

**Stredoslovenská energetika, a.s.**

**Independent Auditors' Review Report and  
Condensed Consolidated Interim Financial Statements  
for the nine months period ended 30 September 2013**

**Prepared in accordance with  
International Financial Reporting Standards  
(IFRS) as adopted by the European Union**

**Stredoslovenská energetika, a.s.**

Condensed Consolidated Interim Financial Statements for the nine months period ended 30 September 2013  
prepared in accordance with IFRS as adopted by the European Union

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## **Independent Auditors' Report on Review of Condensed Consolidated Interim Financial Information**

To the Shareholders, Supervisory Board and Board of Directors of Stredoslovenská energetika, a.s.:

### *Introduction*

We have reviewed the accompanying condensed consolidated statement of financial position of Stredoslovenská energetika, a.s. ("the Company") as at 30 September 2013, the condensed consolidated statements of profit or loss and other comprehensive income, changes in equity and cash flows for the nine-month period then ended, and notes to the interim financial information ("the condensed consolidated interim financial information"). Management is responsible for the preparation and presentation of this condensed consolidated interim financial information in accordance with IAS 34, "Interim Financial Reporting". Our responsibility is to express a conclusion on this condensed consolidated interim financial information based on our review.

### *Scope of Review*

We conducted our review in accordance with the International Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity". A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.


### *Conclusion*

Based on our review, nothing has come to our attention that causes us to believe that the accompanying condensed consolidated interim financial information as at 30 September 2013 is not prepared, in all material respects, in accordance with IAS 34, "Interim Financial Reporting".

9 January 2014  
Bratislava, Slovak Republic

Auditing company:  
KPMG Slovensko spol. s r.o.  
License SKAU No. 96



  
Responsible auditor:  
Ing. Branislav Prokop  
License UDVA No. 1024

**Stredoslovenská energetika, a.s.**

Condensed Consolidated Statement of Financial Position as at 30 September 2013 prepared in accordance with IFRS as adopted by the European Union

*(All amounts are in thousands EUR unless stated otherwise)***Condensed Consolidated Interim Statement of Financial Position**

	Note	30 September 2013	As at 31 December 2012 *restated
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment	4	483 854	478 607
Intangible assets	5	22 159	21 369
Non-current financial assets	6	15 722	20 800
		<u>521 735</u>	<u>520 776</u>
<b>Current assets</b>			
Inventories		2 472	2 444
Trade and other receivables	7	46 807	54 868
Income tax receivable		749	8 989
Current financial assets	6	5 465	5 931
Cash and cash equivalents	8	44 404	60 669
		<u>99 897</u>	<u>132 901</u>
<b>Total assets</b>		<u><b>621 632</b></u>	<u><b>653 677</b></u>
<b>EQUITY</b>			
<b>Share capital and reserves</b>			
Share capital	9	116 754	116 754
Legal reserve fund	9	24 990	24 990
Other reserves	9	2 325	2 325
Actuarial gains from long-term benefits	9	1 548	1 688
Retained earnings	9	226 675	251 148
<b>Total equity</b>		<u><b>372 292</b></u>	<u><b>396 905</b></u>
<b>LIABILITIES</b>			
<b>Non-current liabilities</b>			
Non-current bank loans	10	61 662	50 262
Non-current provisions	11	11 240	11 043
Non-current part of deferred revenues		32 316	31 639
Deferred income tax liability	13	16 127	14 561
		<u>121 345</u>	<u>107 505</u>
<b>Current liabilities</b>			
Trade and other payables	12	104 522	136 843
Current bank loans	10	21 845	10 469
Current provisions	11	1 628	1 955
		<u>127 995</u>	<u>149 267</u>
<b>Total liabilities</b>		<u><b>249 340</b></u>	<u><b>256 772</b></u>
<b>Total equity and liabilities</b>		<u><b>621 632</b></u>	<u><b>653 677</b></u>

\*see Note 2.2

The notes on pages 5 to 21 are an integral part of these condensed consolidated interim financial statements.

**Stredoslovenská energetika, a.s.**

Condensed Consolidated Statement of Profit and Loss and Condensed Consolidated Statement of Comprehensive Income for the nine months period ended 30 September 2013 prepared in accordance with IFRS as adopted by the European Union

(All amounts are in thousands EUR unless stated otherwise)

**Condensed Consolidated Interim Statement of Profit and Loss**

	Note	Period ended 30 September	
		2013	2012
			*restated
Revenue	14	588 629	569 721
Purchases of electricity and related fees, distribution fees	15	-446 139	-453 035
Personnel expenses	16	-29 019	-25 207
Depreciation, amortization and impairment	4,5	-22 928	-22 097
Material and consumables used		-4 270	-7 374
Other operating income	18	5 085	7 160
Other operating expenses	17	-17 361	-18 967
<b>Operating profit</b>		<b>73 997</b>	<b>50 201</b>
Interest income		1 019	1 757
Interest expense		-1 844	-2 189
Other finance expense, net		81	-30
<b>Finance expense net</b>		<b>-744</b>	<b>-462</b>
<b>Profit before income tax</b>		<b>73 253</b>	<b>49 739</b>
Income tax expense	19	-16 722	-9 265
<b>Profit for the nine months period</b>		<b>56 531</b>	<b>40 474</b>

**Condensed Consolidated Interim Statement of Comprehensive Income**

	Period ended 30 September	
	2013	2012
		*restated
<b>Profit for the nine months period</b>	<b>56 531</b>	<b>40 474</b>
<b>Other items of comprehensive income:</b>		
<i>Items that would never be reclassified subsequently to profit or loss:</i>		
Actuarial gains from long-term benefits	-182	324
Deferred tax	42	-75
Other items of comprehensive income	-140	249
<b>Total comprehensive income for the nine months period</b>	<b>56 391</b>	<b>40 723</b>

<b>Earnings per share (expressed in EUR per share)</b>		<b>2013</b>	<b>2012</b>
- basic	10	16	12
- diluted	10	16	12

\*see Note 2.2

The notes on pages 5 to 21 are an integral part of these condensed consolidated interim financial statements.

**Stredoslovenská energetika, a.s.**

Condensed Consolidated Statement of Changes in Equity for the nine months period ended 30 September 2013 prepared in accordance with IFRS as adopted by the European Union  
(All amounts are in thousands EUR unless stated otherwise)

**Condensed Consolidated Interim Statement of Changes in Equity**

	Share capital	Legal reserve fund	Other reserves	Retained earnings	Actuarial gains and losses from long-term employee benefits	Total equity
<b>Balance at 1 January 2013 (*restated)</b>	<b>116 754</b>	<b>24 990</b>	<b>2 325</b>	<b>251 148</b>	<b>1 688</b>	<b>396 905</b>
Profit for the period	-	-	-	56 531	-	56 531
Other items of comprehensive income	-	-	-	-	-140	-140
Dividends to owners of the Group	-	-	-	-80 986	-	-80 986
Other	-	-	-	-18	-	-18
<b>Balance at 30 September 2013</b>	<b>116 754</b>	<b>24 990</b>	<b>2 325</b>	<b>226 675</b>	<b>1 548</b>	<b>372 292</b>
<b>Balance at 1 January 2012 (*restated)</b>	<b>116 754</b>	<b>24 390</b>	<b>2 323</b>	<b>268 399</b>	<b>1 439</b>	<b>413 305</b>
Profit for the period	-	-	-	40 474	-	40 474
Other items of comprehensive income	-	-	-	-	249	249
Dividends to owners of the Group	-	-	-	-65 723	-	-65 723
Contribution to legal reserve fund created from profit	-	600	-	-600	-	-
Other	-	-	-	179	-	179
<b>Balance at 30 September 2012 (*restated)</b>	<b>116 754</b>	<b>24 990</b>	<b>2 323</b>	<b>242 729</b>	<b>1 688</b>	<b>388 484</b>

\*See Note 2.2

The notes on pages 5 to 21 are an integral part of these condensed consolidated interim financial statements.

**Stredoslovenská energetika, a.s.**

Condensed Consolidated Interim Financial Statements for the nine months period ended 30 September 2013 prepared in accordance with IFRS as adopted by the European Union  
(All amounts are in thousands of EUR unless stated otherwise)

**Condensed Consolidated Interim Statement of Cash Flows**

		Period ended 30 September	
	Note	2013	2012
Profit for the period before income tax		73 253	49 739
Adjustments for:			
Depreciation and amortization	4,5	22 786	22 108
Changes in provisions for impairment of non-current assets and inventories		142	-11
Gain on disposal of property, plant and equipment		-574	-402
Interest expense (net)		825	432
Movements in provisions for impairment of receivables	7	181	271
Net movements in provisions	11	-130	520
Receivables write off		605	1 477
<b>Profit from operations before changes in working capital</b>		<b>97 088</b>	<b>74 134</b>
Changes in working capital:			
Decrease in trade and other receivables		7 275	14 982
(Increase)/Decrease in inventories		-28	561
Decrease in trade and other payables and deferred revenues		-11 802	-25 454
<b>Cash generated from operations</b>		<b>92 533</b>	<b>64 223</b>
<b>Cash flows from operating activities</b>			
Cash generated from operations		92 533	64 223
Income tax paid		- 6 916	- 9 498
<b>Net cash generated from operating activities</b>		<b>85 617</b>	<b>54 725</b>
<b>Cash flows from investing activities</b>			
Purchase of property plant and equipment and intangible assets	4,5	-28 391	-27 313
Dividends received		253	160
Proceeds from sale of financial assets		5 291	5 573
Interest received		1 019	1 757
<b>Net cash used in investing activities</b>		<b>-21 828</b>	<b>-19 823</b>
<b>Cash flows from financing activities</b>			
Repayments of borrowings	10	-2 224	-2 227
Drawing of borrowing	10	25 000	-
Interest paid		-1 844	-2 189
Dividends paid		-100 986	-65 723
Net cash used in financing activities		<b>-80 054</b>	<b>-70 139</b>
<b>Net decrease in cash and cash equivalents</b>		<b>-16 265</b>	<b>-35 237</b>
<b>Cash and cash equivalents at the beginning of the period</b>	8	<b>60 669</b>	<b>84 405</b>
<b>Cash and cash equivalents at the end of the period</b>	8	<b>44 404</b>	<b>49 168</b>

The notes on pages 5 to 21 are an integral part of these condensed consolidated interim financial statements.

**Stredoslovenská energetika, a.s.**

Condensed Consolidated Interim Financial Statements for the nine months period ended 30 September 2013 prepared in accordance with IFRS as adopted by the European Union  
(All amounts are in thousands of EUR unless stated otherwise)

**1 Reporting entity**

The registered address of the Company is:

Pri Rajčianke 8591/4B  
010 47 Žilina  
Slovak Republic

Identification number (IČO) of the Company is: 36403008.

Tax identification number (IČ DPH) of the Company is: SK 2020106682.

Stredoslovenská energetika a.s. ("SSE" or "Company") in its current legal form as joint stock company was established on 17 December 2001 and incorporated in the Commercial Register on 1 January 2002 (Commercial Register of the District Court Žilina in Žilina Section Sa Insert No. 10328/L).

These condensed consolidated interim financial statements ("interim financial statements") as at and for the nine months period ended 30 September 2013 comprise the Company and its subsidiaries (together referred to as the "Group").

The structure of the Company's shareholders as at 30 September 2013 and 31 December 2012 is as follows:

	Absolute amount in EUR thousand	Ownership interest %	Voting rights %
National Property Fund (NPF)	59 545	51%	51%
E.D.F. INTERNATIONAL	57 209	49%	49%
<b>Total</b>	<b>116 754</b>	<b>100%</b>	<b>100%</b>

The Group is primarily involved in the following principal activities:

- purchase and supply of electricity primarily in central Slovakia;
- distribution of electricity in central Slovakia;
- construction and maintenance of distribution network and related assets;
- production of electricity (photovoltaic);
- meters calibration;
- provision of power engineering services.

Following subsidiaries are part of the Group as at 30 September 2013:

Name	Country of incorporation	Percentage of shareholding in the ordinary share capital
Stredoslovenská energetika – Distribúcia a.s. („SSE-D“)	Slovakia	100%
Elektroenergetické montáže a.s. („EEM“)	Slovakia	100%
Stredoslovenská energetika - Metrológia s.r.o. („SSE-M“)	Slovakia	100%
Stredoslovenská energetika – Project Development spol. s r.o. („SSE-PD“)	Slovakia	100%
SSE - Solar, s.r.o.	Slovakia	100%
Stredoslovenská energetika - Výroba, a.s. („SSE-V“)	Slovakia	51%
Tatrapower, a.s.	Slovakia	100%
SSE - CZ spol. s r.o.	Czech Republic	100%



**Stredoslovenská energetika, a.s.**

Condensed Consolidated Interim Financial Statements for the nine months period ended 30 September 2013 prepared in accordance with IFRS as adopted by the European Union  
(All amounts are in thousands of EUR unless stated otherwise)

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The members of the statutory bodies of the Company for the nine months period ended 30 September 2013 were as follows:

	<b>Board of Directors</b>	<b>Supervisory Board</b>
Chairman:	Antoine Jourdain	Ing. Ján Voštenák
Vice Chairman:	Mgr. Ing. Máriaus Hričovský, Dr. oec.	Pierre René Louis Aumont
Members:	Ing. Pavol Mertus Olaf Kipp Eric Mansuy	Ing. Igor Piščík Ing. Dušan Majer Ing. Miroslav Martoník JUDr. Marián Cesnek JUDr. Vladimír Urblík Ing. Tibor Lehotský Ing. Eduard Rada

## **2 Basis of preparation and significant accounting policies**

### **2.1. Basis of preparation**

#### **Statement of compliance**

These interim financial statements have been prepared in accordance with IAS 34 *Interim Financial Reporting*. They do not include all the information required for a complete set of IFRS financial statements. However, selected explanatory notes are included to explain events and transactions that are significant to an understanding of the changes in the Group's financial position and performance since the last annual consolidated financial statements as at and for the year ended 31 December 2012.

The condensed consolidated interim financial statements were prepared on an accrual basis and under the going concern principle.

These condensed consolidated interim financial statements are prepared in thousands of euro ("EUR") unless otherwise stated.

#### **Judgements and estimates**

In preparing these condensed consolidated interim financial statements, Management makes judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates.

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 year ended 31 December 2012.

### **2.2. Significant accounting policies**

Except as described below, the accounting policies applied in these condensed consolidated interim financial statements are the same as those applied in the Group's consolidated financial statements as at and for the year ended 31 December 2012. The following changes in accounting policies are also expected to be reflected in the Group's consolidated financial statements as at and for the year ending 31 December 2013.

**Stredoslovenská energetika, a.s.**

Condensed Consolidated Interim Financial Statements for the nine months period ended 30 September 2013 prepared in accordance with IFRS as adopted by the European Union  
(All amounts are in thousands of EUR unless stated otherwise)

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**Changing in accounting policies**

The Group applies certain standards and amendments that require restatement of previous financial statements. These include IAS 19 (Revised 2011) Employee Benefits and amendments to IAS 1 Presentation of Financial Statements. As required by IAS 34, the nature and the effect of these changes are disclosed below.

Several other new standards and amendments apply for the first time in 2013. However, they do not impact the annual consolidated financial statements of the Group or the condensed consolidated interim financial statements of the Group.

The nature and the impact of new standard/amendment are described below:

***IAS 1 Presentation of items of other comprehensive income***

As a result of the amendments to IAS 1, the Group has modified the presentation of items of other comprehensive income in its condensed consolidated interim statement of profit or loss and other comprehensive income, to present separately items that would be reclassified to profit or loss in the future from those that would never be. Comparative information has also been re-presented accordingly.

The adoption of the amendment to IAS 1 has no impact on the recognised assets, liabilities and total comprehensive income of the Group.

***IAS 19 Employee benefits (Revised 2011)***

IAS 19 (revised) was adopted as of 1 January 2013. Before the adoption of the revised IAS 19, past service cost were recognized on a straight-line basis over the average period until the amended benefits become vested. After the adoption of the revised IAS 19 all past service costs are recognized in the condensed consolidated statement of profit and loss.

This change does not have a material impact on the condensed consolidated interim financial statements.

**3 Seasonality of operations**

The operations of the Group are subject to seasonal fluctuations.

During the winter time the Group generates higher revenues – sales of electricity and distribution to households due to the higher electricity consumption. During the summer time the Group incurs higher expenses on purchases of electricity from renewable resources.

For the nine months period ended 30 September 2013, the Group recognised revenues from sale of electricity and distribution to households in the amount of EUR 150 928 thousand (twelve months period ended 31 December 2012: EUR 216 505 thousand).

For the nine months period ended 30 September 2013, the Group recognised expenses on purchases of electricity from renewable resources in the amount of EUR 177 448 thousand (twelve months period ended 31 December 2012: EUR 218 097 thousand).

The Group has realized a negative margin from transactions relating to green energy as the difference between costs of purchased green energy and revenues charged to the final customers. The Group is obliged to purchase all green energy produced by green energy producers which are connected to its distribution network. However, prices for compensation are determined by Regulatory office for network industries (“URSO”) on T + 2 basis.

**Stredoslovenská energetika, a.s.**

Condensed Consolidated Interim Financial Statements for the nine months period ended 30 September 2013 prepared in accordance with IFRS as adopted by the European Union  
*(All amounts are in thousands of EUR unless stated otherwise)*

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This means that during the nine months period ended 30 September 2013, the Group recorded a negative margin relating to green energy in the amount of EUR 20 095 thousand, which will be compensated in 2015, during the nine months period ended 30 September 2012: a negative margin of EUR 35 661 thousand and during the twelve months period ended 31 December 2012: a negative margin of EUR 22 872 thousand (note 20),

**4 Property, plant and equipment**

Tangible assets consist mainly from distribution network, administrative offices, sales offices and warehouses.

During the nine months period ended 30 September 2013, the Group acquired tangible assets with a cost in the amount of EUR 25 073 thousand (nine months period ended 30 September 2012: EUR 24 418 thousand). The additions are represented mainly by constructions and technical enhancements of distribution networks, construction of power plant and acquisition of IT technologies and transport means.

Tangible assets with a net book value of EUR 290 thousand were disposed of during the nine months period ended 30 September 2013 (nine months period ended 30 September 2012: EUR 421 thousand).

During the nine months period ended 30 September 2013, the total depreciation charge amounted to EUR 20 258 thousand (nine months ended 30 September 2012: EUR 19 582 thousand).

Value adjustments, representing loss from impairment of an item of property, plant and equipment, are created mainly to idle gas power plant and idle buildings. As at 30 September 2013, the value adjustment to power station was in the amount of EUR 21 721 thousand (as at 31 December 2012: EUR 21 721 thousand). No other material value adjustments were created as at 30 September 2013 and 30 September 2012.

There are no restrictions of ownership relating to tangible assets. No tangible assets are pledged.

**5 Intangible assets**

Intangible assets consist mainly of IT software SAP, Open SGC, ECM, CIS, trading software and graphical information system.

During the nine months period ended 30 September 2013, the Group acquired intangible assets with a cost of EUR 3 318 thousand (nine months period ended 30 September 2012: EUR 2 895 thousand). The additions are represented mainly by Project CIS, Upgrade SAP and GIS actualization.

During the nine months ended 30 September 2013, the total amortisation charge amounted to EUR 2 528 thousand (nine months period ended 30 September 2012: EUR 2 526 thousand). No value adjustment is created to intangible assets as at 30 September 2013 and 30 September 2012.

There are no restrictions of ownership relating to intangible assets. No intangible assets are pledged.

**Stredoslovenská energetika, a.s.**

Condensed Consolidated Interim Financial Statements for the nine months period ended 30 September 2013 prepared in accordance with IFRS as adopted by the European Union  
(All amounts are in thousands of EUR unless stated otherwise)

**6 Financial Assets**

The carrying values of financial assets in the condensed consolidated interim statement of financial position are as follows:

	<b>30 September 2013</b>	<b>31 December 2012</b>
Government bonds	20 588	26 112
Emission quotas	41	61
Other investments	558	558
<b>Total</b>	<b>21 187</b>	<b>26 731</b>

Government bonds are represented by investments in sovereign debt securities issued by the Slovak republic. The bonds are classified as held-to-maturity financial assets.

During the nine months period ended 30 September 2013, bonds in total nominal value of EUR 4 992 thousand matured and no new bonds were acquired.

Other investments are represented by investments in shares of Energotel, a.s. and SPX, s.r.o.

As at 30 September 2013, the fair value of state bonds is EUR 22 230 thousand (31 December 2012: EUR 27 520 thousand).

The fair value measurements are categorised into different levels in the fair value hierarchy based on the inputs to valuation techniques used. The different levels are defined as follows:

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities that the Group can access at the measurement date;
- Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly;
- Level 3: unobservable inputs for the asset or liability.

Fair value measurement of state bonds for disclosure purposes is categorised in the Level 2.

None of the financial assets is either past due or impaired.

**7 Trade and other receivables**

	<b>30 September 2013</b>	<b>31 December 2012</b>
Current receivables and prepayments:		
Neither past due nor impaired trade receivables	39 448	46 967
Individually impaired trade receivables	26 469	27 142
<b>Trade receivables (before provision for impairment)</b>	<b>65 917</b>	<b>74 109</b>
Less: Provision for impairment of receivables	-22 158	-21 977
<b>Trade receivables – net</b>	<b>43 759</b>	<b>52 132</b>
Other receivables including accrued income	3 048	2 736
<b>Trade and other receivables</b>	<b>46 807</b>	<b>54 868</b>

Past due but not impaired receivables mainly consist of receivables to regular customers of the Group and the risk of impairment is remote.

**Stredoslovenská energetika, a.s.**

Condensed Consolidated Interim Financial Statements for the nine months period ended 30 September 2013 prepared in accordance with IFRS as adopted by the European Union  
(All amounts are in thousands of EUR unless stated otherwise)

As at 30 September 2013, the Group had impaired trade receivables in gross amount of EUR 26 469 thousand (as of 31 December 2012: EUR 27 142 thousand). Impaired receivables relate to both wholesalers and households who came into unexpectedly difficult economic situation. It is expected that part of these receivables will be recovered.

The movements in the provision for impairment of trade receivables are recognized in the condensed consolidated statement of profit and loss in Other operating expenses.

Movements are presented below:

	2013	Period ended 30 September 2012
At the beginning of the period	21 977	22 403
Creation of provision for receivables impairment	1 912	1 143
Released unused amounts	-473	-138
Write off of uncollectible receivables	-1 258	-734
<b>At the end of the period</b>	<b>22 158</b>	<b>22 674</b>

The release of impairment provisions was caused by subsequent collection of certain receivables that were originally provided for or written-off. Bad debt provision is calculated in the amount of 100% of the value of individual receivables from companies in bankruptcy and receivables subject to court proceedings. Impairment provision for other receivables is calculated based on ageing analysis of individual receivables and the type of customer.

The carrying amounts of the Group's trade and other receivables are principally denominated in EUR.

The carrying amounts of trade and other receivables as at 30 September 2013 and as at 31 December 2012 are not substantially different from their fair value. The maximum exposure to credit risk is equal to the carrying value of receivables. There is no concentration of credit risk with respect to trade receivables as the Group has a large number of customers. The Group does not hold any material collateral as security of the receivables.

No receivables have been pledged as collateral. The Group's rights over the receivables are not restricted.

## 8 Cash and cash equivalents

	30 September 2013	31 December 2012
Cash at bank and in hand	14 004	5 069
Short-term bank deposits	30 400	55 600
	<b>44 404</b>	<b>60 669</b>

As at 30 September 2013, the average maturity of short-term bank deposits is 1 day (as at 31 December 2012: 8 days).

As at 30 September 2013, cash and cash equivalents were fully available for the Group's use.

The carrying amounts of cash and cash equivalents as at 30 September 2013 and as at 31 December 2012 are not substantially different from their fair value.

No impairment as at 30 September 2013 and 31 December 2012 was identified.

**Stredoslovenská energetika, a.s.**

Condensed Consolidated Interim Financial Statements for the nine months period ended 30 September 2013 prepared in accordance with IFRS as adopted by the European Union  
(All amounts are in thousands of EUR unless stated otherwise)

**9 Equity**

No changes in share capital of the Company occurred during the nine months period ended 30 September 2013.

The Annual General Meeting held on 27 May 2013 approved the consolidated financial statements of the Group for the year 2012 and decided to pay dividends to the shareholders for 2012 in the amount of EUR 80 986 thousand (dividends declared and paid from the 2011 profit were in the amount of EUR 65 723 thousand). The declared dividends for 2012 were paid to the shareholders on 28 June 2013.

The extraordinary General Meeting held on 30 October 2012 decided to pay extraordinary dividends in the amount of EUR 20 000 thousand. Those dividends were paid to shareholders during the nine months period ended 30 September 2013.

**Earnings per share****Basic**

Basic earnings per share is calculated by dividing the profit attributable to equity holders of the Group by the weighted average number of ordinary shares in issue during the period excluding ordinary shares purchased by the Group and held as treasury shares.

Earnings per share are calculated as follows:

	<b>Period ended 30 September</b>	
	<b>2013</b>	<b>2012</b>
Profit attributable to equity holders of the Group (in EUR thousand)	56 531	40 474
Weighted average number of ordinary shares	3 516 682	3 516 682
<b>Earnings per share (in EUR)</b>	<b>16</b>	<b>12</b>

**Diluted**

The Group has no potential ordinary shares as at 30 September 2013 and 2012 and diluted earnings per share are the same as basic earnings per share.

**10 Bank loans**

The liquidity analysis of bank loans is as follows:

<b>Maturity</b>	<b>30 September 2013</b>	<b>31 December 2012</b>
Short term portion of bank loans	21 845	10 469
Long term portion of bank loans		
1-5 years	44 362	40 452
Over 5 years	17 300	9 810
<b>Total</b>	<b>83 507</b>	<b>60 731</b>

During the nine months period ended 30 September 2013, a new loan from SLSP, a.s. was drawn down in the amount of EUR 25 000 thousand. The loan bears interest at an annual rate equivalent of 2.25% and it matures on 30 June 2023.

The remaining loan exposures are being repaid in accordance with the loan agreements. The fair value of borrowings approximates their carrying amount as the impact of discounting is not material.

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Loans from financing banks include certain financial covenants calculated on the basis of the financial statements of the Group. The Group complied with all the significant covenants at the date of these condensed consolidated financial statements except for a covenant stipulated in the loan agreements signed with VÚB, a.s. ("VUB").

As at 30 September 2013, the Group does not comply with the financial covenant – Liquidity II ratio that shall not be below 1.00. The Group reported negative working capital balance as a result of seasonality of operations (note 3) as well as due to an one-off payment of the 2012 dividends to its shareholders in the total amount of EUR 80 986 thousand during the nine months period ended 30 September 2013.

The Group received a waiver from VUB after the balance sheet date. As a consequence, the Group reclassified the non-current portion of the VUB loans in the total amount of EUR 8 876 thousand as a current bank loan.

Management of the Group expects that the Group will comply with all covenants as at 31 December 2013.

**11 Provisions for liabilities**

During the nine months ended 30 September 2013 the amount of provisions for liabilities remained stable.

	30 September 2013	31 December 2012
Pensions benefits	9 820	9 942
Termination benefits	1 748	1 732
Legal claims	1 299	1 318
Other	1	6
<b>Liability in the Statement of Financial Position</b>	<b><u>12 868</u></b>	<b><u>12 998</u></b>

During the nine months period to 30 September 2013, no material changes to the assumptions used in the calculation of those provisions were applied.

**12 Trade and other payables**

	30 September 2013	31 December 2012
Trade payables	87 652	98 479
Current portion of deferred revenues	1 706	1 704
Payables to employees	1 574	2 588
Social security	966	1 362
Accrued personnel expenses	3 495	3 854
VAT- related to state	6 256	4 366
Payment to the national nuclear fund	1 465	2 469
Payables towards shareholders ( FNM, EDFI)	-	20 000
Social fund	132	202
Other payables	1 276	1 819
<b>Total</b>	<b><u>104 522</u></b>	<b><u>136 843</u></b>

After adoption of IFRS 9 (2010), these trade and other payables continue to be measured at amortised cost, and there were no reclassifications to or from the amortised cost measurement category.

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During the nine months period ended 30 September 2013, extraordinary dividends in the amount of EUR 20 000 thousand recognised as liability as of 31 December 2012 were paid to the shareholders resulting in the decrease of the caption Trade and other payables.

The fair value of trade and other payables is not materially different from their carrying amount. No payables are secured by a lien or other collateral.

Overdue payables are not material as at 30 September 2013 and 31 December 2012.

Majority of payables are denominated in EUR.

**13 Deferred income tax**

As at 30 September 2013, the net deferred tax position amounts to EUR 16 127 thousand (31 December 2012: EUR 15 235 thousand) and comprises a deferred tax asset of EUR 4 622 thousand (31 December 2012: EUR 4 293 thousand) and deferred tax liability of EUR 20 749 thousand (31 December 2012: 18 854 thousand). The majority of the deferred tax liability relates to temporary differences between the carrying amount of property, plant and equipment and their tax base.

Deferred income taxes are calculated on temporary differences using the basic tax rate of 19% as at 30 September 2012. Effective from 1 January 2013 the tax rate was changed to 23% therefore deferred tax as at 31 December 2012 was calculated using the basis tax rate of 23%. Effective from 1 January 2014, the income tax rate will decrease from 23% to 22% and therefore deferred tax as at 30 September 2013 was calculated using tax rate of 22%.

**14 Revenues**

Revenues include the following:

	<b>Period ended 30 September</b>	
	<b>2013</b>	<b>2012</b>
Revenues for electricity supply and distribution:		
Sales of electricity and distribution to industrial customers (wholesale) and commercial customers (retail)	358 690	320 931
Sales of electricity and distribution - households	150 928	153 294
Sales of electricity - long-term contracts, spot contracts, intermediation deviation, cross-border profile	23 375	44 621
Sales - compensation for green energy purchase	48 652	48 092
Other revenue:		
Revenues for gas sale	2 620	14
Revenues for construction works	1 018	1 912
Maintenance and operation of the transmission grid	50	50
Other revenue	3 296	807
<b>Total</b>	<b>588 629</b>	<b>569 721</b>



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**15 Purchase of electricity and related fees, distribution fees**

The following items have been included in Purchase of electricity and related fees:

	<b>Period ended 30 September</b>	
	<b>2013</b>	<b>2012</b>
Purchases of electricity from:		
Long-term contracts	137 293	145 818
Spot agreements and costs of deviation settlement	18 175	34 963
Heating plants	5 806	7 747
Renewable resource costs	177 448	179 373
Imports from abroad	31	45
Other	8 859	10 021
Fees paid to the operator of the transmission network (system service fees, fees for network operation, fees for access to the distribution network and other fees)	95 942	75 039
Purchase of gas	2 585	29
<b>Total</b>	<b><u>446 139</u></b>	<b><u>453 053</u></b>

**16 Personnel expenses**

	<b>Period ended 30 September</b>	
	<b>2013</b>	<b>2012</b>
Wages and salaries	18 547	17 863
Other staff costs	4 072	1 030
Social and health insurance costs	5 703	5 586
Pensions and other long-term benefits	697	728
<b>Total</b>	<b><u>29 019</u></b>	<b><u>25 207</u></b>

**17 Other operating expenses**

	<b>Period ended 30 September</b>	
	<b>2013</b>	<b>2012</b>
Repairs and maintenance	691	884
IT services	3 914	4 179
Post and telecommunication costs	1 814	1 886
Forrest cutting	1 297	1 516
Operating leasing	724	754
Consultancy costs	482	579
Subcontracted construction work	607	988
Creation of impairment provision and write off of receivables	2 050	1 354
Taxes and other fees	665	1 250
Metering of consumed electricity	572	557
Insurance costs	425	422
Audit of the financial statements other services received from Group auditor	67	115
Provision for legal claims	-13	409
Foreign exchange losses from operating processes	15	58
Other operating expense	4 051	4 015
<b>Total</b>	<b><u>17 361</u></b>	<b><u>18 967</u></b>

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**18 Other operating income**

	Period ended 30 September	
	2013	2012
Revenues from rent of property	1 507	3 199
Provision for accrued income	1 335	1 291
Telecommunication services and IT	629	629
Gain from sale of property, plant and equipment	413	196
Foreign exchange gains	14	55
Other	1 187	1 790
<b>Total</b>	<b>5 085</b>	<b>7 160</b>

**19 Income tax expense**

Reconciliation from the theoretical to the reported income tax charge is presented in following table:

	Period ended 30 September	
	2013	2012
Profit before tax	73 253	49 739
Theoretical income tax related to current period at 23%/19%	16 848	9 450
- Income not subject to tax (permanent differences)	-1 166	-1 484
- Non-deductible expenses (permanent differences)	216	288
- Income tax related to prior periods	-79	13
- Special levy on business in the regulated sector	1 373	511
- Special levy tax impact	-316	-97
- Other	-154	584
	<b>16 722</b>	<b>9 265</b>
<b>Income tax expense for the period</b>		
The tax charge for the period comprises:		
Deferred tax charge	1 607	2 998
Current tax of current period	15 194	6 254
Income tax related to prior periods	-79	13
	<b>16 722</b>	<b>9 265</b>

The Slovak corporate tax rate valid for the nine months period ended 30 September 2013 is 23% (nine months period ended 30 September 2012: 19%). The effective tax rate for corporate income tax for the nine months period 2013 is 22.83% (nine months of 2012: 18.63%).

In December 2012, the National Council of the Slovak Republic approved the government's bill amending the Act on a Special Levy. The Act regulates the obligation of a regulated entity to pay a levy on business activities in regulated sectors. The obligation to pay a special levy applies to a regulated entity that has an authorization to carry out activities in the areas such energy industries, insurance, pharmaceutical industry, etc.

The basis for the levy is profit before tax for the accounting period. The rate of the levy is 0.00363 per calendar month, which accounts for 0.04356 (4.356%) per year. The levy is calculated as the product of the levy rate and the amount of the levy basis. The levy shall be paid on a monthly basis, with the first period for the levy being September 2012 (based on profit/loss for 2011) and the last period being December 2013.

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**20 Contingent assets and liabilities****Regulatory contingent assets related to green energy**

The Group is legally bound to connect producers of green energy, if they comply with requirements set by Regulatory Office for Network Industries ("URSO") and purchase the generated green electricity, which is used to cover network losses. The purchase tariff for the green energy is set by URSO and is covered by the Tariff for system operation ("TPS"). For the nine months period ended 30 September 2013, the Group recognized a loss in the amount of EUR 20 095 thousand (nine months period ended 30 September 2012: EUR 35 661 thousand) as the difference between costs of purchased green energy and costs related to subvention of electricity produced from coal and revenues from TPS. Based on the current Regulatory Framework the loss incurred will be compensated in period t +2 (year 2015) through an increase of revenues from TPS. The resulting asset was not recognized, due to the fact, that the asset does not meet the recognition criteria set by IFRS as adopted by EU.

**Taxation**

Many parts of Slovak tax legislation remain untested and there is uncertainty about the interpretation that the tax authorities may apply in a number of areas. The effect of this uncertainty cannot be quantified and will only be resolved as legislative precedents are set or when the official interpretations of the authorities are available. Management is not aware of any circumstances that would cause any material costs for the Group.

**Lawsuit**

The group faces a claim for EUR 22 300 thousand plus lawsuit costs (as at 31 December 2012: EUR 23 000 thousand plus lawsuit costs). Based on a legal analysis of the case the Company management does not expect any impact on the Group and considers the risk of a failure in this process as unlikely. The Group did not record any provision related to this lawsuit.

**21 Commitments****(a) Capital commitments**

Capital expenditures contracted but not yet incurred are as follows:

	<b>30 September 2013</b>	<b>31 December 2012</b>
Property, plant and equipment	9 775	35 689
Intangible assets	3 699	710
<b>Total</b>	<b>13 474</b>	<b>36 399</b>

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**(b) Purchase contracts (electricity)**

Contracts on purchase of electricity agreed but not recognized in financial statements are as follows:

	<b>30 September 2013</b>	<b>31 December 2012</b>
Purchase contracts year 2013	54 024	193 805
Purchase contracts year 2014	179 043	30 884
Purchase contracts year 2015	41 925	4 089
Purchase contracts year 2016	29 029	-
Purchase contracts year 2017	1 572	-
<b>Total</b>	<b><u>305 593</u></b>	<b><u>228 778</u></b>

**22 Related party transactions**

Parties related to the Group include:

- a. the parent and ultimate parent of the Company
  - EDF International
  - Electricité de France
- b. entities under common control of EDF Group
  - EDF Trading Limited, branch office
  - EDF International distribution
  - EDF Serect
  - EnBW Service GmbH
  - Entrade Slovakia, s.r.o.
  - D-Energia Kereskedelmi KFT
  - Energie Baden Wurttemberg, branch office
  - Dalkia ČR, a.s.
  - Everen SP.Z O.O.
  - Démasz, AG. Szeged
  - EDF Trading Limited London
  - Atel Slovensko, s.r.o. Bratislava
  - EDF Polska SP.Z O.O. Warszawa
  - EDF – GDF DPRS-DSS-SMART
  - EDF Centre Expertise Ré Seaux Sud Oue
  - Emasz Miskolc
  - Dalkia Lučenec
  - EDF Hungaria
  - Citelum Slovakia a.s.
  - Dalkia Brezno
  - EDF R&D Institut de Transfert
  - Elektrownia Rybnik
- c. key management personnel of the entities within the Group or its parent
  - Members of the Board of Directors
  - Members of the Supervisory Board
  - Divisional directors

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## d. Slovak state-controlled entities

- OKTE – purchase and distribution of electricity
- Fakultná nemocnica F.D Roosevelta – distribution of electricity
- Martinská fakultná nemocnica – distribution of electricity
- Martinská teplárenská, a.s. – purchase and distribution of electricity
- SEPS, a.s. Bratislava – network system fees
- Východoslovenská energetika, a.s. – purchase and distribution of electricity
- ZSE energia, a.s. – purchase and distribution of electricity
- Zvolenská teplárenská, a.s. – purchase and distribution of electricity
- Žilinská teplárenská, a.s. – purchase and distribution of electricity
- Other (municipalities, water companies, state hospitals and similar)

**Transactions and balances with related parties**

The related party transactions for those related parties with whom the Group entered into significant transactions or had significant balances outstanding as at 30 September 2013 are detailed below. The related party transactions were carried out under common market conditions.

As at 30 September 2013, the outstanding balances with related parties were as follows:

	<b>a</b>	<b>b</b>
Gross amount of trade receivables	-	269
Trade and other payables	-	-584

Revenue and expense items with related parties for the nine months period ended 30 September 2013 were as follows:

	<b>a</b>	<b>b</b>
Sales of electricity	-	1 638
Purchase of electricity	-	-5 320
Purchase of raw materials and consumables	-	-16
Services	-17	-7

As at 31 December 2012, the outstanding balances with related parties were as follows:

	<b>a</b>	<b>b</b>
Gross amount of trade receivables	-	40
Trade and other payables	-	-2 101

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Revenue and expense items with related parties for the nine months period ended 30 September 2012 were as follows:

	<b>a</b>	<b>b</b>
Sales of electricity	-	207
Purchase of electricity	-	-18 139
Purchase of raw materials and consumables	-	-16
Services	-20	-19

The Government of the Slovak Republic has significant influence over the Group and is therefore related party to the Group. Currently, the Government of the Slovak Republic does not provide to the general public or entities under its influence a complete list of the entities which are owned or controlled directly or indirectly by the State. Under these circumstances, the Group disclosed only information that its current internal management accounting systems allow to present in relation to operations with state-controlled entities and where the Management believes such entities could be considered as state-controlled based on its best knowledge.

Transactions with government bodies and state-controlled entities are entered into in the normal course of business and priced at market rates. As at 30 September 2013 and 31 December 2012, the outstanding balances with state-controlled entities and government bodies were as follows:

	<b>30 September 2013</b>	<b>31 December 2012</b>
Gross amount of trade receivables		
- SEPS, OKTE	10 423	6 329
- other companies	3 469	6 273
Other receivables		
- government bonds	20 588	26 112
Trade and other payables		
- SEPS, OKTE	-4 467	-6 379
- other companies	-1 957	-5 239

Revenue and expense items with state-controlled entities and government bodies were as follows:

	<b>2013</b>	<b>Period ended 30 September 2012</b>
Sales of electricity and related fees		
- SEPS / OKTE	65 912	58 796
- other companies	57 545	66 160
Purchase of electricity and related fees		
- SEPS / OKTE	-83 208	-83 692
- other companies	-29 295	-21 657
Interest income from state bonds	832	997

SEPS a.s. (Slovak transit grid operator) is under common control by the Slovak Republic represented by the Ministry of Economy and National Property Fund.

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OKTE a.s. (Electricity short term market organizer) is a subsidiary of Slovenská elektrizačná a prenosová sústava a.s. (SEPS a.s.).

**Key management compensation**

The structure of remuneration received by the directors and other members of statutory bodies during the nine months periods ended 30 September 2013 and 30 September 2012 is as follows:

		Period ended 30 September
<b>Members of Boards of Directors and other key management</b>	<b>2013</b>	<b>2012</b>
Salaries and short-term employee benefits	906	1 143
Other non-monetary income	45	47
<b>Total</b>	<b>951</b>	<b>1 190</b>

		Period ended 30 September
<b>Members of Supervisory Boards</b>	<b>2013</b>	<b>2012</b>
Salaries and short-term employee benefits	172	174
<b>Total</b>	<b>172</b>	<b>174</b>

**23 Events after the reporting period**

E.D.F. INTERNATIONAL ("EDF") and Energetický a průmyslový holding, a.s. ("EPH") completed the transaction for the sale of EDF's minority stake of 49% in the Group to EPH effective on 27 November 2013.

On 17 December 2013, the Group sold its entire investment in government bonds classified as held-to-maturity financial assets at the reporting date. As at the date of the sale, the carrying value of the bonds was in the amount of EUR 20 769 thousand. The bonds were sold for EUR 22 788 thousand and the Group recognised a profit in the amount of EUR 2 019 thousand.

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The Condensed Consolidated Interim Financial Statements for the nine months period ended were authorized for issue on 20 December 2013.



.....  
**Martin Fedor**  
Chairman of the Board of Directors



.....  
**Petr Sekanina**  
Member of the Board of Directors



.....  
**Peter Iláš**  
Person responsible for preparation of financial statements



.....  
**Peter Iláš**  
Person responsible for bookkeeping