma Adjusted EBITDA incl. SSE on a proportionate basis included in this report does not represent the term EBITDA as may be defined by any documentation for any financial liabilities of the CEE Group. For further discussion over the CEE Group performance refer the Report for the first quarter of the year 2014 for EP Energy, a.s.

(6) Total net debt balance is based on the consolidated financial statements of CEE (Total Loans and borrowings plus Total Financial instruments and financial liabilities less Cash and cash equivalents), but excludes the liabilities towards Pražská teplárenská Holding a.s. (also "PTH") of EUR 141.2 million and the subordinated loans and borrowings to Energetický a průmyslový holding, a.s. (also "EPH") of EUR 1,251.1 million. For information purposes only, a portion of net debt totalling EUR 2.0 million as of March 31, 2014 belongs to a minority shareholder of Stredoslovenská energetika, a.s. The Total net debt included in this report does not represent the term Indebtedness as may be defined by any documentation for any financial liabilities of the CEE or EPE Group.

(7) Total net debt incl. SSE on a proportionate basis is represented by the Total net debt as defined above less a portion of net debt totalling EUR 2.0 million belonging to a minority shareholder of Stredoslovenská energetika, a.s. The Total net debt incl. SSE on a proportionate basis included in this report does not represent the term Indebtedness as may be defined by any documentation for any financial liabilities of the CEE or EPE Group.

(8) Excluding emission allowances

(9) The operating data is based on the results of the respective entities on a 100% basis for the full period, regardless of the date when each entity joined the CEE Group or the ownership share of the CEE Group in each entity. Nevertheless, operating data for Energotrans, MIBRAG and Saale Energie are excluded. The data for HSR is included in the 1Q 2014 figures.

(10) Represented by Elektrárny Opatovice, a.s. (also "EOP"), Severočeská teplárenská, a.s. (also "ST"), Plzeňská energetika a.s. (also "PE") and Pražská teplárenská a.s. (also "PT")

(11) Installed condensation capacity in the first quarter 2014 includes additional 390 MW_e related to Helmstedter Revier GmbH as compared to 360 MW_e for EOP, PE, PT and United Energy in the first quarter 2013.

(12) 1 TJ = 0,2778 GWh

For additional information please also refer to the Report on the first quarter of the year 2014 for EP Energy, a.s. which forms a part of the complete set of this report.

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Attachments:

EP Energy, a.s. - Unaudited condensed consolidated interim financial statements as of and for the three-month period ended March 31, 2014 are presented in a separate file as an attachment to this report

EP Energy, a.s. – Report for the first quarter of the year 2014 for EP Energy, a.s. is presented in a separate file as an attachment to this report

Dear investors and partners,

Please allow us to submit the first presentation of the CEE Group's quarterly results for the three-month period ended March 31, 2014.

CE Energy was formed on December 6, 2013 as a 100% subsidiary of Energetický a průmyslový holding. Subsequently, in January 2014, CE Energy acquired all of the outstanding shares of EP Energy from Energetický a průmyslový holding and in February 2014, CE Energy issued Senior Notes in the amount of EUR 500 million due in 2021. The 2021 Notes are secured by a pledge of 100% of the capital stock of CE Energy and by a pledge of 50% minus one share of the capital stock of EP Energy. Proceeds from the 2021 Notes were used for repayments of an existing bank loan at CE Energy and for an upstream loan to Energetický a průmyslový holding.

From financial performance perspective, CE Energy's Q1 2014 IFRS EBITDA reached EUR 148 million, which in comparison to Q1 2013, increased by approximately 9%.

Our business operations, particularly in Power and Heat segment, were influenced by a warm winter in Q1 2014. The Pro forma adjusted EBITDA for the twelve-month period ended March 31, 2014, reflecting proportionate consolidation of SSE and consolidation of HSR for 1Q 2014 only reached EUR 392 million. The last twelve months' results on the pro forma basis declined as compared to the same financial indicator for the year ended December 31, 2013. As mentioned before, the primary reason was a very warm winter. The average daily temperatures in the first three months of 2014 reached approximately 4.5°C compared to 0°C in the first quarter of 2013. The day-degrees (metrics comparing the indoor-to-outdoor temperature difference, the primary determinant of space heating needs) Q1/2014-to-Q1/2013 were 21% lower. Thanks to decoupled capacity-energy pricing the impact of the temperatures was below-proportional. Further, another two factors influenced the Q1 EBITDA: results of Stredoslovenská energetika were adversely impacted by the time-shifted reimbursement of regulatory charges relating to green energy fees payable to renewable energy producers in the central Slovakia region. Finally, foreign exchange rate intervention executed by the Czech National Bank in November 2013 resulting in EUR/CZK spot rate deterioration by approximately 7% leads to lower translation of operating results denominated in CZK to EUR denominated EBITDA figures. However, following the Czech National Bank's statements, we believe, that the foreign exchange rate change is temporary and should be reversing in future.

In January 2014, we successfully started fuel deliveries from MIBRAG to our Heat and Power facilities, namely Buschhaus, Elektrárny Opatovice and United Energy. The increased utilization of MIBRAG's capacity positively contributes to operational results of the Group and further strengthens vertically integration of CE Energy, a.s.

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

Sincerely yours,



Pavel Horský
Member of the Board

Financial condition and results of operations of the CEE Group as of and for the three-month period ended March 31, 2014

Condensed consolidated interim statement of comprehensive income

For the three-month period ended March 31, 2014

In thousands of EUR ("TEUR")

	31 March 2014 (three months) (unaudited)	31 March 2013 (three months) ¹ (unaudited)
Sales: Energy	618,406	526,251
<i>of which: Electricity</i>	<i>359,788</i>	<i>237,960</i>
Heat	106,772	136,069
Coal	79,988	81,000
Gas	71,799	71,222
Other energy products	59	-
Sales: Other	28,891	22,059
Total sales	647,297	548,310
Cost of sales: Energy	(389,554)	(324,038)
Cost of sales: Other	(13,499)	(5,984)
Total cost of sales	(403,053)	(330,022)
	244,244	218,288
Personnel expenses	(58,966)	(44,235)
Depreciation and amortisation	(69,657)	(61,600)
Repairs and maintenance	(2,947)	(4,263)
Emission rights, net	(7,195)	(9,934)
Negative goodwill	-	2,176
Taxes and charges	(2,902)	(2,777)
Other operating income	12,609	6,463
Other operating expenses	(36,985)	(27,808)
Profit (loss) from operations	78,201	76,310
Finance income	17,674	7,275
Finance expense	(32,123)	(20,377)
Profit (loss) from derivative financial instruments	3,346	(3,794)
Net finance income (expense)	(11,103)	(16,896)
Share of profit (loss) of equity accounted investees, net of tax	(74)	(668)
Profit (loss) before income tax	67,024	58,746
Income tax revenues (expenses)	(14,129)	4,028
Profit (loss) for the period	52,895	62,774
Items that are or may be reclassified subsequently to profit or loss:		
Foreign currency translation differences for foreign operations	538	3,337
Foreign currency translation differences for presentation currency	(5,469)	(25,076)
Effective portion of changes in fair value of cash flow hedges, net of tax	(2,405)	(39)
Other comprehensive income for the period, net of tax	(7,336)	(21,778)
Total comprehensive income for the period	45,559	40,996
Profit (loss) attributable to:		
Owners of the Company	39,588	55,460
Non-controlling interest	13,307	7,314
Profit (loss) for the period	52,895	62,774
Total comprehensive income attributable to:		
Owners of the Company	32,033	34,759
Non-controlling interest	13,526	6,237
Total comprehensive income for the period	45,559	40,996

(1) Condensed consolidated interim statement of comprehensive income of EP Energy for the three-month period ended March 31, 2013

Condensed consolidated interim statement of financial position

As of March 31, 2014

In thousands of EUR ("TEUR")

	31 March 2014 (unaudited)	31 December 2013 ¹ (unaudited)
Assets		
Property, plant and equipment	2,383,081	2,433,472
Intangible assets	196,244	186,685
Goodwill	92,498	92,545
Investment property	324	324
Participations with significant influence	258,036	260,800
Financial instruments and other financial assets	273,757	274,359
<i>of which receivables from the parent company</i>	265,279	261,284
Trade receivables and other assets	18,572	29,380
Deferred tax assets	8,444	8,014
Total non-current assets	3,230,956	3,285,579
Inventories	67,324	69,992
Extracted minerals and mineral products	7,292	6,136
Trade receivables and other assets	334,557	318,290
Financial instruments and other financial assets	527,565	516,842
<i>of which receivables from the parent company</i>	471,818	467,104
Prepayments and other deferrals	5,784	3,345
Tax receivables	17,578	13,406
Cash and cash equivalents	304,361	288,321
Assets/disposal groups held for sale	47	49
Total current assets	1,264,508	1,216,381
Total assets	4,495,464	4,501,960
Equity		
Share capital	78	78
Reserves	(978,168)	529,657
Retained earnings	485,022	445,433
Total equity attributable to equity holders	(493,068)	975,168
Non-controlling interest	493,712	480,186
Total equity	644	1,455,354
Liabilities		
Loans and borrowings	3,268,483	1,513,784
<i>of which owed to the parent company</i>	1,251,136	-
Financial instruments and other financial liabilities	1,793	1,649
Provisions	335,619	339,219
Deferred tax liabilities	259,185	269,463
Trade payables and other liabilities	73,523	76,679
Total non-current liabilities	3,938,603	2,200,794
Trade payables and other liabilities	331,011	384,094
Loans and borrowings	54,416	312,491
<i>of which owed to the parent company</i>	2,330	2,287
Financial instruments and other financial liabilities	7,467	5,587
Provisions	96,194	93,726
Deferred income	55,790	42,022
Current income tax liability	11,339	7,892
Total current liabilities	556,217	845,812
Total liabilities	4,494,820	3,046,606
Total equity and liabilities	4,495,464	4,501,960

(1) Consolidated statement of financial position of CE Energy as of December 31, 2013

Condensed consolidated interim statement of cash flows

For the three-month period ended March 31, 2014

In thousands of EUR ("TEUR")

	31 March 2014 (three months) (unaudited)	31 March 2013 (three months) ¹ (unaudited)
OPERATING ACTIVITIES		
Profit (loss) for the period	52,895	62,774
<i>Adjustments for:</i>		
Income taxes	14,129	(4,028)
Depreciation and amortisation	69,657	61,600
Impairment losses on property, plant and equipment and intangible assets	-	196
(Gain)/loss on disposal of property, plant and equipment, investment property and intangible assets	513	(704)
Emission rights	7,195	9,934
Share of (profit)/loss of equity accounted investees	74	668
(Gain)/loss on financial instruments	(3,346)	3,794
Net interest expense	16,237	10,365
Change in allowance for impairment to trade receivables and other assets, write-offs	1,164	1,095
Change in provisions	(9,700)	28,747
Negative goodwill	-	(2,176)
Unrealised foreign exchange (gains)/losses, net	(5,900)	(9,992)
Operating profit (loss) before changes in working capital	142,918	162,273
Change in financial instruments at other than fair value	11,742	(162,038)
Change in trade receivables and other assets	(12,453)	(30,976)
Change in inventories (including proceeds from sale)	2,667	(1,017)
Change in extracted minerals and mineral products	(1,156)	196
Change in assets held for sale and related liabilities	-	(196)
Change in trade payables and other liabilities	(49,260)	(31,133)
Cash generated from (used in) operations	94,458	(62,891)
Interest paid	(2,127)	(19,947)
Income taxes paid	(21,511)	(7,979)
Cash flows generated from (used in) operating activities	70,820	(90,817)
INVESTING ACTIVITIES		
Proceeds from sale of financial instruments – derivatives	(3,754)	5,319
Acquisition of property, plant and equipment, investment property and other intangible assets	(16,274)	(8,565)
Purchase of emission rights	(7,543)	(5,828)
Proceeds from sale of emission rights	1,016	5,436
Proceeds from sale of property, plant and equipment, investment property and other intangible assets	1,173	1,721
Interest received	100	235
Cash flows from (used in) investing activities	(25,282)	(1,682)
FINANCING ACTIVITIES		
Proceeds from loans received	58	397,333
Repayments of borrowings	(521,651)	(344,454)
Proceeds from bonds issued	492,203	18,734
Cash flows from (used in) financing activities	(29,390)	71,613
<i>Net increase (decrease) in cash and cash equivalents</i>	<i>16,148</i>	<i>(20,886)</i>
Cash and cash equivalents at beginning of the period	288,321	325,099
Effect of exchange rate fluctuations on cash held	(108)	(4,077)
Cash and cash equivalents at end of the period	304,361	300,136

(1) Condensed consolidated interim statement of cash flows of EP Energy for the three-month period ended March 31, 2013

Description of material differences in the financial condition and results of operations between CE Energy and EP Energy (both on a fully consolidated basis)

For information purposes, on December 30, 2013, CE Energy drew a bank loan of EUR 269.6 million and provided funds of EUR 261.3 million to Energetický a průmyslový holding.

On January 24, 2014, CE Energy acquired all of the outstanding shares of EP Energy from Energetický a průmyslový holding for EUR 1,500.3 million and recognized a subordinated intercompany loan of the same amount.

On January 30, 2014, EP Energy provided a loan of EUR 60.0 million to CE Energy.

On January 30, 2014, CE Energy made a repayment of the bank loan of EUR 45.9 million.

On February 7, 2014, CE Energy issued Senior Notes due in 2021 (the "2021 Notes") of EUR 500.0 million, pursuant to an intercreditor agreement. The 2021 Notes bear interest at 7.000% per annum, payable semi-annually on each 1 February and August 1, beginning on 1 August 2014. The intercompany loans to Energetický a průmyslový holding are subordinated to the 2021 Notes.

The 2021 Notes are secured by a pledge of 100% of the capital stock of CE Energy and by a pledge of 50% minus one share of the capital stock of EP Energy. The indenture pursuant to which the 2021 Notes were issued contains a number of restrictive covenants, including limitations on the ability of subsidiaries to upstream payments to CE Energy, the incurrence of indebtedness, restricted payments, transactions with affiliates, liens and sales of assets.

On February 7, 2014, proceeds from the 2021 Notes less upfront fee were used for a repayment of a remaining balance of the bank loan amounting to EUR 223.8 million and for a repayment of a part of the intercompany loans totalling EUR 250.5 million.

For additional information on Economy and Market development, Reporting and Management's discussion and analysis of financial condition and results of operations, Risk factors please also refer to the Report on the first quarter of the year 2014 for EP Energy, a.s.

Subsequent events

The CEE Group is currently considering a merger of EPH Financing II into EP Energy with the decisive date January 1, 2014.

EP Energy concluded on a revolving credit facility with a group of banks with a maximum utilization of EUR 100 million.

On April 15, 2014, the CEE Group received EUR 20 million earn-out relating to an acquisition of Stredoslovenská energetika, a.s.

On May 5, 2014, Pražská teplárenská holding ("PTH") declared dividends to PT Holding Investment B.V. of approximately EUR 141 million. The dividend was offset against intercompany loan of PTH of approximately EUR 139 million, with the remaining balance received in cash on May 19, 2014.

On May 7, 2014, EPE declared and distributed a dividend of EUR 90 million to CE Energy which was then used as a partial repayment of the intercompany loan to Energetický a průmyslový holding.

As of May 31, 2014, i.e. after the partial repayment of loan to Energetický a průmyslový holding which occurred on May 7, 2014, CE Energy had EUR 38 million of free liquidity on its accounts, i.e. sufficient amount to cover two interest payments on the 2021 Notes.

As at the date of this report, the CEE Group is in the process of restructuring of EP Renewables group. This transaction will have no impact on the condensed consolidated interim financial statements of EP Energy or CE Energy.

On June 19, 2014 PPF Group and Energetický a průmyslový holding agreed a transaction whereby PPF Group sold its shares in EPH to EPH. Energetický a průmyslový holding's ownership structure changed as a result of the transaction, with Daniel Křetínský and Patrik Tkáč controlling 37 per cent each and taking joint control of EPH. The remaining shares are retained by J&T's private equity structures.

Except for the matters described above and elsewhere in the Report for the first quarter of the year 2014 for CEE Energy, a.s. or EP Energy, a.s. or in the Notes to Consolidated Financial Statements of EP Energy, a.s. as of and for the three-month period ended March 31, 2014, the CEE's management is not aware of any other material subsequent events that could have an effect on the condensed consolidated interim financial statements as of March 31, 2014.

Appendix 1:

Details of adjustments recorded to the EPE's condensed consolidated interim financial statements as of and for the three-month period ended March 31, 2014 to derive CEE's condensed consolidated interim financial statements for the same period

The following tables set forth the condensed consolidated interim statement of comprehensive income of CE Energy for the three-month period ended March 31, 2014, the condensed consolidated interim statement of financial position of CE Energy as of March 31, 2014, and the condensed consolidated interim statement of cash flows of CE Energy for the three-month period ended March 31, 2014 derived from the EPE's condensed consolidated interim financial statements for the three-month period ended March 31, 2014.

Consolidated statement of comprehensive income

For the three-month period ended March 31, 2014

In thousands of EUR ("TEUR")

	EPE consolidated figures ¹	CEE standalone income statement ²	Intercompany eliminations ³	Capitalisation of bond fees ⁴	Reclassifications and related FX impact ⁵	CE Energy consolidated figures
	(unaudited)	Adjustment 1 (unaudited)	Adjustment 2 (unaudited)	Adjustment 3 (unaudited)	Adjustment 4 (unaudited)	(unaudited)
Sales: Energy	618,406	-	-	-	-	618,406
<i>of which: Electricity</i>	359,788	-	-	-	-	359,788
<i>Heat</i>	106,772	-	-	-	-	106,772
<i>Coal</i>	79,988	-	-	-	-	79,988
<i>Gas</i>	71,799	-	-	-	-	71,799
<i>Other energy products</i>	59	-	-	-	-	59
Sales: Other	28,891	-	-	-	-	28,891
Total sales	647,297	-	-	-	-	647,297
Cost of sales: Energy	(389,554)	-	-	-	-	(389,554)
Cost of sales: Other	(13,499)	-	-	-	-	(13,499)
Total cost of sales	(403,053)	-	-	-	-	(403,053)
	244,244	-	-	-	-	244,244
Personnel expenses	(58,966)	-	-	-	-	(58,966)
Depreciation and amortisation	(69,657)	-	-	-	-	(69,657)
Repairs and maintenance	(2,947)	-	-	-	-	(2,947)
Emission rights, net	(7,195)	-	-	-	-	(7,195)
Taxes and charges	(2,902)	-	-	-	-	(2,902)
Other operating income	12,689	-	(80)	-	-	12,609

Other operating expenses	(36,982)	(65)	-	62	-	(36,985)
Profit (loss) from operations	78,284	(65)	(80)	62	-	78,201
Finance income	11,366	7,250	(358)	-	(584)	17,674
Finance expense	(23,607)	(9,458)	358	-	584	(32,123)
Profit (loss) from derivative financial instruments	3,343	3	-	-	-	3,346
Net finance income (expense)	(8,898)	(2,205)	-	-	-	(11,103)
Share of profit (loss) of equity accounted investees, net of tax	(74)	-	-	-	-	(74)
Profit (loss) before income tax	69,312	(2,270)	(80)	62	-	67,024
Income tax revenues (expenses)	(14,129)	-	-	-	-	(14,129)
Profit (loss) for the period	55,183	(2,270)	(80)	62	-	52,895
Items that are or may be reclassified subsequently to profit or loss:						
Foreign currency translation differences for foreign operations	538	-	-	-	-	538
Foreign currency translation differences for presentation currency	(825)	-	-	-	(4,644)	(5,469)
Effective portion of changes in fair value of cash flow hedges, net of tax	(2,405)	-	-	-	-	(2,405)
Other comprehensive income for the period, net of tax	(2,692)	-	-	-	(4,644)	(7,336)
Total comprehensive income for the period	52,491	(2,270)	(80)	62	(4,644)	45,559
Profit (loss) attributable to:						
Owners of the Company	41,876	(2,270)	(80)	62	-	39,588
Non-controlling interest	13,307	-	-	-	-	13,307
Profit (loss) for the period	55,183	(2,270)	(80)	62	-	52,895
Total comprehensive income attributable to:						
Owners of the Company	38,965	(2,270)	(80)	62	(4,644)	32,033
Non-controlling interest	13,526	-	-	-	-	13,526
Total comprehensive income for the period	52,491	(2,270)	(80)	62	(4,644)	45,559

- (1) Condensed consolidated interim statement of comprehensive income of EP Energy, a.s. as for the three-month period ended March 31, 2014
- (2) In the Adjustment 1, EPE consolidated figures have been adjusted to include CEE statutory statement of comprehensive income for the three-month period ended March 31, 2014.
- (3) The Adjustment 2 covers eliminations of intercompany transactions between EPE and CEE for the three-month period ended March 31, 2014.
- (4) The Adjustment 3 comprises a capitalisation of bond fees from the income statement of EPE Group to the CEE Group statement of financial position.
- (5) The Adjustment 4 represents foreign exchange differences.

Condensed consolidated interim statement of financial position

As of March 31, 2014

In thousands of EUR ("TEUR")

	EPE consolidated figures ¹	CEE standalone statement of financial position ²	Intercompany eliminations ³	Capitalisation of bond fees ⁴	Elimination of investment and equity of EPE and related FX impact ⁵	CE Energy consolidated figures
	(unaudited)	Adjustment 1 (unaudited)	Adjustment 2 (unaudited)	Adjustment 3 (unaudited)	Adjustment 4 (unaudited)	(unaudited)
Assets						
Property, plant and equipment	2,383,081	-	-	-	-	2,383,081
Intangible assets	196,244	-	-	-	-	196,244
Goodwill	92,498	-	-	-	-	92,498
Investment property	324	-	-	-	-	324
Participations with control	-	1,504,917	-	-	(1,504,917)	-
Participations with significant influence	258,036	-	-	-	-	258,036
Financial instruments and other financial assets	8,466	265,291	-	-	-	273,757
<i>of which receivables from the parent company</i>	-	265,279	-	-	-	265,279
Trade receivables and other assets	18,572	-	-	-	-	18,572
Deferred tax assets	8,444	-	-	-	-	8,444
Total non-current assets	2,965,665	1,770,208	-	-	(1,504,917)	3,230,956
Inventories	67,324	-	-	-	-	67,324
Extracted minerals and mineral products	7,292	-	-	-	-	7,292
Trade receivables and other assets	334,622	32	(97)	-	-	334,557
Financial instruments and other financial assets	587,923	-	(60,358)	-	-	527,565
<i>of which receivables from the parent company</i>	532,176	-	(60,358)	-	-	471,818
Prepayments and other deferrals	5,784	-	-	-	-	5,784
Tax receivables	17,578	-	-	-	-	17,578
Cash and cash equivalents	266,042	38,319	-	-	-	304,361
Assets/disposal groups held for sale	47	-	-	-	-	47
Total current assets	1,286,612	38,351	(60,455)	-	-	1,264,508
Total assets	4,252,277	1,808,559	(60,455)	-	(1,504,917)	4,495,464
Equity						
Share capital	769,180	78	-	-	(769,180)	78
Share premium	116,434	-	-	-	(116,434)	-
Reserves	(358,868)	-	-	-	(619,300)	(978,168)
Retained earnings	487,484	(2,441)	(80)	62	(3)	485,022
Total equity attributable to equity holders	1,014,230	(2,363)	(80)	62	(1,504,917)	(493,068)
Non-controlling interest	493,712	-	-	-	-	493,712
Total equity	1,507,942	(2,363)	(80)	62	(1,504,917)	644

Liabilities						
Loans and borrowings	1,524,929	1,803,894	(60,278)	(62)	-	3,268,483
<i>of which owed to the parent company</i>	-	1,251,136	-	-	-	1,251,136
Financial instruments and other financial liabilities	1,793	-	-	-	-	1,793
Provisions	335,619	-	-	-	-	335,619
Deferred tax liabilities	259,185	-	-	-	-	259,185
Trade payables and other liabilities	73,523	-	-	-	-	73,523
Total non-current liabilities	2,195,049	1,803,894	(60,278)	(62)	-	3,938,603
Trade payables and other liabilities	329,136	1,972	(97)	-	-	331,011
Loans and borrowings	49,360	5,056	-	-	-	54,416
<i>of which owed to the parent company</i>	2,330	-	-	-	-	2,330
Financial instruments and other financial liabilities	7,467	-	-	-	-	7,467
Provisions	96,194	-	-	-	-	96,194
Deferred income	55,790	-	-	-	-	55,790
Current income tax liability	11,339	-	-	-	-	11,339
Total current liabilities	549,286	7,028	(97)	-	-	556,217
Total liabilities	2,744,335	1,810,922	(60,375)	(62)	-	4,494,820
Total equity and liabilities	4,252,277	1,808,559	(60,455)	-	(1,504,917)	4,495,464

(1) Condensed consolidated interim statement of financial position of EP Energy, a.s. as of March 31, 2014

(2) In the Adjustment 1, EPE consolidated figures have been adjusted to include CEE statutory statement of financial position as of March 31, 2014.

(3) The Adjustment 2 covers eliminations of intercompany balances between EPE and CEE as of March 31, 2014.

(4) The Adjustment 3 comprises a capitalisation of bond fees from the income statement of EPE Group to the CEE Group statement of financial position.

(5) The Adjustment 4 is related to elimination of investment of CEE in EPE in the amount of EUR 1,500.3 million together with the associated FX impact.

Condensed consolidated interim statement of cash flows

For the three-month period ended March 31, 2014

In thousands of EUR ("TEUR")

	EPE consolidated figures ¹	CEE standalone statement of cash flows incl. impact from CEE consolidation ²	Bonds issue ³	Repayment of purchase price ⁴	Repayment of loans ⁵	Intercompany eliminations ⁶	CE Energy consolidated figures
	(unaudited)	Adjustment 1 (unaudited)	Adjustment 2 (unaudited)	Adjustment 3 (unaudited)	Adjustment 4 (unaudited)	Adjustment 5 (unaudited)	(unaudited)
OPERATING ACTIVITIES							
Profit (loss) for the period	55,183	(2,288)	-	-	-	-	52,895
<i>Adjustments for:</i>							
Income taxes	14,129	-	-	-	-	-	14,129
Depreciation and amortisation	69,657	-	-	-	-	-	69,657
(Gain)/loss on disposal of property, plant and equipment, investment property and intangible assets	513	-	-	-	-	-	513
Emission rights	7,195	-	-	-	-	-	7,195
Share of (profit)/loss of equity accounted investees	74	-	-	-	-	-	74
(Gain)/loss on financial instruments	(3,343)	(3)	-	-	-	-	(3,346)
Net interest expense	10,735	5,144	-	-	-	358	16,237
Change in allowance for impairment to trade receivables and other assets, write-offs	1,164	-	-	-	-	-	1,164
Change in provisions	(9,700)	-	-	-	-	-	(9,700)
Unrealised foreign exchange (gains)/losses, net	(1,925)	(3,975)	-	-	-	-	(5,900)
Operating profit (loss) before changes in working capital	143,682	(1,122)	-	-	-	358	142,918
Change in financial instruments at other than fair value	(48,211)	(405)	-	-	-	60,358	11,742
Change in trade receivables and other assets	(12,565)	112	-	-	-	-	(12,453)
Change in inventories (including proceeds from sale)	2,667	-	-	-	-	-	2,667
Change in extracted minerals and mineral products	(1,156)	-	-	-	-	-	(1,156)
Change in trade payables and other liabilities	(51,012)	1,752	-	-	-	-	(49,260)
Cash generated from (used in) operations	33,405	337	-	-	-	60,716	94,458
Interest paid	(2,127)	-	-	-	-	-	(2,127)
Income taxes paid	(21,511)	-	-	-	-	-	(21,511)
Cash flows generated from (used in) operating activities	9,767	337	-	-	-	60,716	70,820

INVESTING ACTIVITIES						
Proceeds from sale of financial instruments – derivatives	(3,754)	-	-	-	-	(3,754)
Acquisition of property, plant and equipment, investment property and other intangible assets	(16,274)	-	-	-	-	(16,274)
Purchase of emission rights	(7,543)	-	-	-	-	(7,543)
Proceeds from sale of emission rights	1,016	-	-	-	-	1,016
Proceeds from sale of property, plant and equipment, investment property and other intangible assets	1,173	-	-	-	-	1,173
Interest received	100	-	-	-	-	100
Cash flows from (used in) investing activities	(25,282)	-	-	-	-	(25,282)
FINANCING ACTIVITIES						
Proceeds from loans received	58	-	-	-	-	58
Repayments of borrowings	(1,465)	-	-	(250,500)	(269,686)	(521,651)
Proceeds from bonds issued	-	-	492,203	-	-	492,203
Cash flows from (used in) financing activities	(1,407)	-	492,203	(250,500)	(269,686)	(29,390)
<i>Net increase (decrease) in cash and cash equivalents</i>	<i>(16,922)</i>	<i>337</i>	<i>492,203</i>	<i>(250,500)</i>	<i>(269,686)</i>	<i>60,716</i>
Cash and cash equivalents at beginning of the period	283,069	5,252	-	-	-	288,321
Effect of exchange rate fluctuations on cash held	(105)	(3)	-	-	-	(108)
Cash and cash equivalents at end of the period	266,042	5,586	492,203	(250,500)	(269,686)	304,361

- (1) Condensed consolidated interim statement of cash flows of EP Energy, a.s. for the three-month period ended March 31, 2014
- (2) In the Adjustment 1, EPE consolidated figures have been adjusted to include CEE statutory statement of cash flows for the three-month period ended March 31, 2014 and adjustments relating to CEE Group consolidation.
- (3) The Adjustment 2 covers a cash inflow from Senior Notes 2021 less upfront fees paid.
- (4) The Adjustment 3 comprises a cash outflow from repayment of purchase price for acquisition of EPE shares.
- (5) The Adjustment 4 comprises a cash outflow from repayment of the CEE bank loan.
- (6) The Adjustment 5 covers eliminations of intercompany balances between EPE and CEE for the three-month period ended March 31, 2014.