Západoslovenská energetika, a.s.

Separate Financial Statements for the year ended 31 December 2017 and Independent Auditor's Report

March 2018

pwc

Independent Auditor's Report

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

Report on the audit of the separate financial statements

Our opinion

In our opinion, the separate financial statements present fairly, in all material respects, the financial position of Západoslovenská energetika, a.s. (the "Company") as at 31 December 2017, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union.

Our opinion is consistent with our additional report to the Audit Committee.

What we have audited

The Company's separate financial statements comprise:

- the separate statement of financial position as at 31 December 2017;
- the separate statement of profit or loss and other comprehensive income for the year then ended;
- the separate statement of changes in equity for the year then ended;
- the separate statement of cash flows for the year then ended; and
- the notes to the separate financial statements, which include significant accounting policies and other explanatory information.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing. Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the separate financial statements* section of our report.

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

Independence

We are independent of the Company in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants issued by the International Federation of Accountants ("Code of Ethics") and other requirements of legislation that are relevant to our audit of the separate financial statements in the Slovak Republic. We have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics.

To the best of our knowledge and belief, we declare that non-audit services that we have provided to the Company are in accordance with the applicable law and regulations in the Slovak Republic and that we have not provided non-audit services that are prohibited under Regulation (EU) No. 537/2014.

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The firm's ID No. (IČO): 35 739 347.
Tax Identification No. of PricewaterhouseCoopers Slovensko, s.r.o. (DIČ): 2020270021.
VAT Reg. No. of PricewaterhouseCoopers Slovensko, s.r.o. (IČ DPH): SK2020270021.
Spoločnosť je zapísaná v Obchodnom registri Okresného súdu Bratislava I, pod Vložkou č.: 16611/B, Oddiel: Sro.
The firm is registered in the Commercial Register of Bratislava I District Court, Ref. No.: 16611/B, Section: Sro.

The non-audit services that we have provided to the Company, in the period from 1 January 2017 to 31 December 2017 are disclosed in Note 24 to the separate financial statements.

Our audit approach

As part of designing our audit, we determined materiality and assessed the risks of material misstatement in the separate financial statements. In particular, we considered where management made subjective judgements; for example, in respect of significant accounting estimates that involved making assumptions and considering future events that are inherently uncertain. As in all of our audits, we also addressed the risk of management override of internal controls, including among other matters, consideration of whether there was evidence of bias that represented a risk of material misstatement due to fraud.

We tailored the scope of our audit in order to perform sufficient work to enable us to provide an opinion on the separate financial statements as a whole, taking into account the structure of the Company, the accounting processes and controls, and the industry in which the Company operates.

Materiality

The scope of our audit was influenced by our application of materiality. An audit is designed to obtain reasonable assurance whether the separate financial statements are free from material misstatement. Misstatements may arise due to fraud or error. They are considered material if individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the separate financial statements.

Based on our professional judgement, we determined certain quantitative thresholds for materiality as set out in the table below. These, together with qualitative considerations, helped us to determine the scope of our audit and the nature, timing and extent of our audit procedures and to evaluate the effect of misstatements, both individually and in aggregate on the separate financial statements as a whole.

Overall materiality	EUR 3,590 thousand (2016: EUR 2,590 thousand)
How we determined it	5% of profit before tax
Rationale for the materiality benchmark applied	We chose profit before tax as the benchmark because the performance of the Company is most commonly measured by users based on the Company's profitability. We chose 5% which is within the range of acceptable quantitative materiality thresholds set out in our firm's internal guidance.

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the separate financial statements. These matters were addressed in the context of our audit of the separate financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key audit matter	How our audit addressed the Key audit matter
Assets Held for Sale and Discontinued Operations	
Discontinued operations required special attention during the audit due to the significance of the amounts involved. As disclosed in Note 30, revenues attributable to discontinued operations represent EUR 20,898 thousand. As explained in Note 30 to the separate financial statements, the extraordinary General Meeting of shareholders approved several organisational changes in the Company. The Company will transfer the Facility Management Department performing facility management services for the ZSE Group into the subsidiary Západoslovenská distribučná, a.s. and accordingly will transfer other organisational units into subsidiaries Západoslovenská distribučná, a.s. and ZSE Energia, a.s. For details refer to Note 30 of notes to the separate financial statements. The transfer of employees will also be part of all organisational changes. The completion of the transaction is expected during the year 2018.	We have tested individual contracts under which the Company sold part of the business and transferred the activities and tasks of the organizational units. We tested the way in which the Company's management identified the individual components of the balance sheet that were the subject of the sale of part of the business and the transfer of the activities and tasks of the organizational units. The individual items of the balance sheet that were the subject of these organizational changes were reconciled to underlying documentation tie to ensure their completeness. Tangible and intangible fixed assets were agreed to the fixed assets register, receivables and payables to the sub-ledgers and employee benefits payables were agreed to the actuarial calculation for the individual employees affected by these organizational changes. We have evaluated whether the measurement of the sale of assets and liabilities is appropriate, and we have come to the conclusion that management has chosen an appropriate valuation method under International Financial Reporting Standards ("IFRS") as adopted by the European Union. The result of discontinued operations and the related cash flows have been agreed to the cost centers records that are subject to the organizational changes. We have evaluated based on our procedures whether management appropriately applied the requirements of IFRS in recognizing and presenting assets held for sale and discontinued operations in the separate financial statements. Our work did not result in any adjustment to asset held for sale and discontinued operations presented by management.

Reporting on other information in the annual report

Management is responsible for separate annual report prepared in accordance with the Slovak Act on Accounting No. 431/2002, as amended (the "Accounting Act"). The separate annual report comprises (a) the separate financial statements and (b) other information. Management has not prepared the separate annual report by the date of our audit report.

Our opinion on the separate financial statements does not cover the other information.

When the separate annual report becomes available to us, our responsibility will be to read the other information identified above and, in doing so, to consider whether the other information is materially inconsistent with the separate financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

With respect to the separate annual report, we will also consider whether it includes the disclosures required by the Accounting Act, when it becomes available to us. This will include checking the consistency of the separate annual report with the separate financial statements, and whether the separate annual report has been prepared in accordance with the Accounting Act.

In addition, our updated report will either state that we have nothing to report in respect of the above or describe any material misstatements identified by us in the consolidated annual report based on our knowledge of the reporting entity and its circumstances, which we obtained during our audit.

Responsibilities of management and those charged with governance for the separate financial statements

Management is responsible for the preparation and fair presentation of the separate financial statements in accordance with the International Financial Reporting Standards as adopted by the European Union, and for such internal control as management determines is necessary to enable the preparation of separate financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the separate financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

Auditor's responsibilities for the audit of the separate financial statements

Our objectives are to obtain reasonable assurance about whether the separate financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with International Standards on Auditing will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these separate financial statements.

As part of our audit, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the separate financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit 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 Company's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the separate financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the separate financial statements, including the disclosures, and whether the separate financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the separate financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on other legal and regulatory requirements

Our appointment as independent auditors

We were first appointed as auditors of the Company in 2002. Our appointment has been renewed annually by shareholders resolution representing a total period of uninterrupted engagement appointment of 16 years. Under the transitional provisions of the EU Regulation 537/2014, our appointment cannot be renewed from 17 June 2023, provided the Company will then be public interest entity.

Slovenská komora audítorov SKAU Č. licencie 161 PricewaterhouseCoopers Slovensko, s.r.o.

PricewaterhouseCoopers Slovensko, s.r.o.
SKAU licence No. 161

Mgr. Juraj Tučný, FCCA
UDVA licence No. 1059

Bratislava, 21 March 2018

Our report has been prepared in Slovak and in English languages. In all matters of interpretation of information, views or opinions, the Slovak language version of our report takes precedence over the English language version.

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In thousands of EUR	Note	31 December 2017	31 December 2016
ASSETS			
Non-current assets			
Property, plant and equipment	5	33,835	39,011
Intangible assets	6	298	661
Investment properties	7	10,655	10,407
Investments in subsidiaries, associates and joint ventures	8	286,736	287,337
Loans provided	9	315,000	630,000
Total non-current assets		**646,524**	**967,416**
Current assets			
Inventories	10	27	49
Loans provided and accrued interest on loans receivable within one year	9	319,833	4,833
Trade and other receivables	11	2,112	4,154
Current income tax refund receivable		122	780
Receivables from cash pooling	20	1,296	1,288
Cash and cash equivalents	12	89,963	77,331
Assets held for sale and discontinued operations	30	8,861	-
Total current assets		**422,214**	**88,435**
TOTAL ASSETS		**1,068,738**	**1,055,851**
EQUITY			
Share capital	13	196,969	196,969
Legal reserve fund	14	39,421	39,421
Retained earnings		118,434	98,315
TOTAL EQUITY		**354 824**	**334,705**
LIABILITIES			
Non-current liabilities			
Issued bonds	15	314,396	628,828
Deferred income tax liabilities	16	1,551	1,336
Post-employment defined benefit obligations	17	761	1,260
Other long term employee benefits	18	177	294
Total non-current liabilities		**316,885**	**631,718**
Current liabilities			
Issued bonds and accrued interest on issued bonds payable within one year	15	319,114	4,114
Trade and other payables	19	7,293	13,527
Liabilities from cash pooling	20	68,241	71,787
Liabilities directly associated with assets held for sale and discontinued operations	30	2,381	-
Total current liabilities		**397 029**	**89,428**
TOTAL LIABILITIES		**713,914**	**721,146**
TOTAL LIABILITIES AND EQUITY		**1,068,738**	**1,055,851**

These separate financial statements have been approved for issue by the Board of Directors on 21 March 2018.

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Jochen Kley
Chairman of the Board of Directors and CEO

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Marian Rusko
Member of the Board of Directors

In thousands of EUR	Note	2017	2016
Continuing operations			
Revenues	21	**18,248**	**18,341**
Raw material, energy and other consumption	22	(1,232)	(1,376)
Employee benefits	23	(7,782)	(7,779)
Depreciation of property, plant and equipment and investment properties	5, 7	(2,437)	(2,564)
Amortisation of intangible assets	6	(153)	(240)
Other operating expenses	24	(9,323)	(11,158)
Dividend income	25	67,175	51,190
Other operating income	26	4,874	5,061
Profit from operations		**69,370**	**51,475**
Finance income / (costs)			
Interest income	28	22,699	22,703
Interest and similar expenses	27	(22,615)	(24,797)
Finance income / (costs), net		**84**	**(2,094)**
Profit before tax		**69,454**	**49,381**
Income tax expense	16	(620)	(324)
Profit for the year from continuing operations		**68,834**	**49,057**
Profit for the year from discontinued operations	30	1,860	1,803
Profit for the year		**70,694**	**50,860**
Other comprehensive income			
Items that will not be subsequently reclassified to profit or loss			
Actuarial remeasurements of post-employment defined benefit obligations	17	(140)	342
Deferred tax on actuarial remeasurements of post-employment defined benefit obligations	16	29	(72)
Total other comprehensive income for the year		**(111)**	**270**
Total comprehensive income for the year		**70,583**	**51,130**
Total comprehensive income for the year from continuing operations		68,776	49,197
Total comprehensive income for the year from discontinued operations	30	1,807	1,933

In thousands of EUR	Share capital	Legal reserve fund	Retained earnings	Total equity
Balance at 1 January 2016	**196,969**	**39,421**	**104,754**	**341,144**
Profit for the year	-	-	50,860	**50,860**
Other comprehensive income for the year	-	-	270	**270**
Total comprehensive income for 2016	**-**	**-**	**51,130**	**51,130**
Dividends declared and paid (Note 13)	-	-	(57,570)	**(57,570)**
Other	-	-	1	**1**
Balance at 31 December 2016	**196,969**	**39,421**	**98,315**	**334,705**
Profit for the year	-	-	70,694	**70,694**
Other comprehensive income for the year	-	-	(111)	**(111)**
Total comprehensive income for 2017	**-**	**-**	**70,583**	**70,583**
Dividends declared and paid (Note 13)	-	-	(50,465)	**(50,465)**
Other	-	-	1	**1**
Balance at 31 December 2017	**196,969**	**39,421**	**118,434**	**354,824**

In thousands of EUR	Note	2017	2016
Cash flows from operating activities			
Profit before tax from continuing operations		69,454	49,381
Profit before tax from discontinued operations	30	2,413	2,435
Profit before tax		**71,867**	**51,816**
Adjustments for non-cash items:			
- Depreciation of property, plant and equipment and investment properties	5, 7	3,575	3,607
- Loss / (gain) on disposal of property, plant and equipment	5	124	(197)
- Amortisation of intangible assets	6	394	494
- Interest income		(22,699)	(22,703)
- Interest and similar expense		22,621	24,810
- Dividend income	25	(67,175)	(51,190)
- Other non-cash items		300	(36)
Cash generated from operations before changes in working capital		9,007	6,601
Changes in working capital:			
- Inventories		22	25
- Trade and other receivables		(950)	(94)
- Receivables and liabilities from cash pooling		(3,554)	47,308
- Trade and other payables		(3,244)	3,352
- Provisions for liabilities and charges and deferred income		114	73
Cash generated from operations before interest and taxes		**1,395**	**57,265**
Interest income received		22,699	22,703
Interest expense paid		(21,979)	(21,868)
Income tax paid	38	(342)	(3,795)
Net cash from operating activities		**1,773**	**54,305**
Cash flows from investing activities			
Purchase of property, plant and equipment and intangible assets		(6,140)	(3,650)
Dividend income received	25	66,863	51,190
Proceeds from sale of property, plant and equipment and intangible assets	5	61	739
Proceeds from reduction of other capital funds of an associate	8	-	537
Proceeds from liquidation of an associate	8	507	-
Proceeed from sale of other financial investments	8	33	-
Contribution to share capital of a subsidiary	8	-	(5)
Net cash used in investing activities		**61,324**	**48,811**
Cash flows from financing activities			
Dividends paid	13	(50,465)	(57,570)
Net cash used in financing activities		**(50,465)**	**(57,570)**
Net change in cash and cash equivalents		**12,632**	**45,546**
Cash and cash equivalents at the beginning of the year		77,198	31,652
Cash and cash equivalents at the end of the year	12	**89,830**	**77,198**

1 Introduction

These separate financial statements have been prepared in accordance with International Financial Reporting Standards as adopted by the European Union for the year ended 31 December 2017 for Západoslovenská energetika, a.s. (hereinafter "The Company" or "ZSE").

The Company was incorporated and is domiciled in the Slovak Republic. The Company is a joint stock company limited by shares and was set up in accordance with Slovak legislation in its current legal form on 15 October 2001. The Company was incorporated in the Commercial Register of the District Court Bratislava I on 1 November 2001.

Principal activity. The Company provides supporting services for its subsidiaries and other related parties as accounting, controlling and general administration services, as well as in area of finance services, planning, HR services and facility management.

The Company's principal subsidiaries are as follows: Západoslovenská distribučná, a.s. which operates electricity distribution network in Western Slovakia, ZSE Energia, a.s. which supplies electricity and gas to its retail and wholesale customers, ZSE Energy Solutions, s.r.o. which is in engineering business, ZSE MVE, s. r. o. which operates two small hydroelectric plants, ZSE Business Services, s. r. o. which is a trading company and ZSE Development, s.r.o. which is a company providing services. All of the subsidiaries are incorporated in the Slovak Republic and are wholly owned by the Company.

Registered address and place of business. The Company's registered address is Čulenova 6, Bratislava 816 47, Slovak Republic. Its identification number (IČO) is: 35 823 551 and its tax identification number (IČ DPH) is: SK2020285256.

Presentation currency. These separate financial statements are presented in Euro ("EUR"), rounded to thousands, unless otherwise stated. Negative amounts are presented in brackets.

Ownership structure. Ministry of Economy of the Slovak Republic owns 51% of the Company's shares, E.ON Slovensko, a.s. owns 39% and E.ON Beteiligungen GmbH owns 10% of the Company's shares at 31 December 2017 and 31 December 2016. The Company is jointly controlled by E.ON and the Slovak government as a result of a shareholders agreement, which requires the parties to act jointly together to direct the activities that significantly affect the returns of the reporting entity. Refer to Note 13.

List of members of the Company's board of directors and of the supervisory board is publicly available from the Commercial Register operated by the Ministry of Justice of the Slovak Republic at www.orsr.sk.

Number of employees. The Company employed 306 staff on average during 2017, of which 15 were management (2016: 303 employees on average, of which 16 were management).

2 Significant Accounting Policies

Basis of preparation. These separate financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") as adopted by the European Union under the historical cost convention. The principal accounting policies applied in the preparation of these separate financial statements are set out below. These policies have been consistently applied to all the periods presented, unless otherwise stated.

The Board of Directors may propose to the Company's shareholders to amend the separate financial statements until their approval by the general shareholders meeting. However, § 16, points 9 to 11 of the Accounting Act No 431/2002 prohibit reopening an entity's accounting records after the financial statements are approved by the general shareholders' meeting. If, after the financial statements are approved, management identifies that comparative information would not be consistent with the current period information, the Accounting Act allows entities to restate comparative information in the reporting period in which the relevant facts are identified.

2 Significant Accounting Policies (continued)

These separate financial statements have been prepared in addition to the consolidated financial statements of the Group Západoslovenská energetika, a.s. The separate financial statements should be read in conjunction with the consolidated financial statements to obtain a complete understanding of the Company's results and financial position. These consolidated financial statements can be obtained from the Company at its registered address.

Subsidiaries, associates and joint ventures. Subsidiaries are those investees, including structured entities, that the Company controls because the Company (i) has power to direct relevant activities of the investees that significantly affect their returns, (ii) has exposure, or rights, to variable returns from its involvement with the investees, and (iii) has the ability to use its power over the investees to affect the amount of investor's returns. The existence and effect of substantive voting rights, including substantive potential voting rights, are considered when assessing whether the Company has power over another entity. For a right to be substantive, the holder must have practical ability to exercise that right when decisions about the direction of the relevant activities of the investee need to be made. The Company may have power over an investee even when it holds less than the majority of the voting power in an investee. In such a case, the Company assesses the size of its voting rights relative to the size and dispersion of holdings of the other vote holders to determine if it has de-facto power over the investee. Protective rights of other investors, such as those that relate to fundamental changes of the investee's activities or apply only in exceptional circumstances, do not prevent the Company from controlling an investee.

Associates are all entities over which the Company has significant influence but not control, generally accompanying a shareholding of between 20% and 50% of the voting rights.

Jointly controlled entities ("joint ventures") are those in which the Company shares control of the operations with its joint venture partners.

Investments in subsidiaries, associates and in joint ventures are carried at cost in these separate financial statements. The cost is represented by the amount of cash or cash equivalents paid or the fair value of the consideration given to acquire the subsidiaries, associates and joint ventures at the time of their acquisition. Impairment losses are recognized using an allowance account. Allowances are recognized to write down the investment to present value of estimated expected future cash flows.

Property, plant and equipment. Property, plant and equipment are stated at cost less accumulated depreciation and accumulated impairment losses.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. Costs of minor repairs and day-to-day maintenance are expensed when incurred. Cost of replacing major parts or components of property, plant and equipment items are capitalised and the replaced part is retired.

At the end of each reporting period, management assesses whether there is any indication of impairment of property, plant and equipment. If any such indication exists, management estimates the recoverable amount, which is determined as the higher of an asset's fair value less costs to sell and its value in use. The carrying amount is reduced to the recoverable amount and the impairment loss is recognised in profit or loss for the year. An impairment loss recognised for an asset in prior years is reversed where appropriate if there has been a change in the estimates used to determine the asset's value in use or fair value less costs to sell.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised in profit or loss for the year within other operating income or costs.

Investment property. Investment property represents the building premises (and related part of the land on which the building stands), which is leased out to subsidiaries. Investment property is carried at cost less accumulated depreciation, calculated using straight line method to depreciate the asset to its residual value, based on estimate useful life of 30 to 50 years, similar to buildings held for own use.

2 Significant Accounting Policies (continued)

Non-current assets classified as held for sale. Non-current assets and disposal groups, which may include both non-current and current assets, are classified in the statement of financial position as 'non-current assets held for sale' if their carrying amount will be recovered principally through a sale transaction, including loss of control of a subsidiary holding the assets, within twelve months after the end of the reporting period. Assets are reclassified when all of the following conditions are met: (a) the assets are available for immediate sale in their present condition; (b) the Company's management approved and initiated an active programme to locate a buyer; (c) the assets are actively marketed for sale at a reasonable price; (d) the sale is expected within one year and (e) it is unlikely that significant changes to the plan to sell will be made or that the plan will be withdrawn. Non-current assets or disposal groups classified as held for sale in the current period's statement of financial position are not reclassified or re-presented in the comparative statement of financial position to reflect the classification at the end of the current period.

A disposal group is a group of assets (current or non-current) to be disposed of, by sale or otherwise, together as a group in a single transaction, and liabilities directly associated with those assets that will be transferred in the transaction. Goodwill is included if the disposal group includes an operation within a cash-generating unit to which goodwill has been allocated on acquisition. Non-current assets are assets that include amounts expected to be recovered or collected more than twelve months after the end of the reporting period. If reclassification is required, both the current and non-current portions of an asset are reclassified.

Held for sale disposal groups as a whole are measured at the lower of their carrying amount and fair value less costs to sell. Held for sale premises and equipment are not depreciated or amortised.

Discontinued operations. A discontinued operation is a component of the Company that either has been disposed of, or that is classified as held for sale, and: (a) represents a separate major line of business or geographical area of operations; (b) is part of a single co-ordinated plan to dispose of a separate major line of business or geographical area of operations; or (c) is a subsidiary acquired exclusively with a view to resale. Revenues, expenses and cash flows of discontinued operations, if any, are disclosed separately from continuing operations with comparatives being re-presented.

Depreciation. Land and construction in progress is not depreciated. Depreciation on other items of property, plant and equipment is calculated using the straight-line method to allocate their cost to their residual values over their estimated useful lives:

	Useful lives in years
Office buildings and halls	30 – 50 years
Building sites	40 years
Machinery	4 – 20 years
Fixtures, fittings and equipment	4 – 30 years
Vehicles	4 – 15 years
Other non-current tangible assets	4 – 30 years

The residual value of an asset is the estimated amount that the Company would currently obtain from the disposal of the asset less the estimated costs of disposal, if the asset was already of the age and in the condition expected at the end of its useful life. The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period.

Each part of an item of property, plant and equipment with a cost that is significant in relation to the total cost of the item is depreciated separately.

2 Significant Accounting Policies (continued)

Intangible assets. Intangible assets are initially measured at cost. Intangible assets are recognised if it is probable that the future economic benefits that are attributable to the asset will flow to the Company, and the cost of the asset can be measured reliably. After initial recognition, the intangible assets are measured at cost less accumulated amortisation and any accumulated impairment losses.

Costs associated with maintaining computer software programs are recognised as an expense as incurred. Development costs that are directly attributable to the design and testing of identifiable and unique software products controlled by the Company are recognised as intangible assets when the following criteria are met: (a) it is technically feasible to complete the software product so that it will be available for use; (b) management intends to complete the software product and use or sell it; (c) there is an ability to use or sell the software product; (d) it can be demonstrated how the software product will generate probable future economic benefits; (e) adequate technical, financial and other resources to complete the development and to use or sell the software product are available; and (f) the expenditure attributable to the software product during its development can be reliably measured.

Directly attributable costs that are capitalised as part of the software product include the software development employee costs and an appropriate portion of relevant overheads. Other development expenditures that do not meet these criteria are recognised as an expense as incurred. Development costs previously recognised as an expense are not recognised as an asset in a subsequent period.

Computer software development costs recognised as assets are amortised over their estimated useful lives, which does not exceed four years.

At the end of each reporting period management assesses whether there is any indication of impairment of intangible assets. If any such indication exists, management reduces the carrying value to the recoverable amount, which is determined as the higher of an asset's fair value less costs to sell and its value in use.

Loans provided. Loans provided are initially recognised at fair value and subsequently carried at amortised cost using the effective interest method.

Inventories. Inventories are stated at the lower of acquisition cost and net realizable value. Weighted average method is used for determination of cost of inventories. The cost of material includes purchase price and directly attributable acquisition costs, such as customs duties or transportation costs. Net realizable value is the estimated selling price in the ordinary course of business, less cost of completion and selling expenses.

Trade receivables. Trade receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, net of provision for impairment.

A provision for impairment of receivables is established when there is objective evidence that the Company will not be able to collect all amounts due according to the original terms of receivables. Significant financial difficulties of the debtor, the probability that the debtor will enter bankruptcy or financial reorganisation, default or delinquency in payments (more than 1 month overdue) are considered objective evidence that the trade receivable is impaired.

2 Significant Accounting Policies (continued)

The amount of the provision is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate. The carrying amount of the asset is reduced using an allowance account, and the amount of the loss is expensed within "other operating expenses".

When a trade receivable is uncollectible, it is written off against the allowance account for trade receivables. Subsequent recoveries of amounts previously written off are credited against impairment losses within "other operating expenses".

Value added tax. Output value added tax related to sales is payable to tax authorities on the earlier of (a) collection of receivables from customers or (b) delivery of goods or services to customers. Input VAT is generally recoverable against output VAT upon receipt of the VAT invoice. The tax authorities permit the settlement of VAT on a net basis. VAT related to sales and purchases is recognised in the statement of financial position on a net basis. Where provision has been made for the impairment of receivables, the impairment loss is recorded for the gross amount of the debtor, including VAT.

Receivables from cash pooling. These receivables are initially recognised at fair value and subsequently carried at amortised cost using the effective interest method.

Cash and cash equivalents. Cash and cash equivalents includes cash in hand, deposits held at call with banks and other short-term highly liquid investments with original maturities of three months or less. Cash and cash equivalents are carried at amortised cost.

Share capital. Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares are shown in equity as a deduction, net of tax, from the proceeds of the share issue.

Dividends. Dividends are recorded in equity in the period in which they are declared. The separate financial statements of the Company are the basis for profit distribution and other appropriations.

Legal reserve fund. The legal reserve fund is set up in accordance with the Commercial Code. Contributions to the legal reserve fund were made at 10% of the Company's profit for the year, up to 20% of the share capital. Such funds are not distributable and may only be used to increase share capital or to cover losses.

Issued bonds, loans and other borrowings. Issued bonds, loans and other borrowings are recognised initially at fair value, net of transaction costs incurred. Issued bonds, loans and other borrowings are carried at amortised cost using the effective interest method. The liabilities are classified as current liabilities unless the Company has an unconditional right to defer settlement of the liability for at least 12 months after the end of the reporting period.

Liabilities from cash pooling. These liabilities are initially recognised at fair value and subsequently carried at amortised cost using the effective interest method.

Income taxes. Income taxes have been provided for in the separate financial statements in accordance with legislation enacted or substantively enacted by the end of the reporting period. The income tax charge comprises current tax and deferred tax and is recognised in profit or loss for the year, except if it is recognised in other comprehensive income or directly in equity because it relates to transactions that are also recognised, in the same or a different period, in other comprehensive income or directly in equity.

2 Significant Accounting Policies (continued)

Current income tax is the amount expected to be paid to, or recovered from, the taxation authorities in respect of taxable profits or losses for the current and prior periods. Taxable profits or losses are based on estimates if the separate financial statements are authorised prior to filing relevant tax returns. Taxes other than on income are recorded within other operating expenses.

Deferred income tax is recognised using the balance sheet liability method on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. However, deferred income tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination and the transaction, when initially recorded, affects neither accounting nor taxable profit or loss.

Deferred income tax is determined using tax rates (and laws) that have been enacted or substantively enacted by the end of the respective reporting period and apply to the period when the related deferred income tax asset will be realised, or the deferred income tax liability will be settled.

Deferred income tax assets are recognised to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilized. Deferred income tax is provided on temporary differences arising on investments in subsidiaries except where the timing of the reversal of the temporary difference is controlled by the Company and it is probable that the temporary difference will not reverse in the foreseeable future.

The Company offsets deferred tax assets and deferred tax liabilities where the Company has a legally enforceable right to set off current tax assets against current tax liabilities and these relate to income taxes levied by the same taxation authority.

Post-employment and other long term employee benefits. The Company contributes to state and private defined contribution pension and social benefit plans under which the Company pays fixed contributions into a separate entity and will have no legal or constructive obligations to pay further contributions if the fund does not hold sufficient assets to pay all employees the benefits relating to employee service in the current and prior periods. The contributions are expensed when incurred.

As agreed with the trade unions, the Company also has (a) a post-employment defined benefit obligation to pay one to seven monthly salaries to each employee upon retirement depending on the number of years worked for the Company and (b) an obligation to pay work and life anniversary long service bonuses. These obligations are recognised as liabilities estimated annually by independent actuaries using the Projected Unit Credit Method. The present value of the defined benefit obligation is determined (a) by discounting the estimated future cash outflows using interest rates of high quality corporate bonds, which have terms to maturity approximating the terms of the related liability and (b) then attributing the calculated present value to the periods of service based on the plan's benefit formula.

Actuarial remeasurements on post-employment benefits arising from experience adjustments and changes in actuarial assumptions are charged or credited to other comprehensive income in the period in which they arise, and are immediately reclassified to retained earnings in the statement of changes in equity. Actuarial remeasurements of the obligation to pay work and life anniversary long service bonuses are recognised in profit or loss for the year as employee benefits expense when incurred. Past service costs, if any, are expensed when incurred.

As explained in IAS 19, *Employee Benefits*, paragraph 133, the Company does not distinguish current and non-current portions of defined benefit obligations and presents the estimate as a whole within non-current liabilities.

Trade payables. Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Accounts payable are classified as current liabilities if payment is due within less than one year, or within the entity's operating cycle. All other accounts payable are presented as non-current liabilities.

Trade payables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

2 Significant Accounting Policies (continued)

Offsetting. Financial assets and liabilities are offset and the net amount reported in the separate statement of financial position only when there is a legally enforceable right to offset the recognised amounts, and there is an intention to either settle on a net basis, or to realise the asset and settle the liability simultaneously. Such a right of set off (a) must not be contingent on a future event and (b) must be legally enforceable in all of the following circumstances: (i) in the normal course of business, (ii) the event of default and (iii) the event of insolvency or bankruptcy.

Leases. Leases, in which a significant portion of the risks and rewards of the ownership are retained by the lessor, are classified as operating leases. Payments made under operating leases (including incentives received from the lessor) are expensed on a straight-line basis over the period of the lease.

Provisions / Contingent liabilities. Provisions are recognised when the Company has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation, and a reliable estimate of the amount can be made. Provisions are not recognised for future operating losses. Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax-rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase of the provision due to passage of time is recognised as interest expense.

Where the Company expects a provision to be reimbursed, for example under an insurance contract, the reimbursement is recognised as a separate asset, but only when the reimbursement is virtually certain.

Contingent liabilities are not recognised in the separate financial statements. They are disclosed in the notes to the separate financial statements, unless the possibility of an outflow of resources embodying the economic benefits is remote.

Revenue recognition. Revenue comprises the fair value of the consideration received or receivable for the sale of goods and services in the ordinary course of the Company's activities. Revenue is shown, net of value-added tax, estimated returns, rebates and discounts.

The Company recognises revenue when the amount of revenue can be reliably measured, it is probable that future economic benefits will flow to the Company and specific criteria will be met for each of the Company's activities as described below. The amount of revenue is not considered reliably measurable until all contingencies relating to the sale have been resolved.

The Company provides supporting services for its subsidiaries Západoslovenská distribučná, a.s. and ZSE Energia, a.s. as accounting, controlling, facility management and general administration services. These services are provided also to the other subsidiaries ZSE Energy Solutions, s.r.o., ZSE Development, s.r.o., ZSE Business Services, s. r. o. and ZSE MVE, s. r. o. and to the shareholder E.ON Slovensko, a.s. as well as other related parties, E.ON Business Services Slovakia spol. s r. o. v likvidácii and E.ON Elektrárne s.r.o.

Raw material and spare parts. The Company sells raw material and spare parts to its subsidiaries. Sale of material is recognized when the Company has delivered the material to the subsidiary and there is no unfulfilled obligation that could affect the subsidiary's acceptance of the material.

Sales of services. Sales of services are recognised in the reporting period in which the services are rendered, by reference to completion of the specific transaction assessed based on the actual service provided as a proportion of the total services to be provided.

Dividend income. Dividend income is recognised when the right to receive the payment is established and inflow of economic benefits is probable.

Interest income. Interest income is recognised on an accrual basis using the effective interest method.

2 Significant Accounting Policies (continued)

Foreign currency translation. These financial statements are presented in thousands of EUR, which is the Company's presentation currency. The functional currency for the Company is EUR.

Transactions and balances. Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in profit or loss.

Segment information. Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision-maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the board of directors that makes strategic decisions.

Segment result is measured in accordance with accounting policies that are consistent with those applied by the Company in preparing its separate statement of profit or loss and other comprehensive income.

3 Adoption of New or Revised Standards and Interpretations

The following amended standards became effective for the Company from 1 January 2017, but did not have any material impact on the Company:

- Disclosure Initiative – Amendments to IAS 7 (issued on 29 January 2016 and effective for annual periods beginning on or after 1 January 2017). The new disclosures are included in Note 33.
- Recognition of Deferred Tax Assets for Unrealised Losses – Amendment to IAS 12 (issued on 19 January 2016 and effective for annual periods beginning on or after 1 January 2017).
- Amendments to IFRS 12 included in Annual Improvements to IFRSs 2014 - 2016 Cycle (issued on 8 December 2016 and effective for annual periods beginning on or after 1 January 2017).

4 New Accounting Pronouncements

Certain new standards, interpretations and amendments have been issued that are mandatory for annual periods beginning on or after 1 January 2018, and which the entity has not early adopted:

IFRS 9, Financial Instruments (issued in July 2014 and effective for annual periods beginning on or after 1 January 2018).

Key features of the new standard are:

- Financial assets are required to be classified into three measurement categories: those to be measured subsequently at amortised cost, those to be measured subsequently at fair value through other comprehensive income (FVOCI) and those to be measured subsequently at fair value through profit or loss (FVTPL).

- Classification for debt instruments is driven by the entity's business model for managing the financial assets and whether the contractual cash flows represent solely payments of principal and interest (SPPI). If a debt instrument is held to collect, it may be carried at amortised cost if it also meets the SPPI requirement. Debt instruments that meet the SPPI requirement that are held in a portfolio where an entity both holds to collect assets' cash flows and sells assets may be classified as FVOCI. Financial assets that do not contain cash flows that are SPPI must be measured at FVTPL (for example, derivatives). Embedded derivatives are no longer separated from financial assets but will be included in assessing the SPPI condition.

- Investments in equity instruments are always measured at fair value. However, management can make an irrevocable election to present changes in fair value in other comprehensive income, provided the instrument is not held for trading. If the equity instrument is held for trading, changes in fair value are presented in profit or loss.

- Most of the requirements in IAS 39 for classification and measurement of financial liabilities were carried forward unchanged to IFRS 9. The key change is that an entity will be required to present the effects of changes in own credit risk of financial liabilities designated at fair value through profit or loss in other comprehensive income.

- IFRS 9 introduces a new model for the recognition of impairment losses – the expected credit losses (ECL) model. There is a 'three stage' approach which is based on the change in credit quality of financial assets since initial recognition. In practice, the new rules mean that entities will have to record an immediate loss equal to the 12-month ECL on initial recognition of financial assets that are not credit impaired (or lifetime ECL for trade receivables). Where there has been a significant increase in credit risk, impairment is measured using lifetime ECL rather than 12-month ECL. The model includes operational simplifications for lease and trade receivables.

- Hedge accounting requirements were amended to align accounting more closely with risk management. The standard provides entities with an accounting policy choice between applying the hedge accounting requirements of IFRS 9 and continuing to apply IAS 39 to all hedges because the standard currently does not address accounting for macro hedging.

Based on an analysis of the Company's financial assets and financial liabilities as at 31 December 2017 and on the basis of the facts and circumstances, magnitude, volumes, methodology that exist at that date, the management of the Company is expecting an impact as of 1 January 2018 in the areas of impairment provisions against trade and other receivables and cash in banks. The expected impact is not material.

No significant changes are expected for financial liabilities, other than changes in the fair value of financial liabilities designated at FVTPL that are attributable to changes in the instrument's credit risk, which will be presented in other comprehensive income.

The new standard also introduces expanded disclosure requirements and changes in presentation. These are expected to change the nature and extent of the Company's disclosures about its financial instruments particularly in the year of the adoption of the new standard.

4 New Accounting Pronouncements (continued)

IFRS 15, Revenue from Contracts with Customers (issued on 28 May 2014, amended on 12 April 2016 and effective for the periods beginning on or after 1 January 2018). The new standard introduces the core principle that revenue must be recognised when the goods or services are transferred to the customer, at the transaction price. Any bundled goods or services that are distinct must be separately recognised, and any discounts or rebates on the contract price must generally be allocated to the separate elements. When the consideration varies for any reason, minimum amounts must be recognised if they are not at significant risk of reversal. Costs incurred to secure contracts with customers have to be capitalised and amortised over the period when the benefits of the contract are consumed.

In accordance with the transition provisions in IFRS 15 the Company has elected simplified transition method with the effect of transition to be recognised as at 1 January 2018 in the separate financial statements for the year ended 31 December 2018 which will be the first year when the Company will apply IFRS 15.

The Company plans to apply the practical expedient available for simplified transition method. The Company applies IFRS 15 retrospectively only to contracts that are not completed at the date of initial application (1 January 2018).

The adoption of IFRS 15 will result in changes in accounting policies and adjustments to be recognised in the separate financial statements. Based on the analysis of the Company's revenue streams for the year ended 31 December 2017, individual contracts' terms and on the basis of the facts and circumstances that exist at that date, in view of simplified transition method application, the management of the Company is expecting a non-significant impact on its separate financial statements from the adoption of the new standard on 1 January 2018.

IFRS 16, Leases (issued in January 2016 and effective for annual periods beginning on or after 1 January 2019). The new standard sets out the principles for the recognition, measurement, presentation and disclosure of leases. All leases result in the lessee obtaining the right to use an asset at the start of the lease and, if lease payments are made over time, also obtaining financing. Accordingly, IFRS 16 eliminates the classification of leases as either operating leases or finance leases as is required by IAS 17 and, instead, introduces a single lessee accounting model. Lessees will be required to recognise: (a) assets and liabilities for all leases with a term of more than 12 months, unless the underlying asset is of low value; and (b) depreciation of lease assets separately from interest on lease liabilities in the statement of profit or loss and other comprehensive income. IFRS 16 substantially carries forward the lessor accounting requirements in IAS 17. Accordingly, a lessor continues to classify its leases as operating leases or finance leases, and to account for those two types of leases differently. The Company is currently assessing the impact of the new standard on its financial statements.

IFRIC 23 "Uncertainty over Income Tax Treatments"* (issued on 7 June 2017 and effective for annual periods beginning on or after 1 January 2019). IAS 12 specifies how to account for current and deferred tax, but not how to reflect the effects of uncertainty. The interpretation clarifies how to apply the recognition and measurement requirements in IAS 12 when there is uncertainty over income tax treatments.

4 New Accounting Pronouncements (continued)

The following standards, interpretations and amendments are not expected to have any material impact on the Company's individual financial statements:

- Sale or Contribution of Assets between an Investor and its Associate or Joint Venture - Amendments to IFRS 10 and IAS 28* (issued on 11 September 2014 and effective for annual periods beginning on or after a date to be determined by the IASB).
- Amendments to IFRS 15, Revenue from Contracts with Customers (issued on 12 April 2016 and effective for annual periods beginning on or after 1 January 2018).
- Amendments to IFRS 2, Share-based Payment* (issued on 20 June 2016 and effective for annual periods beginning on or after 1 January 2018).
- Applying IFRS 9 Financial Instruments with IFRS 4 Insurance Contracts - Amendments to IFRS 4* (issued on 12 September 2016 and effective, depending on the approach, for annual periods beginning on or after 1 January 2018 for entities that choose to apply temporary exemption option, or when the entity first applies IFRS 9 for entities that choose to apply the overlay approach).
- Annual Improvements to IFRSs 2014-2016 Cycle* (issued on 8 December 2016 and effective for annual periods beginning on after 1 January 2018 for amendments to IFRS 1 and IAS 28).
- IFRIC 22 - Foreign Currency Transactions and Advance Consideration* (issued on 8 December 2016 and effective for annual periods beginning on or after 1 January 2018).
- Transfers of Investment Property - Amendments to IAS 40* (issued on 8 December 2016 and effective for annual periods beginning on or after 1 January 2018).
- IFRS 17, Insurance Contracts* (issued on 18 May 2017 and effective for annual periods beginning on or after 1 January 2021).
- Prepayment Features with Negative Compensation – Amendments to IFRS 9* (issued on 12 October 2017 and effective for annual periods beginning on or after 1 January 2019).
- Long-term Interests in Associates and Joint Ventures – Amendments to IAS 28* (issued on 12 October 2017 and effective for annual periods beginning on or after 1 January 2019).
- Annual Improvements to IFRSs 2015 - 2017 cycle – Amendments to IFRS 3, IFRS 11, IAS 12 and IAS 23* (issued on 12 December 2017 and effective for annual periods beginning on or after 1 January 2019).
- Plan Amendment, Curtailment or Settlement - Amendments to IAS 19* (issued on 7 February 2018 and effective for annual periods beginning on or after 1 January 2019).

* These new standards, amendments and interpretations have not been endorsed by the European union yet.

5 Property, Plant and Equipment

Movements in the carrying amount of property, plant and equipment were as follows:

In thousands of EUR	Land	Buildings	Equipment, vehicles and other assets	Capital work in progress	Total
Cost at 1 January 2016	4,132	35,015	30,376	3,443	72,966
Accumulated depreciation and impairment losses	-	(12,233)	(21,999)	-	(34,232)
Carrying amount at 1 January 2016	**4,132**	**22,782**	**8,377**	**3,443**	**38,734**
Transfer to investment property	-	(427)	-	-	(427)
Additions	-	-	-	4,489	4,489
Transfers	-	479	2,611	(3,090)	-
Depreciation charge	-	(1,195)	(2,048)	-	(3,243)
Disposals	(18)	(504)	(20)	-	(542)
Cost at 31 December 2016	4,114	33,907	32,676	4,842	75,539
Accumulated depreciation and impairment losses	-	(12,772)	(23,756)	-	(36,528)
Carrying amount at 31 December 2016	**4,114**	**21,135**	**8,920**	**4,842**	**39,011**
Transfer to investment property	-	(156)	-	-	(156)
Additions	-	-	-	3,923	3,923
Transfers	26	1,462	2,307	(3,795)	-
Depreciation charge	-	(771)	(2,299)	-	(3,070)
Disposals	(5)	(110)	(70)	(299)	(484)
Transfer to assets held for sale and discontinued operations	-	(1)	(4,495)	(893)	(5,389)
Cost at 31 December 2017	4,135	35,092	23,963	3,778	66,968
Accumulated depreciation and impairment losses	-	(13,533)	(19,600)	-	(33,133)
Carrying amount at 31 December 2017	**4,135**	**21,559**	**4,363**	**3,778**	**33,835**

The Company holds insurance against damages caused by natural disasters up to EUR 243,719 thousand for buildings and up to amount of EUR 36,633 thousand for equipment, fixtures, fittings and other assets (2016: EUR 242,403 thousand and 34,212 thousand, respectively).

The above disclosures include carrying value of assets leased out under operating leases as follows:

In thousands of EUR	2017	2016
Equipment, vehicles and other assets	11,277	11,172
Total carrying value of assets leased out under operating leases	**11,277**	**11,172**

5 Property, Plant and Equipment (continued)

Rental income is presented in Note 26. Future rental income due within one year from non-cancellable operating leases is EUR 224 thousand (2016: EUR 268 thousand), amount due from two to five years is EUR 0 thousand (2016: EUR 0 thousand) and the amount due after five years is EUR 0 thousand (2016: EUR 0 thousand).

The proceeds from disposal of property, plant and equipment were as follows:

In thousands of EUR	**2017**	**2016**
Net book value of disposals	484	542
(Loss) / gain on disposal of property, plant and equipment	(124)	197
Other non-cash movements	(299)	-
Proceeds from disposals	**61**	**739**

6 Intangible Assets

Movements in the carrying amount of intangible assets were as follows:

In thousands of EUR	**Software and similar assets**	**Assets not yet available for use**	**Total**
Cost at 1 January 2016	27,728	281	28,009
Accumulated amortisation and impairment losses	(26,745)	-	(26,745)
Carrying amount at 1 January 2016	**983**	**281**	**1,264**
Additions	-	(109)	(109)
Transfers	83	(83)	-
Amortisation charge	(494)	-	(494)
Cost at 31 December 2016	27,811	89	27,900
Accumulated amortisation and impairment losses	(27,239)	-	(27,239)
Carrying amount at 31 December 2016	**572**	**89**	**661**

6 Intangible Assets (continued)

In thousands of EUR	Software and similar assets	Assets not yet available for use	Total
Cost at 1 January 2017	27,811	89	27,900
Accumulated amortisation and impairment losses	(27,239)	-	(27,239)
Carrying amount at 1 January 2017	**572**	**89**	**661**
Additions	-	128	128
Transfers	102	(102)	-
Amortisation charge	(394)	-	(394)
Transfer to assets held for sale and discontinued operations	(80)	(17)	(97)
Cost at 31 December 2017	27,075	98	27,173
Accumulated amortisation and impairment losses	(26,875)	-	(26,875)
Carrying amount at 31 December 2017	**200**	**98**	**298**

7 Investment Properties

The Company leases out part of its administrative and operational buildings under operating leases mainly to its subsidiaries.

Movements in the carrying amount of the investment properties were as follows:

In thousands of EUR	2017	2016
Cost at 1 January	15,158	14,103
Accumulated depreciation and impairment losses	(4,751)	(4,233)
Carrying amount at 1 January	**10,407**	**9,870**
Transfer from property, plant and equipment to investment property	156	427
Additions	597	474
Depreciation charge	(505)	(364)
Cost at 31 December	15,777	15,158
Accumulated depreciation and impairment losses	(5,122)	(4,751)
Carrying amount at 31 December	**10,655**	**10,407**

The Company's management estimates that fair value of the investment properties at the balance sheet date is not materially different from their carrying amount.

Rental income is presented in Note 26. Future rental income due within one year from non-cancellable operating leases is EUR 482 thousand (2016: EUR 1,845 thousand), amount due from two to five years is EUR 1,279 thousand (2016: EUR 1,561 thousand) and the amount due after five years is EUR 123 thousand (2016: EUR 159 thousand).

8 Investments in Subsidiaries, Associates and Joint Ventures

In thousands of EUR	2017	2016
Total investments at the beginning of the year	**287,337**	**290,106**
Additions	-	5
Disposals	(600)	(537)
Impairment	-	(2,238)
Other	(1)	1
Total investments at the end of the year	**286,736**	**287,337**

The additions during the year 2016 represent the set-up of the subsidiary ZSE Business Services, s.r.o. on 15 August 2016, where the Company is sole shareholder. This subsidiary was incorporated in the Commercial Register on 1 September 2016.

Disposals during the year 2016 represent reduction of other capital funds of the associate E.ON Business Services Slovakia spol. s r. o. v likvidácii. Disposals during the year 2017 represent the completion of liquidation of the associate E.ON Business Services Slovakia spol. s r. o. v likvidácii on 30 November 2017 and the sale of the whole ownership interest held in company EFR CEE Szolgáltató Kft., Hungary. All of the subsidiaries, associates and joint ventures were incorporated and operate in the Slovak Republic.

In thousands of EUR	% *	Activities	2017	2016
Západoslovenská distribučná, a.s.	100	Distribution of electricity	276,684	276,684
ZSE Energia, a.s.	100	Trade in electricity / gas	6,725	6,725
ZSE Energy Solutions, s.r.o.	100	Engineering	2,200	2,200
ZSE MVE, s. r. o.	11.3**	Electricity production	1	1
ZSE Development, s.r.o.	100	Trading activities	564	564
ZSE Business Services, s. r. o.	100	Services	5	5
Total investments in subsidiaries			**286,179**	**286,179**
E.ON Business Services Slovakia spol. s r. o. v likvidácii	49	IT services	-	568
Total investments in associates			**-**	**568**
Energotel, a.s	20	Telecommunication services	525	525
Total investments in joint ventures			**525**	**525**
Other			32	65
Total investments in subsidiaries, associates and joint ventures			**286,736**	**287,337**

* Ownership interest and voting rights held.

** The Company directly owns only 11.3% in ZSE MVE, s. r. o. but has in total 100% control over this company through its subsidiary ZSE Energia, a.s. (2016: ZSE Energy Solutions, s.r.o.) which holds the remaining 88.7% in ZSE MVE, s. r. o. Therefore, ZSE MVE, s. r. o. was classified as subsidiary in these separate financial statements.

9 Loans Provided

An overview of loans provided is as follows:

In thousands of EUR	2017	2016
Loan 1 provided to Západoslovenská distribučná, a.s. - principal	-	315,000
Loan 2 provided to Západoslovenská distribučná, a.s. - principal	315,000	315,000
Total loans provided – non-current	**315,000**	**630,000**
Loan 1 provided to Západoslovenská distribučná, a.s. - principal	315,000	-
Accrued interest on loans receivable within one year	4,833	4,833
Total loans provided – current	**319,833**	**4,833**
Total loans provided	**634,833**	**634,833**

Both loans provided to the subsidiary Západoslovenská distribučná, a.s. are in amount of EUR 315,000 thousand each. The loan 1 is due on 1 October 2018 and carries a coupon of 3.04% p.a. The loan 2 is due on 1 October 2023 and carries a coupon of 4.14 % p.a. The loans are neither past due nor impaired and management of the Company considers this related party as creditworthy without an increased credit risk. The potential effect of netting arrangements is disclosed in Note 34.

10 Inventories

The inventory items included material and spare parts and are shown after provision for slow-moving materials and spare parts of EUR 1 thousand (2016: EUR 1 thousand). The cost of inventories recognized as expense and included in 'Raw materials, energy and other consumption' is disclosed in Note 22.

11 Trade and Other Receivables

In thousands of EUR	2017	2016
Trade receivables	1,800	3,804
Less impairment provision for trade receivables	(134)	(87)
Trade receivables, net	**1,666**	**3,717**
Prepayments	446	437
Total trade and other receivables	**2,112**	**4,154**

Movements in the impairment provision for trade receivables are as follows:

In thousands of EUR	2017	2016
Provision for impairment at 1 January	**87**	**81**
Impairment loss expense	47	6
Provision for impairment at 31 December	**134**	**87**

11 Trade and Other Receivables (continued)

Impairment provision for trade receivables 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 of other receivables is calculated based on ageing analysis of individual receivables and the type of the customer.

The credit quality of trade receivables is as follows:

In thousands of EUR	**2017**	**2016**
Neither past due nor impaired		
- collected by 31 January after the reporting period	307	2,641
- not collected by 31 January after the reporting period and not overdue	1,334	765
- amounts that became overdue after the reporting period	1	20
Total neither past due nor impaired	1,642	3,426
Individually impaired		
1 to 30 days past due	28	215
31 to 60 days past due	1	72
61 to 90 days past due	-	2
91 to 120 days past due	17	10
121 to 360 days past due	19	-
Over 360 days past due	93	79
Total individually impaired before provision for impairment	158	378
Less provision for impairment	(134)	(87)
Total trade receivables, net of provision	**1,666**	**3,717**

The Company has a concentration of credit risk towards its subsidiaries and other related parties. Refer to Note 38.

12 Cash and Cash Equivalents

In thousands of EUR	**2017**	**2016**
Current accounts with banks	89,963	77,331
Total cash and cash equivalents in the statement of financial position	**89,963**	**77,331**
Less restricted cash balances	(133)	(133)
Total cash and cash equivalents in the statement of cash flows	**89,830**	**77,198**

The Company has a concentration of cash and cash equivalents balances towards 4 banks (2016: 4 banks).

12 Cash and Cash Equivalents (continued)

The credit quality of cash and cash equivalents is as follows:

In thousands of EUR	**2017**	**2016**
Neither past due nor impaired		
Credit rating A1 by Moody's	63	19
Credit rating A2 by Moody's	54,007	65,085
Credit rating A3 by Moody's	35,890	-
Credit rating Baa1 by Moody's	-	12,224
Credit rating BBB+ by Fitch	-	3
Credit rating A- by Fitch	3	-
Total cash and cash equivalents	**89,963**	**77,331**

As at 31 December 2017, the Company has agreements with banks about revolving credit facilities amounting to EUR 75,000 thousand (2016: EUR 75,000 thousand). As at 31 December 2017 the Company has drawn EUR 0 thousand from these facilities (2016: EUR 0 thousand).

As at 31 December 2017, the Company issued guarantees in favour of its subsidiary ZSE Energia, a.s. in total amount of EUR 8,341 thousand (2016: 8,151 thousand). The fair value of issued guarantees is insignificant.

13 Share Capital

The Company issued and has outstanding 5,934,594 ordinary shares (2016: 5,934,594 shares) with a par value of EUR 33.19 each. All issued shares are fully paid in.

The Company is jointly controlled by E.ON and the Slovak government as a result of a shareholders agreement, which requires the parties to act together to direct the activities that significantly affect the returns of the reporting entity. The entity's governance structure dictates that the entity's strategic plan be approved by representatives of both E.ON and the Slovak government. Further, any decisions by general meeting of shareholders must be made jointly by the existing shareholders, because a qualified two thirds majority of votes is required to pass any decision, while contractual restrictions exist for transfer of shares to parties not under control of existing shareholders.

The general meeting of the Company's shareholders approved the Company's prior year separate financial statements and declared dividends of EUR 50,465 thousand or EUR 8.50 per share (2016: dividends of EUR 57,570 thousand or EUR 9.70 per share). Slovak legislation identifies distributable reserves as retained earnings reported in the separate financial statements of the Company which amount to EUR 118,434 thousand (2016: EUR 98,315 thousand).

14 Legal Reserve Fund

The legal reserve fund represents appropriations of profits of the Company required by Slovak legislation. The Company is obliged to appropriate at least 10% of its profit until the legal reserve fund achieves at least 20% of the Company's share capital. This fund is not distributable and exists to cover future losses.

15 Issued Bonds

The issued bonds (ISIN: XS0979598207) of EUR 315,000 thousand are due on 14 October 2018 and carry a coupon of 2.875% p.a. The series two of issued bonds (ISIN: XS0979598462) of EUR 315,000 thousand are due on 14 October 2023 and carry a coupon of 4.000 % p.a. The bonds are traded on the Irish Stock Exchange, Dublin.

15 Issued Bonds (continued)

Amortised cost carrying value of the bonds is as follows:

In thousands of EUR	**2017**	**2016**
Issued bonds – non-current	314,396	628,828
Total issued bonds – non-current	**314,396**	**628,828**
Issued bonds – current	315,000	-
Accrued interest on issued bonds payable within one year and amortised transaction costs of the bonds	4,114	4,114
Total issued bonds – current, accrued interest on issued bonds payable within one year and amortised transaction costs of the bonds	**319,114**	**4,114**
Amortised cost carrying value of the bonds	**633,510**	**632,942**

16 Income Taxes

Income tax expense comprises the following:

In thousands of EUR	**2017**	**2016**
Current tax at standard rate of 21% (2016: 22%)	1,000	1,176
Deferred tax	173	(220)
Income tax expense for the year	**1,173**	**956**
Income tax expense for the year from continuing operations	620	324
Income tax expense for the year from discontinued operations	553	632

In 2017, the applicable standard income tax rate was 21% (2016: 22%). A reconciliation between the reported income tax charge and the theoretical amount that would arise using the applicable tax rates is as follows:

In thousands of EUR	**2017**	**2016**
Profit before tax from continuing operations	69,454	49,381
Profit before tax from discontinued operations	2,413	2,435
Profit before tax	**71,867**	**51,816**
Theoretical tax charge at applicable tax rate of 21% (2016: 22%)	15,092	11,400
Non-deductible expenses / (non-taxable income) for which deferred tax was not recognised		
- dividend income not subject to tax	(14,107)	(11,262)
- expenses not deductible for tax purposes	159	954
Effect on deferred tax of change in tax rate to 21% from 1 January 2017	-	(64)
Other	29	(72)
Income tax expense for the period	**1,173**	**956**

16 Income Taxes (continued)

The deferred taxes are expected to be recovered or settled after more than twelve months after the end of the reporting period because income tax returns are due annually, that is, the deferred tax outstanding at 31 December 2017, that will become current tax in 2018, will be settled in 2019 upon filing the 2018 tax return. The corporate tax advance payments are calculated based on prior year taxes and are thus unrelated to deferred tax balances or the current tax expense expected for subsequent years.

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the taxes relate to the same fiscal authority.

Deferred taxes are attributable to the following temporary differences:

In thousands of EUR	**2017**	**2016**
Differences between tax base and carrying value of property, plant and equipment	2,344	2,464
Post-employment defined benefit obligation	(160)	(265)
Other long term employee benefits	(37)	(62)
Other liabilities	(515)	(722)
Provision for impairment of trade receivables	(11)	(3)
Other	(70)	(76)
Total net deferred tax liability	**1,551**	**1,336**

The movements in deferred taxes for temporary differences were recognised in profit or loss except for EUR 29 thousand (from this EUR 15 thousand is related to continuing operations and EUR 14 thousand to discontinued operations) (2016: EUR (72) thousand, from this EUR (38) thousand is related to continuing operations and EUR (34) thousand to discontinued operations) for actuarial remeasurements of post-employment defined benefit obligation, which was recognised in other comprehensive income.

In November 2016, the Slovak parliament enacted a tax on dividend income from profits earned on or after 1 January 2017. The Company has not recorded a deferred tax liability in respect of investments in subsidiaries because (a) the tax is applicable to future profits and thus temporary differences, if any, may only arise in the future and (b) the tax is not applicable to dividends from Slovak subsidiaries, joint ventures and associates. In addition, the Company is able to control the timing of the reversal of such temporary differences and does not intend to reverse them in the foreseeable future, eg through taxable dividend income from subsidiaries.

17 Post-Employment Defined Benefit Obligations

As agreed with the trade unions, the Company has a post-employment defined benefit obligation to pay one to seven monthly salaries to each employee upon retirement depending on the numbers of years worked for the Company. The movements in the present value of defined benefit obligation are:

In thousands of EUR	2017	2016
Present value of unfunded post-employment defined benefit obligations at the beginning of the year	**1,260**	**1,552**
Current service cost from continuing operations	53	34
Interest cost from continuing operations	7	14
Past service costs due to changes in the defined benefit plan rules from continuing operations	-11	-
Total expense from continuing operations (Note 23)	49	48
Current service cost from discontinued operations	48	32
Interest cost from discontinued operations	6	13
Past service costs due to changes in the defined benefit plan rules from discontinued operations	-11	-
Total expense from discontinued operations	43	45
Total expense	**92**	**93**
Actuarial remeasurements from continuing operations:		
- attributable to changes in financial assumptions	45	16
- attributable to changes in demographic assumptions	-	(182)
- attributable to experience adjustments	28	(12)
Total actuarial remeasurements from continuing operations recognised in other comprehensive income	73	(178)
Actuarial remeasurements from discontinued operations:		
- attributable to changes in financial assumptions	41	15
- attributable to changes in demographic assumptions	-	(168)
- attributable to experience adjustments	26	(11)
Total actuarial remeasurements from discontinued operations recognised in other comprehensive income	67	(164)
Total actuarial remeasurements recognised in other comprehensive income	**140**	**(342)**
Benefits paid during the year	(29)	(43)
Transfer to liabilities directly associated with assets held for sale and discontinued operations (Note 30)	(702)	-
Present value of unfunded post-employment defined benefit obligations at the end of the year	**761**	**1,260**

17 Post-Employment Defined Benefit Obligations (continued)

The principal actuarial assumptions were as follows:

	2017	2016
Number of employees at 31 December	314	304
Staff turnover	4.55% p.a.	4.55% p.a.
Expected salary increases short-term	5.00% p.a.	2.50% p.a.
Expected salary increases long-term	4.00% p.a.	3.00% p.a.
Discount rate	1.30% p.a.	1.10% p.a.

In 2016, Slovak legislation has changed and the retirement age will depend on expected longevity of the population. This effect, along with staff turnover, resulted in an actuarial gain presented within actuarial remeasurements attributable to changes in demographic assumptions. In 2016, Slovak legislation also removed a cap on social security tax payable on the post-employment benefits with effect from 2017, which in combination with salary level assumptions resulted in an actuarial loss presented above as a loss attributable to changes in demographic assumptions. Management applied its judgement in determining that the changes in legislation are not past service costs caused by changes in the benefit plan rules and thus recognised the effects in other comprehensive income as an actuarial remeasurement caused by changes in retirement age, salary level and social security tax assumptions.

18 Other Long Term Employee Benefits

The Company makes EUR 1,400 (2016: EUR 1,700) payment to each employee at the age of 50, subject to 5 year continuous service (2016: 10 years) vesting condition. In addition, the Company pays regular long term work anniversary bonuses in general every 10 years in amounts between EUR 400 to EUR 1,250 (2016: between EUR 370 to EUR 1,150).

The liability for other long-term employee benefits was estimated using the Projected Unit Credit Method.

19 Trade and Other Payables

In thousands of EUR	2017	2016
Trade payables	39	5,563
Other accrued liabilities	2,225	3,299
Other financial liabilities	2,342	1,322
Total financial instruments within trade and other payables	**4,606**	**10,184**
Employee benefits payable	299	429
Social security on employee benefits	187	337
Accrued staff costs	1,154	1,736
Advance payments	16	14
Value added tax payable	831	589
Other payables	200	238
Total trade and other payables	**7,293**	**13,527**

The Company had overdue trade payables of EUR 13 thousand (2016: EUR 93 thousand).

20 Receivables and Liabilities from Cash Pooling

In thousands of EUR	2017	2016
ZSE MVE, s. r. o.	1,229	1,271
ZSE Business Services, s. r. o.	67	17
Total receivables from cash pooling	**1,296**	**1,288**
ZSE Energia, a.s.	13,475	38,500
ZSE Energy Solutions, s.r.o.	2,064	1,727
ZSE Development, s.r.o.	556	564
E.ON Business Services Slovakia spol. s r. o. v likvidácii	-	1,179
Západoslovenská distribučná, a.s.	52,146	29,817
Total liabilities from cash pooling	**68,241**	**71,787**

The Company has concluded with its subsidiaries and associate a cash pooling agreement. Based on this agreement the available cash is managed by the Company. If the case of additional financing needs the cash from the cash pool of the Company is made available to subsidiaries and associate. The interest rate on receivables from cash pooling was 0.4% p.a. (2016: 0.4% p.a.). The interest rate on liabilities from cash pooling was 0.05% p.a. (2016: 0.05% p.a.).

The cash pooling receivables are neither past due nor impaired and are presented above in descending order of their credit quality.

21 Revenues

Revenues comprise the following:

In thousands of EUR	2017	2016
Services provided to subsidiaries, associates and to the shareholder	16,850	17,251
Other revenues	1,398	1,090
Total revenues	**18,248**	**18,341**

22 Raw Materials, Energy and Other Consumption

The following amounts have been charged to consumption of material, energy and other consumption:

In thousands of EUR	2017	2016
Fuel consumption	1	(36)
Energy consumption	962	1,035
Consumption of other materials and spare parts	269	377
Total raw materials, energy and other consumption	**1,232**	**1,376**

23 Employee Benefits

In thousands of EUR	2017	2016
Wages and salaries	4,873	4,648
Defined contribution pension costs	786	677
Post-employment defined benefit plan expense (Note 17)	49	48
Other long-term employee benefit plans - current service and interest cost	23	-
Actuarial remeasurements of other long-term employee benefit plans	9	24
Other social costs	2,042	2,382
Total employee benefits expense	**7,782**	**7,779**

24 Other Operating Expenses

In thousands of EUR	2017	2016
Information technology and software maintenance costs	599	498
Repairs and maintenance costs	630	1,458
Operating lease expense	1,222	1,195
Postal and telecommunication services	3	(31)
Security services	937	781
Advertising services	392	533
Marketing	3	3
Facility management expenses	982	1,013
Project management expenses	1,377	734
Operation and maintenance of telecommunication network	668	678
Travel expenses	96	106
Gifts	325	450
Insurance	55	144
Advisory services	479	768
Statutory audit	112	115
Non-audit services provided by the audit firm	20	83
Other operating expenses	469	245
Property and motor vehicle tax	143	143
Other purchased services	811	2,242
Total other operating expenses	**9,323**	**11,158**

The PwC network provided the following non-audit services during the current accounting period:

- consulting services under the Article 5 (1) (a) (i) of Regulation (EU) No. 537/2014 which are allowed by paragraph 33 of the Act No. 423/2015 in amount of EUR 17 thousand for the ZSE Group of which EUR 7 thousand was for the Company;
- services in area of job grading and benchmarking in amount EUR 12 thousand for the Company, which was not a cost control service;
- trainings in amout of EUR 1 thousand for the Company.

The above-mentioned services were approved by the Audit Committee of the Company.

25 Dividend Income

In thousands of EUR	2017	2016
Západoslovenská distribučná, a.s.	55,294	38,328
ZSE Energia, a.s.	11,098	12,627
E.ON Business Services Slovakia spol. s r. o. v likvidácii	-	218
Energotel, a.s.	782	-
Other	1	17
Total dividend income	**67,175**	**51,190**

26 Other Operating Income

In thousands of EUR	2017	2016
Operating lease income (Note 5 and 7)	4,167	4,091
(Loss) / gain on disposal of property, plant and equipment	(121)	75
Grants	769	757
Other	59	138
Total other operating income	**4,874**	**5,061**

27 Interest and Similar Expenses

In thousands of EUR	2017	2016
Interest expense on bonds	21,656	21,656
Amortisation of bonds transaction costs and similar costs	667	677
Other interest expense	47	64
Impairment of investments in subsidiaries, associates and joint ventures (Note 8)	-	2,238
Other finance costs	245	162
Total interest and similar expenses	**22,615**	**24,797**

28 Interest Income

In thousands of EUR	2017	2016
Interests income from loans to Západoslovenská distribučná, a.s.	22,617	22,617
Other interest income	82	86
Total interest income	**22,699**	**22,703**

29 Segment Reporting

The operating segments are those used by the Board of Directors to manage the business of the Company and its subsidiaries (together the "Group"), allocate resources and make strategic decisions. The segments are therefore reported for the Group as a whole; management does not review component financial information of the Company standing alone. The Group identifies its segments according to the nature of products and services provided by each segment. The Group's operating segments are (i) electricity distribution, (ii) electricity and gas supply and (iii) other activities as described below. The Group's activities are concentrated in Slovakia.

The main indicators used by the Board of Directors in their decision making are earnings before interest and taxes (EBIT) and capital expenditures. The Board of Directors separately monitor the operating results of the segments to take decisions on how to allocate the resources, to evaluate the effects of the allocation and to evaluate performance. Segment income and costs are measured in a manner consistent with that in the consolidated statement of profit or loss and other comprehensive income. The Group does not analyse assets and liabilities by operating segments.

29 Segment Reporting (continued)

The types of products and services from which each reportable operating segment derives its operating results are:

Electricity distribution. Distribution of electricity using the distribution networks in Western Slovakia. The distribution business is regulated and the Group is required to provide access to its network to third parties on terms approved by Regulatory Office for Network Industries "RONI".

Electricity and gas supply. Supply of electricity and gas to wholesale and retail customers in Slovakia. This business is open to competition by other suppliers. Pricing for certain classes of customers of the segment is regulated by RONI.

As a result of regulation of the distribution business and partial regulation of the supply business approximately 94% (2016: 94%) of the Group's EBITDA and 94% of the Group's EBIT (2016: 93%) were generated from sales to customers who are subject to the price regulation.

Other. Segment Other includes activities provided by the Company together with its subsidiaries ZSE Energy Solutions, s.r.o., ZSE MVE, s. r. o. and ZSE Business Services, s. r. o. Board of Directors does not assess activities and results of the Company separately but within segment Other. Segment Other provides mainly headquarter type functions, as central services, accounting, controlling, HR and other services, to both supply and distribution businesses. The segment realizes also electricity production in two small hydroelectric plants, trading activities and generates also some external revenues from projecting and engineering activities in investment construction for third parties.

Reportable segments information for 2017 is as follows:

In thousands of EUR	**Distribution**	**Supply**	**Other**	**Eliminations and consolidation adjustments**	**Total Group**
Revenue from external customers	310,639	753,071	1,287	-	**1,064,997**
Inter-segment revenues	191,546	27,536	38,768	(257,850)	**-**
Total segment revenues	502,185	780,607	40,055	(257,850)	**1,064,997**
Purchases of electricity and related fees	(243,355)	(652,915)	(3,330)	216,453	**(683,147)**
Purchases of natural gas	-	(90,183)	-	64	**(90,119)**
Employee benefits expense	(42,198)	(8,336)	(13,028)	12	**(63,550)**
Other operating expenses	(61,044)	(17,140)	(20,149)	45,289	**(53,044)**
Share of profit of equity method investees	-	-	67,175	(66,413)	**762**
Other operating income	1,917	2,112	5,096	(2,619)	**6,506**
Own work capitalized	17,815	-	-	(171)	**17,644**
Earnings before interest, taxes, depreciation and amortisation (EBITDA)	**175,320**	**14,145**	**75,819**	**-65,235**	**200,049**
Depreciation of property, plant and equipment	(65,503)	(12)	(3,644)	24,329	**(44,830)**
Amortisation of intangible assets	(2,627)	(1,314)	(394)	72	**(4,263)**
Earnings before interest and taxes (EBIT)	**107,190**	**12,819**	**71,781**	**(40,834)**	**150,956**
Capital expenditures	**74,812**	**2,029**	**4,648**	**(548)**	**80,941**

29 Segment Reporting (continued)

Reportable segments information for 2016 is as follows:

In thousands of EUR	Distribution	Supply	Other	Eliminations and consolidation adjustments	Total Group
Revenue from external customers	275,875	723,197	1,634	-	**1,000,706**
Inter-segment revenues	199,255	24,547	38,558	(262,360)	-
Total segment revenues	475,130	747,744	40,192	(262,360)	**1,000,706**
Purchases of electricity and related fees	(223,656)	(634,564)	(3,015)	220,303	**(640,932)**
Purchases of natural gas	-	(74,638)	-	72	**(74,566)**
Employee benefits expense	(39,965)	(7,396)	(12,862)	10	**(60,213)**
Other operating expenses	(62,671)	(17,317)	(22,193)	45,672	**(56,509)**
Share of profit of equity method investees	-	-	51,190	(50,955)	**235**
Other operating income	1,948	2,672	5,269	(2,474)	**7,415**
Own work capitalized	18,443	-	-	(82)	**18,361**
Earnings before interest, taxes, depreciation and amortisation (EBITDA)	**169,229**	**16,501**	**58,581**	**(49,814)**	**194,497**
Depreciation of property, plant and equipment	(67,487)	(7)	(3,679)	26,213	**(44,960)**
Amortisation of intangible assets	(2,638)	(770)	(494)	72	**(3,830)**
Earnings before interest and taxes (EBIT)	**99,104**	**15,724**	**54,408**	**(23,529)**	**145,707**
Capital expenditures	**71,980**	**2,087**	**4,854**	**(585)**	**78,336**

The total segment items are measured using the entity's accounting policies for its external reporting and hence, the only reconciling item from segment information to the Company's amounts under IFRS are eliminations of effects of consolidating subsidiaries.

Reconciliation of EBIT for all segments to profit before tax is as follows:

In thousands of EUR	2017	2016
Total EBIT for all operating segments	**150,956**	**145,707**
Interest income of the Group	84	89
Interest and similar expense of the Group	(21,106)	(23,795)
Elimination of impact of consolidation of subsidiaries	(58 067)	(70,185)
Profit before tax of the Company	**71,867**	**51,816**

Reconciliation of capital expenditures for all operating segments to payments for purchases of property, plant and equipment and intangible assets is as follows:

In thousands of EUR	2017	2016
Total capital expenditures for all operating segments	**80,941**	**78,336**
Assets acquired but not paid for	(27,518)	(17,575)
Payments for assets acquired in prior periods	9,087	8,082
Payments for purchases of property, plant and equipment and intangible assets	**62,510**	**68,843**

29 Segment Reporting (continued)

Entity wide information. Revenue is analysed by type of product or service in Note 21. Substantially all of the Company's revenues are from customers in the Slovak Republic and all of the Company's property, plant and equipment and intangible assets are located in the Slovak Republic.

30 Assets Held for Sale and Discontinued Operations

In order to strengthen the overall independence of the subsidiary Západoslovenská distribučná, a.s. as the distribution system operator, the extraordinary General Meeting of shareholders in the Company on its session held on 18 December 2017 approved several organisational changes in the Company effective from 1 January 2018. As part of these organisational changes, the Company will transfer the Facility Management Department performing facility management services for the ZSE Group into the subsidiary Západoslovenská distribučná, a.s. within the sale of part of the business.

The Company will also transfer activities and tasks of organisational units dealing with occupational health and safety, protection of environment, crisis management, administration support of IT and telco activities, logistics and travel management performed by the Company for the ZSE Group into the subsidiary Západoslovenská distribučná, a.s., and activities and tasks of organisational units dealing with billing, cash collection and accounts receivable, customer complaints, and system and quality support performed by the Company into subsidiaries Západoslovenská distribučná, a.s. and ZSE Energia, a.s. The transfer of employees will also be part of all organisational changes. The completion of the transaction is expected during the year 2018.

Based on the decision of the extraordinary General Meeting of shareholders of the Company dated 18 December 2017, the assets and liabilities of the above stated organisational units of the Company were presented as held for sale in these separate financial statements.

Assets classified as held for sale and discontinued operations are as follows:

In thousands of EUR	**2017**	**2016**
Property, plant and equipment	5,389	-
Intangible assets	97	-
Deferred income tax receivables	71	-
Trade and other receivables	3,304	-
Total	**8,861**	**-**

Liabilities directly associated with assets classified as held for sale and discontinued operations are as follows:

In thousands of EUR	**2017**	**2016**
Post-employment defined benefit obligations	702	-
Other long term employee benefits	181	-
Trade and other payables	1,498	-
Total	**2,381**	**-**

30 Assets Held for Sale and Discontinued Operations (continued)

An analysis of the result of discontinued operations, and the result recognised on the remeasurement of assets or the disposal group is as follows:

In thousands of EUR	2017	2016
Discontinued operations		
Revenues	**20,898**	**20,659**
Raw material, energy and other consumption	(1,621)	(1,639)
Employee benefits	(4,986)	(4,767)
Depreciation of property, plant and equipment	(1,138)	(1,043)
Amortisation of intangible assets	(241)	(254)
Other operating expenses	(10,544)	(10,679)
Other operating income	51	171
Profit from operations	**2,419**	**2,448**
Finance income / (costs)		
Interest and similar expenses	(6)	(13)
Finance costs, net	**(6)**	**(13)**
Profit before tax	**2,413**	**2,435**
Income tax expense	(553)	(632)
Profit for the year from discontinued operations	**1,860**	**1,803**
Other comprehensive income		
Items that will not be subsequently reclassified to profit or loss		
Actuarial remeasurements of post-employment defined benefit obligations	(67)	164
Deferred tax on actuarial remeasurements of post-employment defined benefit obligations	14	(34)
Total other comprehensive income for the year from discontinued operations	**(53)**	**130**
Total comprehensive income for the year from discontinued operations	**1,807**	**1,933**

An analysis of the cash flows of discontinued operations is as follows:

In thousands of EUR	2017	2016
Cash flows from operating activities	4,378	1,322
Cash flows from investing activities	(850)	(451)
Cash flows from financing activities	-	-
Total cash flows	**3,528**	**871**

31 Financial Risk Management

The Company's activities are exposing it to certain financial risks: market risks, credit risk and liquidity risk. The Company's principal financial instruments comprise trade receivables and payables, cash and cash equivalents, issued bonds, loans provided, receivables and payables from cash pooling, and short-term bank deposits.

Foreign exchange risk. The Company operates mainly in the domestic market, and most of its sales, purchases and short-term deposits are denominated in EUR. Management does not consider foreign exchange risk as a significant exposure for the Company's operations as it has only an immaterial volume of transactions in currency other than EUR. A reasonably possible change in spot exchange rate of EUR against foreign currencies as of the end of the reporting period, would not have any impact on the Company's profit or loss for the year.

Equity price risk. The Company is not exposed to significant equity price risk because it does not have material financial investments in equities carried at fair value.

Interest rate risk. The Company does not have any significant interest rate risk exposure because all of its financial assets and liabilities, including issued bonds carry fixed interest rates. A reasonably possible change in market interest rates, such as Euribor, as of the end of the reporting period, would not have any impact on the Company's profit or loss for the year.

Commodity price risk. The Company is not exposed to significant commodity price risk because it does not have material commodity contracts.

Credit risk. The Company takes on exposure to credit risk, which is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation.

Exposure to credit risk arises as a result of the Company's sales of services on credit terms and other transactions with counterparties giving rise to financial assets. The exposure includes cash and cash equivalents, financial derivatives and deposits with banks and financial institutions, as well as exposures to customers, including outstanding receivables and transactions made. From 1 July 2007 after legal unbundling, the subsidiaries Západoslovenská distribučná, a.s. and ZSE Energia, a.s. are the main customers of the Company.

As for the banks and financial institutions, the Company has relationships only with those that have a high independent rating assessment.

The credit quality of outstanding balances with banks is presented in Note 12 and credit quality information about trade receivables is included in Note 11.

The maximum exposure to credit risk is limited by the carrying value of receivables. As of 31 December 2017 and 2016, there is a significant concentration of credit risk with respect of receivables of the Company towards Západoslovenská distribučná, a.s. and ZSE Energia, a.s. The Company manages this exposure through cash-pooling agreements. The collection of receivables could be influenced by economic factors; management believes that there is no significant risk of loss to the Company beyond the provisions already recorded.

Liquidity risk. Liquidity risk is defined as the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities. Prudent liquidity risk management implies maintaining sufficient cash balances, the availability of funding through an adequate amount of committed credit facilities and the ability to close out market positions. The Company aims to maintain flexibility in funding by keeping committed credit lines available. In addition, the Company relies on liquidity of financial markets and its ability to refinance its outstanding bonds in the medium term.

31 Financial Risk Management (continued)

The Company regularly monitors its liquidity position and uses cash pooling with subsidiaries to optimize the use of cash balances within the Group. The Company also uses the advantages of commercial terms between the Company and its suppliers to secure sufficient financing funds to cover its needs. The maturity of supplier's invoices is 60 days, on average. Expected cash flows forecast is prepared weekly as follows: (a) expected future cash inflows from main operation of the Company, and (b) expected future cash outflows securing operation of the Company and leading to settlement of all liabilities of the Company, including tax payables. The cash flow forecast identifies the immediate need for cash and, if funds are available, it enables the Company to make short-term bank deposits.

The table below analyses the Company's undiscounted amount of financial liabilities into relevant maturity groupings based on the remaining period to the contractual maturity date. The maturity analysis is as follows at 31 December 2017:

In thousands of EUR	**Demand and less than 1 month**	**From 1 to 3 months**	**From 3 to 12 months**	**From 12 months to 5 years**	**Over 5 years**	**Total**
Liabilities						
Issued bonds – principal due	-	-	315,000	-	315,000	**630,000**
Issued bonds – future interest payments	-	-	21,656	50,400	12,600	**84,656**
Trade payables (Note 19)	33	6	-	-	-	**39**
Other accrued liabilities (Note 19)	238	1,391	346	38	212	**2,225**
Other financial liabilities (Note 19)	-	2,342	-	-	-	**2,342**
Liabilities from cash pooling (Note 20)	68,241	-	-	-	-	**68,241**
Issued guarantees	8,341	-	-	-	-	**8,341**
Total future payments, including future principal and interest payments	**76,853**	**3,739**	**337,002**	**50,438**	**327,812**	**795,844**

The maturity analysis is as follows at 31 December 2016:

In thousands of EUR	**Demand and less than 1 month**	**From 1 to 3 months**	**From 3 to 12 months**	**From 12 months to 5 years**	**Over 5 years**	**Total**
Liabilities						
Issued bonds – principal due	-	-	-	315,000	315,000	**630,000**
Issued bonds – future interest payments	-	-	21,656	59,457	25,200	**106,313**
Trade payables (Note 19)	4,140	1,423	-	-	-	**5,563**
Other accrued liabilities (Note 19)	864	1,636	420	157	222	**3,299**
Other financial liabilities (Note 19)	-	1,322	-	-	-	**1,322**
Liabilities from cash pooling (Note 20)	71,787	-	-	-	-	**71,787**
Issued guarantees	8,151	-	-	-	-	**8,151**
Total future payments, including future principal and interest payments	**84,942**	**4,381**	**22,076**	**374,614**	**340,422**	**826,435**

32 Management of Capital

The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern in order to provide returns for shareholders, and benefits for other stakeholders, and to maintain an optimal capital structure to reduce the cost of capital. The Company manages capital reported under IFRS as equity amounting to EUR 354,824 thousand at 31 December 2017 (2016: EUR 334,705 thousand). In order to maintain or adjust the capital structure, the Company may adjust the amount of dividends paid to shareholders or return capital to shareholders.

In managing the capital, the Company's management focuses on maximizing return on invested capital.

The Company is not subject to any externally imposed regulatory capital requirements.

33 Net Debt Reconciliation

The table below sets out an analysis of net debt and the movements in net debt for each of the periods presented:

In thousands of EUR	**Issued bonds**
At 1 January 2016	**632,301**
Interest expense paid	(21,656)
Interest expense on bonds	21,656
Amortisation of bonds transaction costs and similar costs	641
At 31 December 2016	**632,942**
Interest expense paid	(21,656)
Interest expense on bonds (Note 27)	21,656
Amortisation of bonds transaction costs and similar costs	568
At 31 December 2017 (Note 15)	**633,510**

34 Offsetting Financial Assets and Financial Liabilities

Financial instruments subject to offsetting, enforceable master netting and similar arrangements are as follows at 31 December 2017:

	Gross amounts before offsetting in the statement of financial position	Gross amounts set off in the statement of financial position	Net amount after offsetting in the statement of financial position	Amounts subject to master netting and similar arrangements not set off in the statement of financial position		Net amount of exposure
				Financial instruments	Cash collateral received	
In thousands of EUR	(a)	(b)	(c) = (a) - (b)	(d)	(e)	(c) - (d) - (e)
ASSETS						
Loans provided	634,833	-	634,833	52,146	-	582,687
Receivables from cash pooling	1,296	-	1,296	1,296	-	-
TOTAL ASSETS SUBJECT TO OFFSETTING, MASTER NETTING AND SIMILAR ARRANGEMENT	**636,129**	**-**	**636,129**	**53,442**	**-**	**582,687**
LIABILITIES						
Liabilities from cash pooling	68,241	-	68,241	53,442	-	14,799
TOTAL LIABILITIES SUBJECT TO OFFSETTING, MASTER NETTING AND SIMILAR ARRANGEMENT	**68,241**	**-**	**68,241**	**53,442**	**-**	**14,799**

34 Offsetting Financial Assets and Financial Liabilities (continued)

Financial instruments subject to offsetting, enforceable master netting and similar arrangements are as follows at 31 December 2016:

	Gross amounts before offsetting in the statement of financial position	Gross amounts set off in the statement of financial position	Net amounts after offsetting in the statement of financial position	Amounts subject to master netting and similar arrangements not set off in the statement of financial position		Net amount of exposure
				Financial instruments	Cash collateral received	
In thousands of EUR	(a)	(b)	(c) = (a) - (b)	(d)	(e)	(c) - (d) - (e)
ASSETS						
Loans provided	634,833	-	634,833	29,817	-	605,016
Receivables from cash pooling	1,288	-	1,288	1,288	-	-
TOTAL ASSETS SUBJECT TO OFFSETTING, MASTER NETTING AND SIMILAR ARRANGEMENT	**636,121**	**-**	**636,121**	**31,105**	**-**	**605,016**
LIABILITIES						
Liabilities from cash pooling	71,787	-	71,787	31,105	-	40,682
TOTAL LIABILITIES SUBJECT TO OFFSETTING, MASTER NETTING AND SIMILAR ARRANGEMENT	**71,787**	**-**	**71,787**	**31,105**	**-**	**40,682**

The amount set off in the statement of financial position reported in column (b) is the lower of (i) the gross amount before offsetting reported in column (a) and (ii) the amount of the related instrument that is eligible for offsetting. Similarly, the amounts in columns (d) and (e) are limited to the exposure reported in column (c) for each individual instrument in order not to understate the ultimate net exposure.The Company has master netting arrangements, which are enforceable in case of default. In addition, applicable legislation allows an entity to unilaterally set off trade receivables and payables that are due for payment, denominated in the same currency and outstanding with the same counterparty.

35 Fair Value Disclosures

Fair value measurements are analysed by level in the fair value hierarchy as follows: (i) level one are measurements at quoted prices (unadjusted) in active markets for identical assets or liabilities, (ii) level two measurements are valuation techniques with all material inputs observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices), and (iii) level three measurements are valuations not based on observable market data (that is, unobservable inputs). If a fair value measurement uses observable inputs that require significant adjustment, that measurement is a Level 3 measurement. The significance of a valuation input is assessed against the fair value measurement in its entirety.

35 Fair Value Disclosures (continued)

Assets and liabilities not measured at fair value but for which fair value is disclosed

Fair values analysed by level in the fair value hierarchy and the carrying value of assets and liabilities not measured at fair value are as follows:

	31 December 2017			31 December 2016		
In thousands of EUR	Level 1 fair value	Level 2 fair value	Carrying value	Level 1 fair value	Level 2 fair value	Carrying value
ASSETS						
Loans provided including accrued interest (Note 9)	-	695,066	634,833	-	714,231	634,833
Trade receivables, net (Note 11)	-	1,666	1,666	-	3,717	3,717
Receivables from cash pooling (Note 20)	-	1,296	1,296	-	1,288	1,288
Cash and cash equivalents (Note 12)	-	89,963	89,963	-	77,331	77,331
TOTAL ASSETS	**-**	**787,991**	**727,758**	**-**	**796,567**	**717,169**
LIABILITIES						
Issued bonds (Note 15)	695,066	-	633,510	714,231	-	632,942
Trade payables (Note 19)	-	39	39	-	5,563	5,563
Other accrued liabilities (Note 19)	-	2,225	2,225	-	3,299	3,299
Other financial liabilities (Note 19)	-	2,342	2,342	-	1,322	1,322
Liabilities from cash pooling (Note 20)	-	68,241	68,241	-	71,787	71,787
TOTAL LIABILITIES	**695,066**	**72,847**	**706,357**	**714,231**	**81,971**	**714,913**

The fair value of provided loans (Note 9) was estimated based on the price development of the related issued bonds on the financial market.

The fair value of issued bonds was determined at the quoted market price of the bonds (Note 15).

The fair values of other financial assets and liabilities approximate their carrying amounts.

36 Presentation of Financial Instruments by Measurement Category

For the purposes of measurement, IAS 39 *"Financial Instruments: Recognition and Measurement"*, classifies financial assets into the following categories: (a) loans and receivables; (b) available-for-sale financial assets; (c) financial assets held to maturity and (d) financial assets at fair value through profit or loss ("FVTPL"). Financial assets at fair value through profit or loss have two sub-categories: (i) assets designated as such upon initial recognition, and (ii) those classified as held for trading. All of the Company's financial assets fall in the loans and receivables category. All of the Company's financial liabilities were carried at amortised cost.

37 Contingencies and Commitments

Tax contingencies. Slovak tax law contains certain provisions that allow for more than one interpretation. Management's interpretation of the Company's business activities may not coincide with the interpretation of these activities by the tax authorities, but the extent of this risk cannot be reasonably quantified. The fiscal years from 2012 to 2017 remain open to tax inspection.

Capital expenditure commitments. At 31 December 2017, the Company had outstanding contractual commitments for purchases of property, plant and equipment of EUR 1,996 thousand (2016: EUR 1,359 thousand). Outstanding contractual commitments for purchases of intangible assets were EUR 0 thousand (2016: EUR 50 thousand).

Operating lease commitments. The future aggregate minimum lease payments under non-cancellable operating leases are due as follows:

In thousands of EUR	**2017**	**2016**
No later than one year	2,568	2,812
Later than one year and no later than five years	5,791	6,737
Later than five years	748	1,395
Total	**9,107**	**10,944**

Operating lease expense for the year is disclosed in Note 24.

38 Balances and Transactions with Related Parties

The primary related parties of the Company are (a) its shareholders which have joint control over the Company as explained in Notes 1 and 13: (i) the Slovak Government and (ii) E.ON, as well as (b) key management personnel. The Company applies the exemption from disclosing transactions with the Slovak government and entities over which it has control, joint control or significant influence. The exemption does not apply to individually significant transactions, such as taxes incurred and paid, other purchases from an entity in which the Slovak government has a significant shareholding and other transactions presented below.

The related party transactions and outstanding balances were as follows for 2017:

In thousands of EUR	**Ministry of Economy of the Slovak Republic**	**E.ON Slovensko, a.s.**	**E.ON Group****	**Slovak government***	**Subsidiaries (Note 8)**	**Associate (Note 8)**	**Joint venture (Note 8)**
Revenue	32	268	168	14	63,513	-	966
Purchases and expenses	-	-11	658	138	2,732	-	1,905
Receivables other than taxes	-	14	51	3	639,443	-	-
Payables other than taxes	-	-	562	20	68,304	-	2
Dividends declared and paid	25,737	19,681	5,047	-	-	-	-

* The Slovak government caption represents individually material transactions with entities under control, joint control or significant influence of the Slovak government.

** E.ON Group caption represents transactions with entities under control, joint control or significant influence of the E.ON Group.

38 Balances and Transactions with Related Parties (continued)

Income taxes are disclosed in the statement of financial position, statement of profit or loss and other comprehensive income, in the statement of cash flows and are also analysed in Note 16. Outstanding value added tax payable is presented in Note 19. Property and motor vehicle taxes are disclosed in Note 24.

Information on loans provided to the subsidiary is presented in Note 9. Information on receivables and liabilities from cash pooling is presented in Note 20.

The Company's sales related mainly to supporting services provided to subsidiaries. The services sold to the subsidiaries and to the shareholder are provided based on service level agreements concluded for indefinite time period with cancellation notice of 3 months.

There are no other sales commitments with related parties as of 31 December 2017 and 2016 other than disclosed.

The income tax paid was as follows:

In thousands of EUR	**2017**	**2016**
Current income tax expense at standard rate of 21% (2016: 22%) – refer to Note 16	1,000	1,176
Income tax refund (receivable) / liability at the beginning of the period	(780)	1,839
Income tax refund receivable at the end of the reporting period	122	780
Income tax paid	**(342)**	**(3,795)**

The related party transactions and outstanding balances were as follows for 2016:

In thousands of EUR	**Ministry of Economy of the Slovak Republic**	**E.ON Slovensko, a.s.**	**E.ON Group****	**Slovak government***	**Subsidiaries (Note 8)**	**Associate (Note 8)**	**Joint venture (Note 8)**
Revenue	34	508	197	11	63,541	-	1,102
Purchases and expenses	-	11	2,060	158	2,698	-	1,862
Receivables other than taxes	3	8	126	4	639,174	-	107
Payables other than taxes	-	11	1,230	23	70,758	1,180	189
Dividends declared and paid	29,360	22,452	5,758	-	-	-	-

* The Slovak government caption represents individually material transactions with entities under control, joint control or significant influence of the Slovak government.

** E.ON Group caption represents transactions with entities under control, joint control or significant influence of the E.ON Group.

The tables with related party transactions above and on the previous page exclude individually immaterial transactions such with the government ministries and many other government controlled or otherwise government related enterprises on normal commercial terms and conditions. Management did not identify other government related transactions that are collectively, but not individually, significant.

38 Balances and Transactions with Related Parties (continued)

Key management personnel comprises (a) members of the Board of Directors, (b) members of the supervisory board and (c) divisional directors. Key management personnel remuneration comprised:

In thousands of EUR	**2017**	**2016**
Board of directors and other key management personnel		
Salaries and other short-term employee benefits	639	782
Defined contribution pension costs	73	57
Total remuneration of board of directors and other key management personnel	**712**	**839**
Supervisory board		
Salaries and other short-term employee benefits	95	163
Defined contribution pension costs	17	24
Total remuneration of supervisory board	**112**	**187**

39 Events after the End of the Reporting Period

The extraordinary General Meeting of shareholders of the Company on its session held on 18 December 2017 approved several organisational changes in the Company effective from 1 January 2018 (Note 30). The completion of the transaction is expected during the year 2018.

The Company issued bonds on 2 March 2018 in nominal value of EUR 315,000 thousand which are due on 2 March 2028 and carry a coupon of 1.750% p.a. The bonds are traded on the Irish Stock Exchange, Dublin.

After 31 December 2017, no other significant events have occurred that would require recognition or disclosure in these separate financial statements.

Management authorised these financial statements for issue on 21 March 2018:

.....
Jochen Kley
Chairman of the Board of Directors and CEO

.....
Marian Rusko
Member of the Board of Directors