



ANNUAL REPORT

EP Commodities

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Introduction by the chief executive officer

Dear shareholders, business partners, colleagues and friends,

Despite the fact that EP Commodities, a.s. was incorporated only recently and 2015 was its first full year of existence, it managed to establish itself as one of the most significant players on the market, primarily due to the support of its sole shareholder, Energetický a průmyslový holding, a.s. (EPH).

The EPH group's dynamic and successful growth led to the necessity to create a company focusing on trading activities. EP Commodities was established for exactly this purpose, immediately fulfilling the function of a trading centre for the entire EPH group.

Trading in gas is EP Commodities' primary activity, mainly due to the EPH group being a major transporter of Russian natural gas into Europe (via its subsidiary, Eustream, a.s.)

Last year, EP Commodities traded in gas not only in Slovakia (Eustream) but also in the Czech Republic (OTE), Germany (NCG and Gaspool), Holland (TTF) and Austria (CEGH).

In addition, EP Commodities supplied gas to a fleet of gas power stations controlled by EPH in Italy and to the portfolios of EP Energy Trading's end customers (EP Trading is also part of the EPH group).

2015 was by all accounts a successful year for us. I would like to thank our employees and partners who contribute to the fulfilment of our strategy and to whom we owe our success.

Prague, 30 June 2016

A handwritten signature in blue ink, appearing to read 'Daniel Pexidr', with a large, sweeping flourish at the end.

Daniel Pexidr



KPMG Česká republika Audit, s.r.o.

Pobřežní 648/1a
186 00 Praha 8
Česká republika
+420 222 123 111
www.kpmg.cz

This document is an unsigned English translation of the Czech auditor's report.
Only the Czech version of the report is legally binding.

**Independent Auditor's Report to the Shareholder of
EP Commodities, a.s.**

We have audited the accompanying financial statements of EP Commodities, a.s., prepared in accordance with Czech accounting legislation, which comprise the balance sheet as of 31 December 2015, and the income statement for the year then ended, and the notes to these financial statements, including a summary of significant accounting policies and other explanatory notes. Information about EP Commodities, a.s. is set out in Note 1 to these financial statements.

Statutory Body's Responsibility for the Financial Statements

The statutory body of EP Commodities, a.s. is responsible for the preparation of financial statements that give a true and fair view in accordance with Czech accounting legislation and for such internal controls as the statutory body determines are necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with the Act on Auditors, International Standards on Auditing and the relevant guidance of the Chamber of Auditors of the Czech Republic. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal controls relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal controls. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.



We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements give a true and fair view of the financial position of EP Commodities, a.s. as of 31 December 2015, and of its financial performance for the year then ended in accordance with Czech accounting legislation.

Other Information

Other information is defined as information (other than the financial statements and our auditor's report) included in the annual report. The statutory body is responsible for the other information.

Our opinion on the financial statements of EP Commodities, a.s. as of 31 December 2015 does not cover the other information and we do not express any form of opinion thereon. In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information included in the annual report is not materially inconsistent with the financial statements or our knowledge obtained in the audit, whether the annual report is prepared in accordance with applicable legislation and whether such information otherwise does not appear to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Prague
30 June 2016

Signed by

KPMG Česká republika Audit, s.r.o.
Registration number 71

Signed by

Petr Škoda
Partner
Registration number 1842

Company profile

EP Commodities, a.s., a joint stock company, specialises solely in trade (wholesale) with natural gas. For 2016 we are also planning to start trading in electrical energy and carbon dioxide (or financially with coal and crude oil).

As part of trading in natural gas we primarily carry out transactions on the European market (CR, SR, DE, AT, IT, NL). We focus on countries where EPH has its own assets or which allow for efficient trading due to their liquidity. Our activities in the field of natural gas include stock exchange, operator platform and OTC transactions.

Only in Italy we ensure supplies of natural gas for end customers. However, these include exclusively power plants of the associated company EP Produzione S.p.A.

A significant part of our portfolio represent reservoirs, cross-border capacities, physical flows and the provision of flexibility throughout the entire region. For the EPH group we also financially secure physical assets of the group, which also includes the physical sourcing of the end customers' portfolios.

We plan to use the EEX, ICE and OTC markets for trading in electrical energy (and carbon dioxide), however, solely for transactions in the Czech Republic and Germany.

Report of the board of directors on the Company's business activities and the state of its assets

All given data have been prepared in compliance with Czech accounting standards.

Economic results for 2015

For the accounting period of 2015, EP Commodities, a.s. reported revenues of CZK 2.9 billion. Profit before tax totalled CZK 119.88 million. The main reasons for the achieved profit are margins charged on the wholesale natural gas market, revenues from provided services and the revaluation of commodity derivatives.

Principal business activities in 2015

The Company's principal business activity is the wholesale of natural gas on European markets.

The total trading in natural gas in all markets amounted to 15.5 TWh in 2015.

Further development

In 2016 the Company primarily aims to fully complete its business infrastructure. An important issue for the Company is also the trade support of EP Produzione S.p.A.

The Company also plans to increase the number of employees and expand the entire corporate team.

Research and development activities

The Company does not carry out any research and development activities.

Environmental protection and employment relationships

In handling consumable materials the Company always adopts an approach friendly to the environment.

Employment relations are governed by the Labour Code.

Material subsequent events

No material subsequent events occurred between the date of signing the annual report and the financial statements.



Ing. Jan Špringl
Chairman of the board of directors



Daniel Pexidr
Member of the board of directors

Report of supervisory board on the results of its control activities

In 2015, the supervisory board of EP Commodities, a.s. performed tasks in compliance with the Business Corporations Act and the Company's statutes.

At its meetings the supervisory board regularly monitored the Company's economic results, the state of its assets and reviewed economic analyses. It checked and verified the fulfilment of tasks given to the board of directors by the general meeting, resp. the decision of the sole shareholder during the exercise of powers of the general meeting, as well as the observance of generally binding legal regulations and the Company's statutes.

During 2015, when exercising its right to supervise, the supervisory board followed the Company's statutes and generally binding legal regulations valid for the activities of joint stock companies. In the mentioned period, the supervisory board focussed primarily on its main task, i.e. the supervision over the exercise of powers of the board of directors and the examination of the annual financial statements and the proposal for the loss settlement.

In the shareholder's interest, the supervisory board also concentrated, among others, on the continuous monitoring of economic results, the performance of the business plan and the resolutions adopted by the regular general meeting. It simultaneously aided the board of directors in fulfilling the joint stock company's development strategy.

The board of directors has provided the supervisory board with all necessary background materials, information and explanations. The supervisory board did not discover any shortcomings or violations of the Company's statutes or applicable legal regulations in the activities of the board of directors.

Prague, 30 June 2016

Report on relations between related parties

The board of directors of EP Commodities, a.s., (“the Company”), with its registered office in Prague 1, Klimentská 1216/46, 110 02, has prepared this report on relations between the controlled entity, companies exercising direct or indirect control and other entities controlled by the same controlling entity for the period from 1 January 2015 to 31 December 2015 in compliance with Section 82 of Act No. 90/2012 Coll., on Corporations and Cooperatives, as amended.

The entity directly controlling the Company in the period from 1 January 2015 to 31 December 2015 was Energetický a průmyslový holding, a.s., with its registered office in Brno, Příkop 843/4, 602 00.

In the respective period, Energetický a průmyslový holding, a.s., as the direct controlling entity owned 10 shares of the controlled entity, representing 100% of the Company’s registered capital and 100% of its voting rights.

I. Controlled entity

EP Commodities, a.s., with its registered office in Prague 1, Klimentská 1216/46, 110 02, ident. no. 034 37 680, recorded in the Commercial Register maintained by the Municipal Court in Prague, section B, insert 19973 on 29 September 2014.

II. Controlling entity

Energetický a průmyslový holding, a.s., with its registered office at Brno, Příkop 843/4, 602 00, ident. no. 283 56 250, recorded in the Commercial Register maintained by the Regional Court in Brno, section B, insert 5924 on 10 August 2009.

III. The controlled entity’s role, method and means of control

The controlled entity’s role within the group of companies is trading with commodities on a wholesale market. To fulfil this role, the controlled entity enters into business relations with related parties. All contractual relationships with related parties were established under the arm’s length principle. All supplies and related consideration have been agreed based on the arm’s length principle.

The controlling entity exercises its controlling influence through the appointment and recalling of statutory board and supervisory board members in compliance with effective legislation and the controlled entity’s articles of association.

IV. Valid contracts with related parties concluded during the last accounting period

In 2015, the contracts in effect between the controlled entity and the direct and indirect controlling entities and other entities controlled by the same controlling entities were as follows:

- (1) EFET-type framework agreement with EP ENERGY TRADING, a.s. dated 1 December 2014
- (2) Contract for the sub-lease of business premises and for the provision of services with EP ENERGY TRADING, a.s. dated 1 October 2014
- (3) Flexibility service agreement for 2015 with EP ENERGY TRADING, a.s. dated 1 December 2014
- (4) Loan agreement with Energetický a průmyslový holding, a.s. dated 24 August 2015
- (5) Gas Storage Agreement – the Inverse Storage with NAFTA, a.s. dated 29 October 2015
- (6) Purchase Agreement (Annex No. 2. to the Gas Storage Agreement – the Inverse Storage) with NAFTA, a.s. dated 29 October 2015
- (7) Contract for the provision of ICT services for a fee with United Energy, a.s. dated 1 April 2015
- (8) Contract on gas supplies (supply of gas to comply with the standard for security of gas supplies) with SPP – distribúcia, a.s., dated 20 October 2015
- (9) EFET-type framework agreement with Stredoslovenská energetika, a.s. dated 1 April 2015
- (10) EFET-type framework agreement with Energetický a průmyslový holding, a.s. dated 2 February 2015

V. Other juridical acts performed in the interest of related parties

During the respective accounting period, no juridical acts – other than those performed within the execution of rights pertaining to the controlled entity's shareholder – were performed in the interest of the direct and indirect controlling entity or other entities controlled by the same controlling entity.

VI. Other measures adopted or effected in the interest or at the instigation of related parties

During the respective accounting period, no measures – other than those adopted or effected within the execution of rights pertaining to the controlled entity's shareholder – were adopted or effected in the interest of the direct and indirect controlling entity or other entities controlled by the same controlling entity.

In 2015, no acts were performed in the interest or at the instigation of the controlling entity that would involve more than 10% of the controlled entity's equity.

VII. Supplies provided and consideration received by the controlled entity

In the respective accounting period, the controlled entity provided supplies to or received consideration (in thousands of Czech crowns) from the direct or indirect controlling entity and other entities controlled by the same controlling entity which were as follows:

| | Revenues for 2015 | Purchases for 2015 |
|--|----------------------|-----------------------|
| EP ENERGY, a.s. | | |
| Other services | – | 32 |
| EP ENERGY TRADING, a.s. | | |
| Revenue from goods | 1 579 733 | – |
| Revenue from services | 65 001 | – |
| Cost of goods sold | – | 488 728 |
| Other services | – | 527 |
| Other expenses | – | 99 |
| EP Investment Advisors, s.r.o. | | |
| Other services | – | 31 |
| Other expenses | – | 4 |
| Energetický a průmyslový holding, a.s. | | |
| Other financial expenses | – | 4 339 |
| NAFTA, a.s. | | |
| Other services | – | 3 717 |
| Stredoslovenská energetika, a.s. | | |
| Revenue from goods | 2 432 | – |
| Cost of goods sold | – | 260 |
| SPP – distribúcia, a.s. | | |
| Revenue from goods | 11 865 | – |
| United Energy, a.s. | | |
| Other services | – | 58 |
| Total | 1 659 031 | 497 795 |

The controlling entity provided the controlled entity with a loan of up to CZK 50 000 000. As at 31 December 2015 the controlled entity drew a loan totalling CZK 30 000 000.

VIII. Damage incurred by the controlled entity and related settlement

The controlled entity did not incur any damage nor did it gain any advantage as a result of the above contracts, other juridical acts, other measures, and provided supplies and received consideration.

IX. Advantages and disadvantages arising from relations between related parties, associated risks

The controlled entity does not gain any advantages or disadvantages from its relations with related parties. All related-party relations are governed by the arm's length principle. No entity gains any illegitimate advantages or disadvantages; all the relations are neutral in this respect. In addition, the controlled entity does not incur any risks from these relations.

X. Confidentiality

Within the group, all information and facts that are part of the trade secret of the controlling entities, controlled entity and other related parties are deemed confidential. The same applies to all information that has been designated as confidential by any related party. Confidential is also any and all business information that may on its own or in connection with other information and facts result in damage to any related party.

XI. Conclusion

This report has been prepared by EP Commodities, a.s., and has been submitted for review to the supervisory board and auditors. As the controlled entity has a statutory duty to prepare an annual report, the report on relations will be attached thereto.

The annual report will be deposited in the Collection of Deeds maintained by the Municipal Court in Prague.

Prague, 30 January 2016



Ing. Jan Špringl
Chairman of the board of directors



Daniel Pexidr
Member of the board of directors

EP **Commodities**

**Statutory financial statements
and notes to financial statements**

Balance sheet

in full format

as at 31 December 2015

(in thousands of Czech crowns "TCZK")

EP Commodities, a.s.
Klimentská 1216/46
110 00 Praha 1 - Nové Město
Czech Republic
IČ 034 37 680

| Ident. | ASSETS | line | Current period | | Prior period | |
|-----------|--|------|----------------|---------|--------------|---------|
| | | | Gross | Adjust. | Net | Net |
| a | b | c | 1 | 2 | 3 | 4 |
| | TOTAL ASSETS (I. 02 + 03 + 31 + 63) | 001 | 647 894 | - 25 | 647 869 | 113 317 |
| A. | Receivables for subscribed registered capital | 002 | | | | |
| B. | Fixed assets (L. 04 + 13 + 23) | 003 | 14 122 | - 25 | 14 097 | 91 |
| B.I. | Intangible fixed assets (L. 05 to 12) | 004 | 13 945 | - 24 | 13 921 | 91 |
| B.I.1. | Incorporation expenses | 005 | 96 | - 24 | 72 | 91 |
| 2. | Research and development | 006 | | | | |
| 3. | Software | 007 | | | | |
| 4. | Intellectual property rights | 008 | | | | |
| 5. | Goodwill | 009 | | | | |
| 6. | Other intangible fixed assets | 010 | | | | |
| 7. | Intangible fixed assets under construction | 011 | 13 849 | | 13 849 | |
| 8. | Advance payments for intangible fixed assets | 012 | | | | |
| B.II. | Tangible fixed assets (L. 14 to 22) | 013 | 177 | - 1 | 176 | |
| B.II.1. | Land | 014 | | | | |
| 2. | Buildings | 015 | 98 | - 1 | 97 | |
| 3. | Plant and equipment | 016 | | | | |
| 4. | Cultivated areas | 017 | | | | |
| 5. | Adult livestock | 018 | | | | |
| 6. | Other tangible fixed assets | 019 | | | | |
| 7. | Tangible fixed assets under construction | 020 | | | | |
| 8. | Advance payments for tangible fixed assets | 021 | 79 | | 79 | |
| 9. | Adjustments to acquired fixed assets | 022 | | | | |
| B.III. | Long-term investments (L. 24 to 30) | 023 | | | | |
| B.III.1. | Equity investments – subsidiaries | 024 | | | | |
| 2. | Equity investments – associated companies | 025 | | | | |
| 3. | Other long-term securities and ownership interests | 026 | | | | |
| 4. | Loans – group undertakings, associated companies | 027 | | | | |
| 5. | Other long-term investments | 028 | | | | |
| 6. | Long-term investments (provisional value) | 029 | | | | |
| 7. | Advance payments for long-term investments | 030 | | | | |

| Ident. | ASSETS | line | Current period | | | Prior period |
|-------------|---|------|----------------|---------|---------|--------------|
| | | | Gross | Adjust. | Net | Net |
| | | | 1 | 2 | 3 | 4 |
| a | b | c | | | | |
| C. | Current assets (L. 32 + 39 + 48 + 58) | 031 | 631 238 | | 631 238 | 113 226 |
| C.I. | Inventories (L. 33 to 38) | 032 | 119 | | 119 | |
| C.I.1. | Raw materials | 033 | | | | |
| 2. | Work-in-progress and semi-finished products | 034 | | | | |
| 3. | Finished goods | 035 | | | | |
| 4. | Young and other livestock | 036 | | | | |
| 5. | Goods for resale | 037 | 119 | | 119 | |
| 6. | Advance payments for inventories | 038 | | | | |
| C.II. | Long-term receivables (L. 40 to 47) | 039 | 52 045 | | 52 045 | 4 000 |
| C.II.1. | Trade receivables | 040 | | | | |
| 2. | Receivables – group undertakings | 041 | | | | |
| 3. | Receivables – associated companies | 042 | | | | |
| 4. | Receivables from shareholders/members | 043 | | | | |
| 5. | Long-term advances paid | 044 | 32 603 | | 32 603 | 4 000 |
| 6. | Estimated receivables | 045 | | | | |
| 7. | Other receivables | 046 | 19 442 | | 19 442 | |
| 8. | Deferred tax asset | 047 | | | | |
| C.III. | Short-term receivables (L. 49 to 57) | 048 | 504 269 | | 504 269 | 14 423 |
| C.III.1. | Trade receivables | 049 | 405 161 | | 405 161 | |
| 2. | Receivables – group undertakings | 050 | | | | |
| 3. | Receivables – associated companies | 051 | | | | |
| 4. | Receivables from shareholders/members | 052 | | | | |
| 5. | Social security and health insurance | 053 | | | | |
| 6. | Tax receivables | 054 | 67 742 | | 67 742 | 72 |
| 7. | Short-term advances paid | 055 | | | | |
| 8. | Estimated receivables | 056 | | | | |
| 9. | Other receivables | 057 | 31 366 | | 31 366 | 14 351 |
| C.IV. | Short-term financial assets (L. 59 to 62) | 058 | 74 805 | | 74 805 | 94 803 |
| C.IV.1. | Cash | 059 | 31 | | 31 | 17 |
| 2. | Bank accounts | 060 | 74 774 | | 74 774 | 94 786 |
| 3. | Short-term securities and ownership interests | 061 | | | | |
| 4. | Short-term investments (provisional value) | 062 | | | | |
| D.I. | Deferrals (L. 64 + 65 + 66) | 063 | 2 534 | | 2 534 | |
| D.I.1. | Prepaid expenses | 064 | 2 534 | | 2 534 | |
| 2. | Complex prepaid expenses | 065 | | | | |
| 3. | Accrued revenues | 066 | | | | |

Balance sheet

as at 31 December 2015

EP Commodities, a.s.
Klimentská 1216/46
110 00 Praha 1 - Nové Město
Czech Republic
IČ 034 37 680

| Ident. | LIABILITIES | line | Current period | Prior period |
|-----------|--|------|----------------|--------------|
| a | b | c | 5 | 6 |
| | TOTAL LIABILITIES AND EQUITY (L. 68 + 89 + 122) | 067 | 647 869 | 113 317 |
| A. | Equity (L. 69 + 73 + 80 + 83 + 87 + 88) | 068 | 207 892 | 110 157 |
| A.I. | Registered capital (L. 70 + 71 + 72) | 069 | 100 000 | 100 000 |
| A.I.1. | Registered capital | 070 | 100 000 | 100 000 |
| 2. | Own shares and ownership interests (-) | 071 | | |
| 3. | Changes in registered capital | 072 | | |
| A.II. | Capital contributions (L. 74 to 79) | 073 | | |
| A.II.1. | Premium | 074 | | |
| 2. | Other capital contributions | 075 | | |
| 3. | Revaluation of assets and liabilities | 076 | | |
| 4. | Revaluation reserve on transformations | 077 | | |
| 5. | Differences resulting from transformations | 078 | | |
| 6. | Change in revaluation reserve on transformations | 079 | | |
| A.III. | Funds from profit (L. 81 + 82) | 080 | | |
| A.III.1. | Reserve fund | 081 | | |
| 2. | Statutory and other funds | 082 | | |
| A.IV. | Retained earnings (L. 84 + 85 + 86) | 083 | 10 157 | |
| A.IV.1. | Retained profits | 084 | 10 157 | |
| 2. | Accumulated losses | 085 | | |
| 3. | Other retained earnings | 086 | | |
| A.V.1. | Profit (loss) for the current period (+/-) | 087 | 97 735 | 10 157 |
| A.V.2. | Approved advance profit distribution (-) | 088 | | |
| B. | Liabilities (L. 90 + 95 + 106 + 118) | 089 | 373 369 | 3 155 |
| B.I. | Provisions (L. 91 to 94) | 090 | 18 569 | 2 386 |
| B.I.1. | Tax-deductible provisions | 091 | | |
| 2. | Provision for pensions and other similar payables | 092 | | |
| 3. | Income tax provision | 093 | 18 569 | 2 386 |
| 4. | Other provisions | 094 | | |
| B.II. | Long-term liabilities (L. 96 to 105) | 095 | | |
| B.II.1. | Trade payables | 096 | | |
| 2. | Liabilities – group undertakings | 097 | | |
| 3. | Liabilities – associated companies | 098 | | |
| 4. | Liabilities to shareholders/members | 099 | | |
| 5. | Long-term advances received | 100 | | |
| 6. | Debentures and bonds issued | 101 | | |
| 7. | Long-term bills of exchange payable | 102 | | |
| 8. | Estimated payables | 103 | | |
| 9. | Other payables | 104 | | |
| 10. | Deferred tax liability | 105 | | |

| Ident. | LIABILITIES | line | Current period | Prior period |
|-------------|--|------|----------------|--------------|
| a | b | c | 5 | 6 |
| B.III. | Short-term liabilities (L. 107 to 117) | 106 | 354 800 | 769 |
| B.III.1. | Trade payables | 107 | 309 114 | 301 |
| 2. | Liabilities – group undertakings | 108 | 30 371 | |
| 3. | Liabilities – associated companies | 109 | | |
| 4. | Liabilities to shareholders/members | 110 | | |
| 5. | Payables to employees | 111 | 398 | 243 |
| 6. | Social security and health insurance liabilities | 112 | 177 | 158 |
| 7. | Tax liabilities and subsidies | 113 | 95 | 67 |
| 8. | Short-term advances received | 114 | | |
| 9. | Debentures and bonds issued | 115 | | |
| 10. | Estimated payables | 116 | 14 645 | |
| 11. | Other payables | 117 | | |
| B.IV. | Bank loans and overdrafts (L. 119 to 121) | 118 | | |
| B.IV.1. | Long-term bank loans | 119 | | |
| 2. | Short-term bank loans | 120 | | |
| 3. | Short-term financial liabilities | 121 | | |
| C.I. | Accruals (L. 123 + 124) | 122 | 66 608 | 5 |
| C.I.1. | Accrued expenses | 123 | 66 608 | 5 |
| 2. | Deferred revenues | 124 | | |

Income statement

classification by nature

for the year ended 31 December 2015

(in thousands of Czech crowns "TCZK")

EP Commodities, a.s.
Klimentská 1216/46
110 00 Praha 1 - Nové Město
Czech Republic
IČ 034 37 680

| Ident. | TEXT | line | Current period | Prior period |
|----------|--|------|----------------|--------------|
| a | b | c | 1 | 2 |
| I. | Revenue from goods | 01 | 2 827 669 | |
| A. | Cost of goods sold | 02 | 2 798 760 | |
| + | Gross profit (L. 01 - 02) | 03 | 28 909 | |
| II. | Revenue from production (L. 05 + 06 + 07) | 04 | 76 965 | |
| II.1. | Revenue from own products and services | 05 | 76 965 | |
| II.2. | Change in inventory of own production | 06 | | |
| II.3. | Own work capitalised | 07 | | |
| B. | Cost of sales (L. 09 + 10) | 08 | 9 068 | 325 |
| B.1. | Materials and consumables | 09 | 247 | 119 |
| B.2. | Services | 10 | 8 821 | 206 |
| + | Added value (L. 03 + 04 - 08) | 11 | 96 806 | - 325 |
| C. | Personnel expenses (L. 13 to 16) | 12 | 6 399 | 1 365 |
| C.1. | Wages and salaries | 13 | 4 979 | 1 019 |
| C.2. | Remuneration of board members | 14 | | |
| C.3. | Social security and health insurance expenses | 15 | 1 412 | 346 |
| C.4. | Social expenses | 16 | 8 | |
| D. | Taxes and charges | 17 | 63 | 104 |
| E. | Depreciation of intangible and tangible fixed assets | 18 | 20 | 5 |
| III. | Proceeds from disposals of fixed assets and raw material (L. 20 + 21) | 19 | | |
| III.1 | Proceeds from disposals of fixed assets | 20 | | |
| III.2 | Proceeds from disposals of raw material | 21 | | |
| F. | Net book value of fixed assets and raw material sold (L. 23 + 24) | 22 | | |
| F.1. | Net book value of fixed assets sold | 23 | | |
| F.2. | Raw materials sold | 24 | | |
| G. | Change in provisions and adjustments relating to operating activity and change in complex prepaid expenses | 25 | | |
| IV. | Other operating revenues | 26 | | |
| H. | Other operating expenses | 27 | 41 | 6 |
| V. | Transfer of operating revenues | 28 | | |
| I. | Transfer of operating expenses | 29 | | |
| * | Operating profit (loss) | 30 | 90 283 | - 1 805 |
| | (L. 11 - 12 - 17 - 18 + 19 - 22 - 25 + 26 - 27 + 28 - 29) | | | |

| Ident. | TEXT | line | Current period | Prior period |
|--------|--|------|----------------|--------------|
| a | b | c | 1 | 2 |
| VI. | Proceeds from sale of securities and ownership interests | 31 | | |
| J. | Securities and ownership interests sold | 32 | | |
| VII. | Revenue from long-term investments (L. 34 + 35 + 36) | 33 | | |
| VII.1. | Revenue from investments in group undertakings and associated companies | 34 | | |
| VII.2. | Revenue from other long-term securities and ownership interests | 35 | | |
| VII.3. | Revenue from other long-term investments | 36 | | |
| VIII. | Revenue from short-term financial investments | 37 | | |
| K. | Financial assets expenses | 38 | | |
| IX. | Revenue from revaluation of securities and derivatives | 39 | 38 133 | 14 351 |
| L. | Expenses for revaluation of securities and derivatives | 40 | 1 451 | |
| M. | Change in provisions and adjustments relating to financial activity | 41 | | |
| X. | Interest revenue | 42 | 1 | |
| N. | Interest expense | 43 | 372 | |
| XI. | Other financial revenues | 44 | 6 714 | 4 |
| O. | Other financial expenses | 45 | 13 425 | 7 |
| XII. | Transfer of financial revenues | 46 | | |
| P. | Transfer of financial expenses | 47 | | |
| * | Profit (loss) from financial operations | 48 | 29 600 | 14 348 |
| | (L. 31 - 32 + 33 + 37 - 38 + 39 - 40 - 41 + 42 - 43 + 44 - 45 + 46 - 47) | | | |
| Q. | Income tax on ordinary profit (loss) (L. 50 + 51) | 49 | 22 148 | 2 386 |
| Q.1. | – current | 50 | 22 148 | 2 386 |
| Q.2. | – deferred | 51 | | |
| ** | Profit (loss) on ordinary activities after tax | 52 | 97 735 | 10 157 |
| | (L. 30 + 48 - 49) | | | |
| XIII. | Extraordinary revenues | 53 | | |
| R. | Extraordinary expenses | 54 | | |
| S. | Income tax on extraordinary profit (loss) (L. 56 + 57) | 55 | | |
| S.1. | – current | 56 | | |
| S.2. | – deferred | 57 | | |
| * | Extraordinary profit (loss) (L. 53 - 54 - 55) | 58 | | |
| T. | Transfer of profit or loss to shareholders/members | 59 | | |
| *** | Profit (loss) for the accounting period | 60 | 97 735 | 10 157 |
| | (L. 52 + 58 - 59) | | | |
| **** | Profit (loss) before tax | 61 | 119 883 | 12 543 |
| | (L. 30 + 48 + 53 - 54) | | | |

Notes to the financial statements (non-consolidated, translated from the Czech original)

1. Description and principal activities

Establishment and description of the Company

EP Commodities, a.s. ("the Company") was registered on 29 September 2014. The principal activities of the Company are trading in natural gas and manufacture, trade and services not listed in Annexes 1 to 3 to the Trades Licensing Act.

Ownership structure

The Company's sole shareholder as at 31 December 2015 is:
Energetický a průmyslový holding, a.s. 100%

Registered office

EP Commodities, a.s.
Klimentská 1216/46
110 00 Praha 1 - Nové Město
Czech Republic

Identification number

034 37 680

Governing body of the Company as at 31 December 2015

Board of directors

Ing. Jan Špringl, chairman of the board of directors
Daniel Pexidr, member of the board of directors
Mgr. Marek Spurný, member of the board of directors
Mgr. Pavel Horský, member of the board of directors

Supervisory board

JUDr. Daniel Křetínský, chairman of the supervisory board
Peter Černák, member of the supervisory board
Mgr. Petr Sekanina, member of the supervisory board

Changes in the Commercial Register

In 2015, the following changes were made in the Commercial Register:

On 27 July 2015, Ing. Miroslav Haško was removed as a member of the board of directors.

On 27 July 2015, Daniel Pexidr was elected a member of the board of directors.

These changes were recorded in the Commercial Register on 3 August 2015.

On 16 December 2015, Mgr. Marek Spurný was elected a member of the board of directors.

On 16 December 2015, Mgr. Pavel Horský was elected a member of the board of directors.

On 16 December 2015, JUDr. Daniel Křetínský was elected chairman of the supervisory board.

On 16 December 2015, Mgr. Petr Sekanina was elected a member of the supervisory board.

These changes were recorded in the Commercial Register on 29 December 2015.

Organisational structure

The Company is not internally organised into units.

2. Significant accounting policies applied by the Company

The financial statements have been prepared based on the accounting records kept in compliance with the Act on Accounting and relevant regulations and decrees effective in the Czech Republic.

These financial statements have been prepared in compliance with Decree of the Czech Ministry of Finance No. 500/2002 Coll., implementing certain provisions of Act No. 563/1991 Coll., on Accounting, as amended, for business entities using double-entry bookkeeping.

The Company's accounts are maintained in accordance with general accounting principles, in particular the historic cost principle (unless otherwise stated below), the accrual principle, the prudence principle and the going concern principle.

The amounts in these financial statements are shown in thousands of Czech crowns (TCZK) unless otherwise stated.

a) Tangible and intangible fixed assets

Tangible and intangible fixed assets are stated at acquisition cost. Tangible fixed assets costing up to TCZK 40 and intangible fixed assets costing up to TCZK 60 are not recognised in the balance sheet and are expensed in the year that they are acquired.

b) Establishment of adjustments and provisions

Receivables

Receivables are initially stated at their nominal value which is subsequently reduced by appropriate adjustments for doubtful receivables and bad debts.

The Company establishes adjustments for doubtful receivables based on an analysis of the credit status of customers and the ageing structure of receivables.

Provisions

Provisions are established to cover future risks and expenses where the purpose is known and where it is probable that they will occur but their amount or date on which they will occur is generally uncertain.

An income tax provision is established as the financial statements are prepared before the tax liability is determined. In the subsequent accounting period, the Company releases this provision and records the actual tax liability determined.

In the balance sheet, the income tax provision is reduced by income tax prepayments, and the net receivable (if any) is recorded in tax receivables.

c) Foreign currency translation

The Company applies the Czech National Bank official rate to foreign currency transactions. During the year foreign exchange gains and losses are only recognised when realised at the time of settlement.

As at the balance sheet date, foreign currency monetary assets and liabilities are translated at the prevailing Czech National Bank official rates. Unrealised foreign exchange gains and losses are recognised in profit or loss.

d) Commodity derivatives

As at the balance sheet date, commodity derivatives are revalued at fair market value.

Futures and forwards that have been concluded for the purpose of purchase, sale or use of a commodity, electricity and gas, and are expected to be settled by delivery of the commodity do not meet the definition of a derivative and therefore are not remeasured at fair value.

Commodity contracts, i.e. futures and forwards, that are not expected to be settled by the delivery of the commodity are considered to be derivatives and are remeasured at fair value.

As at the balance sheet date, commodity derivatives held for trading concluded at the PXE, same as derivatives traded with third parties, are revalued at fair market value, taking as a basis the closing prices on 31 December 2015 as published by the PXE.

e) Income tax

Income tax for the period comprises current tax and the change in deferred tax.

Current tax comprises an estimate of tax payable calculated based on the taxable income, using the tax rate valid as at the first day of the accounting period, and any adjustments to taxes payable for previous periods.

Deferred tax is based on all temporary differences between the carrying and tax value of assets and liabilities, and other temporary differences (tax losses carried forward, if any), multiplied by the tax rate expected to be valid for the period in which the tax asset/liability is utilised.

A deferred tax asset is recognised only if it is probable that it will be utilised in future accounting periods.

f) Recognition of revenues and expenses

Revenues and expenses are recognised on an accrual basis, i.e. in the period to which they relate in terms of substance and timing.

3. Fixed assets

Intangible fixed assets

| | Incorporation expenses | Tangible fixed assets under construction | Total |
|----------------------------------|---------------------------|--|---------------|
| Acquisition cost | | | |
| Balance at 1/1/2015 | 96 | – | 96 |
| Additions | – | 13 849 | 13 849 |
| Disposals | – | – | – |
| Transfers | – | – | – |
| Balance at 31/12/2015 | 96 | 13 849 | 13 945 |
| Accumulated depreciation | | | |
| Balance at 1/1/2015 | 5 | – | 5 |
| Depreciation expense | 19 | – | 19 |
| Disposals | – | – | – |
| Transfers | – | – | – |
| Balance at 31/12/2015 | 24 | – | 24 |
| Net book value 1/1/2015 | 91 | – | 91 |
| Net book value 31/12/2015 | 72 | 13 849 | 13 921 |

The additions to intangible fixed assets under construction consist of the cost of software.

Tangible fixed assets

| | Building | Advance payments for tangible fixed assets | Total |
|----------------------------------|-----------|---|------------|
| Acquisition cost | | | |
| Balance at 1/1/2015 | – | – | – |
| Additions | 98 | 79 | 177 |
| Disposals | – | – | – |
| Transfers | – | – | – |
| Balance at 31/12/2015 | 98 | 79 | 177 |
| Accumulated depreciation | | | |
| Balance at 1/1/2015 | – | – | – |
| Depreciation expense | 1 | – | 1 |
| Disposals | – | – | – |
| Transfers | – | – | – |
| Balance at 31/12/2015 | 1 | – | 1 |
| Net book value 1/1/2015 | – | – | – |
| Net book value 31/12/2015 | 97 | 79 | 176 |

4. Short-term investments

| | 31/12/2015 | 31/12/2014 |
|--------------|---------------|---------------|
| Petty cash | 31 | 17 |
| Bank account | 74 774 | 94 786 |
| Total | 74 805 | 94 803 |

5. Trade receivables and payables

- a) Short-term trade receivables total TCZK 405 161 (2014 – TCZK 0), of which none are overdue.
- b) Short-term trade payables total TCZK 309 114 (2014 – TCZK 301), of which none are overdue.

6. Tax receivables

Tax receivables as at 31 December 2015 amount to TCZK 67 742 (2014 – TCZK 72) and consist of a VAT receivable.

As at the date of preparation of the notes to these financial statements, the specialised tax authority, seated at náměstí. Kpt. Jaroše 1000/7 Prague 7 ("the Tax Authority") was carrying out a tax inspection under Section 87(1) of the Tax Procedure Rules, reviewing value added tax for the taxable period of August 2015, September 2015, and October 2015.

Due to the ongoing tax inspection, the following excess deductions were retained by the Tax Authority for the above taxable period:

| Taxable period | Excess deduction |
|----------------|------------------|
| August 2015 | 30 591 |
| September 2015 | 13 976 |
| October 2015 | 38 266 |
| Total | 82 833 |

EP Commodities, a.s. has met its duty to inform the Tax Authority during the tax inspection, responded to all summons of the Tax Authority within the relevant deadlines, and met all of its obligations towards the Tax Authority.

EP Commodities, a.s. believes that all excess deductions claimed are legitimate and it will continue its full cooperation with the Tax Authority.

On 14 April 2016, the specialised Tax Authority commenced its tax inspection under Section 87(1) of the Tax Procedure Rules, reviewing value added tax for the taxable period of November and December 2015. A tax liability relating to VAT was reported for both taxable periods and was settled by EP Commodities, a.s.

Notes to the financial statements
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Year ended 31 December 2015
(in thousands of Czech crowns "TCZK")

| Taxable period | Tax liability |
|----------------|---------------|
| November 2015 | 15 539 |
| December 2015 | 26 626 |
| Total | 42 165 |

EP Commodities, a.s. believes that the reported tax liability is accurate and will continue to fully cooperate with the Tax Authority.

7. Advance payments

Long-term advances paid as at 31 December 2015 amount to TCZK 32 603 (2014 – TCZK 4 000).

| Counterparty | Currency | in TCZK | in TEUR |
|--------------------------------|----------|---------|---------|
| OTE, a.s. | CZK | 17 000 | – |
| NET4GAS, s.r.o. | CZK | 2 600 | – |
| Gas Connect Austria GmbH | EUR | – | 100 |
| GRTgaz Deutschland | EUR | – | 24 |
| eustream, a.s. | EUR | – | 27 |
| Central European Gas Hub AG | EUR | – | 51 |
| European Commodity Clearing AG | EUR | – | 280 |

Long-term advances paid primarily include trading deposits (OTE, a.s., Central European Gas Hub AG, European Commodity Clearing AG). The other long-term advances paid have been provided to the operators of the natural gas transmission networks (NET4GAS, s.r.o., Gas Connect Austria GmbH, GRTgaz Deutschland, eustream, a.s.).

8. Registered capital

(TCZK)

| | Registered capital | Total |
|-----------------------|--------------------|---------|
| Balance at 1/1/2015 | 100 000 | 100 000 |
| Balance at 31/12/2015 | 100 000 | 100 000 |

The registered capital of TCZK 100 000 consists of 10 registered shares at TCZK 10 000 per share.

9. Equity

(TCZK)

| | Registered capital | Profit/ (loss) for the current period | Retained earnings | Total |
|-------------------------------------|--------------------|---------------------------------------|-------------------|----------------|
| Balance at 1/1/2015 | 100 000 | 10 157 | – | 110 157 |
| Transfer of the prior period profit | – | -10 157 | 10 157 | – |
| Profit for 2015 | – | 97 735 | – | 97 735 |
| Balance at 31/12/2015 | 100 000 | 97 735 | 10 157 | 207 892 |

As at the date of preparation of the financial statements, the Company's management did not decide on the distribution of the retained profits for 2015.

10. Derivatives

Commodity derivatives held for trading.

As at the balance sheet date, the Company held the following forward exchange contracts for trading in natural gas:

| Forward exchange contracts | Due date | Fair value in TCZK | Commodity volume (GWh) |
|---|----------|--------------------|------------------------|
| Forward contracts for purchase of natural gas | 2016 | -177 546 | 2 139 |
| Forward contracts for purchase of natural gas | 2016 | 208 912 | 2 283 |
| Forward contracts for purchase of natural gas | 2017 | -10 214 | 76 |
| Forward contracts for purchase of natural gas | 2017 | 29 656 | 286 |
| Total | | 50 808 | |

The fair value of derivatives totals TCZK 50 808 (2014 – TCZK 14 351) of which TCZK 19 442 (2014 – TCZK 0) is recognised in Other long-term receivables and TCZK 31 366 (2014 – TCZK 14 351) in Other short-term receivables.

11. Provisions

In 2015, the income tax provision of TCZK 22 148 (2014 – TCZK 2 386) was reduced by income tax prepayments of TCZK 3 579 (2014 – TCZK 0), and the net liability of TCZK 18 569 (2014 – TCZK 2 386) was recognised in Income tax provision.

12. Revenues from and expenses on ordinary activities

The Company's principal activity is trading in a commodity – gas.

In 2015, the sales of the commodity and related services were as follows:

| | | Domestic sales | European Union | Outside EU | Total |
|------------------------------|-------------|------------------|----------------|----------------|------------------|
| Natural gas | 2015 | 2 023 728 | 670 662 | 133 279 | 2 827 669 |
| Services | 2015 | 65 100 | 11 865 | – | 76 965 |
| Balance at 31/12/2015 | 2015 | 2 088 828 | 682 527 | 133 279 | 2 904 634 |

The Company did not undertake any sales in 2014.

13. Revenues and expenses from revaluation of securities and derivatives

Revenues and expenses from revaluation of securities and derivatives represent realised and unrealised gains and losses from commodity derivatives held for trading.

14. Other financial revenues and expenses

Other financial revenues and expenses primarily represent foreign exchange gains and losses and bonuses for guarantees issued by the parent company.

15. Employees

Average number of employees and personnel expenses for 2015:

| | Number | Wages and salaries (in TCZK) | Social security and health insurance expenses (in TCZK) | Social expenses (in TCZK) | Total |
|--|----------|------------------------------|---|---------------------------|--------------|
| Employees | 4 | 4 979 | 1 412 | 8 | 6 399 |
| Board of directors and supervisory board | 3 | – | – | – | – |
| Total | 7 | 4 979 | 1 412 | 8 | 6 399 |

Average number of employees and personnel expenses for 2014:

| | Number | Wages and salaries (in TCZK) | Social security and health insurance expenses (in TCZK) | Social expenses (in TCZK) | Total |
|--|----------|---------------------------------|--|------------------------------|--------------|
| Employees | 4 | 1 019 | 346 | – | 1 365 |
| Board of directors and supervisory board | 3 | – | – | – | – |
| Total | 7 | 1 019 | 346 | – | 1 365 |

16. Social security and health insurance liabilities

Social security and health insurance liabilities total TCZK 177 (2014 – TCZK 158), of which TCZK 105 (2014 – TCZK 109) relate to social security liabilities and TCZK 72 (2014 – TCZK 49) relate to health insurance liabilities. None of these liabilities are overdue.

17. Tax liabilities and subsidies

Tax liabilities total TCZK 95 (2014 – TCZK 67) and consist of income tax from employment. None of these liabilities are overdue.

18. Estimated payables

Estimated payables of TCZK 14 645 (2014 – TCZK 0) primarily include an estimated payable relating to a leased gas holder and a payable relating to uninvoiced bonuses for guarantees.

19. Accrued expenses

Accrued expenses total TCZK 66 608 (2014 – TCZK 5) and mainly include accruals relating to the supply of natural gas.

20. Income tax

(a) Current tax

Current income tax comprises the tax estimate for 2015 of TCZK 22 148 (2014 – TCZK 2 386).

(b) Deferred tax

In 2015, the Company did not account for deferred tax as it did not recognise any temporary differences.

21. Related parties

a) Trade receivables and payables

The following related party balances are included in the trade receivables and payables described in note 5 above:

| | Receivables at 31/12/2015 | Payables at 31/12/2015 |
|----------------------------------|------------------------------|---------------------------|
| EP ENERGY TRADING, a.s. | 243 660 | 81 516 |
| EP Investment Advisors, s.r.o. | – | 15 |
| eustream, a.s. | – | 94 |
| NAFTA, a.s. – organizační složka | – | 31 |
| Stredoslovenská energetika, a.s. | 114 | – |
| SPP – distribúcia, a.s. | 11 864 | – |
| United Energy, a.s | – | 71 |
| Total | 255 638 | 81 727 |

b) Transactions with related parties

| | Sales for 2015 | Purchases for 2015 |
|--|-------------------|-----------------------|
| EP ENERGY, a.s. | | |
| Other services | – | 32 |
| EP ENERGY TRADING, a.s. | | |
| Revenues from goods | 1 579 733 | – |
| Revenue from services | 65 001 | – |
| Cost of goods sold | – | 488 728 |
| Other services | – | 527 |
| Other expenses | – | 99 |
| EP Investment Advisors, s.r.o. | | |
| Other services | – | 31 |
| Other expenses | – | 4 |
| Energetický a průmyslový holding, a.s. | | |
| Other financial expenses | – | 4 339 |
| NAFTA, a.s. | | |
| Other services | – | 3 717 |
| Stredoslovenská energetika, a.s. | | |
| Revenues from goods | 2 432 | – |
| Cost of goods sold | – | 260 |
| SPP – distribúcia, a.s. | | |
| Revenues from goods | 11 865 | – |
| United Energy, a.s. | | |
| Other services | – | 58 |
| Total | 1 659 031 | 497 795 |

All material transactions with related parties were realised based on the arm's length principle.

c) Loans received

The Company has received a short-term loan from Energetický a průmyslový holding, a.s. which is due in 2016. The value of this loan including interest as at 31 December 2015 was TCZK 30 371 (2014 – TCZK 0).

d) Remuneration and loans provided to directors and supervisory board members

In 2015 and 2014, no loans, borrowings, guarantees or other monetary or in-kind supplies were provided to the Company's directors.

22. Fees payable to statutory auditors

The information is disclosed in the notes to the consolidated financial statements of Energetický a průmyslový holding, a.s. in which the Company is included.

23. Contingencies and commitments

As at 31 December 2015, the Company concluded the following guarantees in favour of its suppliers and business partners:

| Warrantor | Currency | in TEUR |
|--|-----------------|----------------|
| Energetický a průmyslový holding, a.s. | EUR | 72 880 |
| HSBC Bank plc | EUR | 39 553 |
| | | 112 433 |

24. Material subsequent event

The Company's management is not aware of any events that have occurred since the balance sheet date that would have any material impact on the financial statements as at 31 December 2015.

Prepared on: 30 June 2016



Ing. Jan Špringl
Chairman of the board of directors



Daniel Pexidr
Member of the board of directors