Annual Report 2014

Západoslovenská energetika, a.s.

ZSE

Contents

Report on Verifying Consistency of the Annual Report with the Financial Statements, as required by § 23 of Act No. 540/2007 Coll. (Addendum to the Auditor's Report)

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

We have audited the separate financial statements of Západoslovenská energetika, a.s. ("the Company") at 31 December 2014, on which we issued Independent Auditor's Report on 25 March 2015 and on which we expressed an unqualified audit opinion as follows:

In our opinion, the separate financial statements present fairly, in all material respects, the financial position of Západoslovenská energetika, a.s. as a company standing alone as at 31 December 2014, 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.

In accordance with the Act No. 431/2002 Coll. on Accounting, as amended, we also verified whether accounting information included in the Company's Annual Report at 31 December 2014 is consistent with the audited financial statements referred to above.

The Board of Directors Responsibility for the Annual Report

The Board of Directors are responsible for the preparation, accuracy, and completeness of the Annual Report in accordance with the Slovak Accounting Act.

Auditor's Responsibility for Verifying Consistency of the Annual Report with the Financial Statements

Our responsibility is to express an opinion on whether the accounting information presented in the Annual Report is consistent, in all material respects, with the Company's audited financial statements. We conducted the verification in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements, and plan and perform the verification to obtain reasonable assurance whether the accounting information presented in the Annual Report is consistent, in all material respects, with the Company's audited financial statements.

The scope of work includes performing procedures to verify that the accounting information presented in the Annual Report is consistent with the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement in the Annual Report, whether due to fraud or error. In making those risk assessments, the auditor considers internal controls relevant to the Company's preparation and fair presentation of the Annual Report in order to design procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal controls. We did not verify those data and information in the Annual Report that were not derived from the financial statements.

We believe that the verification performed provides sufficient and appropriate basis for our opinion.

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The company's ID (IČO) No. 35739347.
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 1, pod vložkou č. 16611/B, oddiel: Sro.
The company is registered in the Commercial Register of Bratislava 1 District Court, ref. No. 16611/B, Section: Sro.

Opinion

In our opinion, the accounting information presented in the Company's Annual Report prepared for the year ended on 31 December 2014 is consistent, in all material respects, with the audited financial statements referred to above.

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

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

Ing. Eva Hupková, FCCA
SKAU licence No.: 672

Bratislava, 21 April 2015

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.

01 Západoslovenská energetika, a.s. – the Company Profile

Company Bodies

In 2014 the structure of governing and supervisory bodies of Západoslovenská energetika, a.s. (hereinafter only „the Company" or „ZSE") was as follows:

Board of Directors

Board of Directors	
As of 31 December 2014	
Chairman	Jochen Kley (start of the term of office on 5 December 5, 2013)
Vice-chairman	Peter Adamec, PhD. (start of the term of office on 1 June 2012)
Members	Ján Rusnák (start of the term of office on 1 June 2012)
	Marian Rusko (start of the term of office on 1 July 2013)
	Juraj Krajcár, MA (start of the term of office on 5 December 2013)

Supervisory Body

Supervisory Board	
As of 31 December 2014	
Chairman	Ľubomír Streicher (start of the term of office as member on 1 July 2013 and as Chairman on 24 September 2013)
Vice-chairman	Lars Lagerkvist (start of the term of office as member on 5 December 2013 and elected as Vice-chairman on 19 December 2013)
Board Members	Peter Hanulík (start of the term of office on 3 August 2012)
	Marek Hargaš (start of the term of office on 3 August 2012)
	Boris Hradecký (start of the term of office on 3 August 2012)
	Dr. Libor Samec (start of the term of office on 3 August 2012)
	Robert Polakovič (start of the term of office on 21 November 2012)
	Silvia Šmátralová (start of the term of office on 20 April 2011 and end of the term of office on 7 November, 2014)
	Silvia Šmátralová (start of the term of office on 8 November 2014)
	Martin Mislovič (start of the term of office on 17 December 2014)
	Emil Baxa (start of the term of office on 20 April 2011 and end of the term of office on 16 December 2014)

Audit Committee

On the basis of the Decision of the General Meeting of the Company dated 12 December 2014 and Article 19(a) of the Act No. 431/2002 Z.z on Accounting in the wording of latter provisions in connection with Article 173 (1)(f) of the Commercial Code, the company set up the Audit Committee comprising three members elected and recalled by the General Meeting of the Company.

Shareholders´ Structure

The structure of shareholders in Západoslovenská energetika, a.s. as of 31 December 2014 was as follows:

Shareholders´ structure			
As of 31 December 2014	Absolute value in ths. of €	Share in fixed assets (%)	Voting rights
Ministry of Economy of Slovak Republic representing the Slovak Republic	100,454	51 %	51
E.ON Slovensko, a.s.	76,818	39 %	39
E.ON Energie AG	19, 697	10 %	10

Corporate Governance Declaration

The methods and principles of corporate governance are comprised in the Articles of Association of the Company that are publicly available by means of the Collection of Documents of respective court – District Court Bratislava I. The Organisational Structure of the Company sets out the principles of the company and internal corporate governance. The corporate governance model also covers internal management documentation including the Board Directives, Heads of Divisions Directives, Guidelines and Procedures.

The organisational structure of the company also includes an internal auditing team whose role is to:
- Make assessments of the adequacy and effectiveness of the system of internal supervision, the financial, operational and information systems, corporate governance processes and the quality of assigned and performed tasks;
- Make identification and assessment of the operational risks of the company by using the adequate methodology;
- Bear responsibility for making and updating documentation related to the Business Compliance Programme;
- Conduct activities relating to investigating violations of the Ethical Code.

The outcome of such activities is re-evaluated on a regular basis and the proposals for improvements are put into practice in individual areas of corporate governance.

The Company demonstrated the improvements in the integrated quality management system (SIM) and maintained the international certificates ISO 14001 and OHSAS 18001. During the audit only strengths were identified including the improvements of SIM, the compliance with requirements arising out of ISO 14001 and OHSAS 18001 Standards, requirements arising out of the legal regulations and a high level of SIM improvements. The outcome of the audit was the publication of the recommendations of the certification company to further continue with the certification process.

Governance Methods and Company Bodies
The shareholders enforce their rights by means of the General Meeting in accordance with the amendments made in the company by-laws as follows:

General Meeting
1. The General Meeting is the supreme body of the Company. It shall take decisions on the issues relating to the activities of the company following the the company by-laws, the Commercial Code or a specific act. A shareholder may exercise its rights in the General Meeting in person or in representation under the written power of attorney. The General Meeting shall convene the Board of Directors unless by-laws or the Commercial Code specify otherwise. The Board of Directors shall have an obligation to convene the General Meeting within a period of two months since the date of submission of tax return to the tax authority.
2. The Board of Directors shall convene the General Meeting by forwarding an invitation to the General Meeting that must be delivered to all shareholders in the form of registered mail directly to the address specified in the list at least 30 days prior the General Meeting.
3. The General Meeting is usually held in the company headquarters, however, it may be organised in a different place, as well. The meetings are obviously visited by the members of the Board of Directors, the Supervisory Body, or other persons invited.
4. The number of votes of a shareholder is determined by the nominal value of their shares. One vote is allocated to every EUR 33.19.
5. An invitation to the General Meeting shall comprise all the particulars set out by legal regulations and the information claiming that the documents to be discussed at the General Meeting shall be made available at the corporate headquarters not later than 3 calendar days prior to the General Meeting. The invitation to the General Meeting shall be delivered by the Board of Directors to every member of the Supervisory Body to the address provided together with the documents to be used for the purpose of discussions at the General Meeting at least 30 days prior to the General Meeting. If otherwise stated, the address specified as a place of residence in the extract from the Companies Register may be of use.
6. The General Meeting shall take decisions by a two-thirds majority of the votes of all the shareholders. Any decision made by the General Meeting on any alterations of the rights associated with a certain type of the shares shall require the consent of two-thirds of the votes of shareholders. For this reason, the shareholders, who are the owners of such shares, shall first, vote for changes to the rights and only then the General Meeting of all the shareholders.
7. The General Meeting shall make decisions on the following corporate affairs:
   a) Change to by-laws;
   b) Decisions concerning any increase and decrease in the basic capital, empowering the Board of Directors to raise the capital stock, in accordance with the Commercial Code and the issuance of bonds;
   c) Decisions concerning the winding up of the business entity by splitting, merging or transformation to a different form of business partnership or cooperative;
   d) Decisions concerning the winding up of the business entity by liquidation, appointment of a liquidator, setting of the remuneration for a liquidator;
   e) Election and removal of members of the Supervisory Body, except for members of the Supervisory Body elected and removed by employees;
   f) Election and removal of members of the Board of Directors and electionof the Board Chairman and Vice-Chairman;
   g) Approval of proper, extraordinary or consolidated financial statements, decisions concerning profit distribution or coverage of loss, including the fixing of fees;
   h) Approval of the Annual Report;
   i) Approval of the principles and techniques of negotiations

held by the Supervisory Body of the Company;
j) Approval of an agreement on the performance of responsibilities of board members and their remuneration based upon proposals made by the Board of Directors and the Supervisory Body;
k) Decisions concerning the changes to the rights allocated to the different types of shares;
l) Decisions concerning the approval of the Company Transfer Agreement or the Partial Company Transfer Agreement;
m) Decisions concerning changes to the form of shares;
n) Decisions concerning the approval of a transfer of the company assets, the market value of which exceeds 20% of the company turnover in the immediately prior accounting period or the sale of which relates to 20% of company employees;
o) Decisions concerning the start or termination of trading with Company stock on the stock exchange;
p) Decisions concerning the emission of shares, options or other securities or financial instruments that provide the rights for shares or other equity stake in the company, or right for their underwriting, or decisions allowing the company to grant any right to share acquisition or other equity stakes in the company;
q) Approval of the share transfer, in accordance with by-laws;
r) Appointment and removal of a decision making person;
s) Approval of proposals rejected by the Supervisory Body, in accordance with the by-laws ;
t) Decision concerning other matters that are subject to the performance of the General Meeting ,as stated by law or the by-laws;
u) Prior approval with the matters relating to Západoslovenská distribučná, a.s. and ZSE Energia, a.s. specified in more detail in the by-laws.
w) Prior approval with any changes/amendments/supplements in the Agreement on Innovation, whose full wording was approved by the General Meeting on 30 May2014;
(x) Election and removal of members of the audit committee of the company, approval of the agreement on the performance of individual functions by audit committee members and their remuneration and approval of a negotiation order for the audit committee of the Company.

Rights and Duties of Shareholders

1. A company shareholder may be either a Slovak or a foreign legal or natural person.
2. By making the entry of the Company or an increase in the capital stock in the Companies Registry a share underwriter shall receive the rights of a shareholder, and thus become a partner of the joint stock company corresponding to the shares underwritten.
3. The fundamental rights of a shareholder shall include the right to participate in company management, to share in the profit and liquidation balance following the dissolution of the company with liquidation. The right to participate in corporate governance shall be exercised by a shareholder through their participation and voting at the General Meeting.
4. The rights and obligations of the shareholders are defined both in company by-laws and the Commercial Code.

The Board of Directors

1. The Board of Directors is a governing body of the company. It shall be authorised to act on behalf of the company against the third persons. The Board shall manage the corporate activities and take decisions in all matters associated with the performance of the Company.
2. The Board shall consist of five (5) members that are appointed and removed by the General Meeting, whereas the Chairman and Vice-Chairman are elected, as well. The service term for board members shall last four (4) years. Any board member shall have the right to resign their position; however, they shall be obliged to report in writing such act to the Board of Directors and Supervisory Body.
3. Should the number of board members declined under one-half, the Board of Directors shall have the right to appoint replacement members until the time of the next General Meeting of the Company.
4. The Board shall have a quorum provided that the majority of board members are present at its meeting. During the meetings the Board of Directors shall make decisions based upon a greater than half majority of the votes of the members present at the time of voting. The board members may vote either using this form of communication or a written declaration provided they are not physically present in a place where the largest number of members have gathered whereas the place of meeting shall be considered to be such place. Apart from the meeting of the Board of Directors a decision of the Board may also be adopted in the form of decision taken by the board members outside the Board meeting room („Decision per rollam“)
5. A member of the Company Board of Directors may not be a member of the Board of Directors of Západoslovenská distribučná, a.s.

Structure and Performance of the Board

In 2014 the Company Board of Directors worked in the following structure:

Board chairman:	Jochen Kley
Board Vice-chairman:	Peter Adamec, PhD.
Board members:	Ján Rusnák
	Juraj Krajcár, MA
	Marian Rusko

In 2014 the Board of Directors acted upon and meetings were held in accordance with the company by-laws and the Commercial Code.

A control body is represented by the Supervisory Body. Resolutions and tasks assigned to the Supervisory Body by the Board of Directors were accomplished properly. The Supervisory Body regularly conducted the monitoring and assessment activities during its meetings.

Information pursuant to Article 20(7) of the Act No. 431/2002 Z.z. on Accounting in the wording of latter provisions:

a) The capital stock of the Company in the amount of EUR 196,969,174.86 consists of 5,934,594 pieces of listed equity personal shares in the paper form having the nominal value per share being EUR 33.19. The shares are publicly tradable. The total amount of capital stock was issued and fully paid out. The Company does not register any underwritten capital stock not recorded in the Companies Registry.

b) The company shares are freely transferrable.

c) The following companies enjoy the qualified stake in capital stock (at least 10 % stake):

- Ministry of Economy of the Slovak Republic representing the Slovak Republic - 51%
- E.ON Slovensko, a.s. - 39%
- E.ON Energie AG - 10%

d) There are no persons exercising special control right among the owners of the corporate shares. The company did not issue any employee shares.

e) The company by-laws do not comprise any provisions on restrictions of voting rights.

f) The company is not familiar with any agreements among shareholders that may lead to any restrictions as regards the transferability of shares or restriction of voting rights.

g) The rules governing the election and removal of individual members of the governing body and changes to company by-laws:

Members of the governing body – the Board of Directors shall be elected and removed by the GeneralMeeting. The General Meeting shall have the right to remove a board member any time. In addition, the Meeting shall also appoint the Chairman or Vice-Chairman of the Board of Directors. The service term of board members shall last four (4) years.

The General Meeting shall make decisions concerning the amendment and supplement of Company by-laws provided that it has two third of the majority of the votes of all the shareholders. The full wording of the proposed supplements and alternations in the by-laws shall be available to shareholders in the Company headquarters within a period of time required for calling the General Meeting, as stated by the by-laws. The Board of Directors shall ensure that every shareholder will obtain such wording when making entry in the attendance sheet. In order to adopt or alter the by-laws the presence of the notary shall be required to confirm that such decision is considered to be the change to the Company by-laws and the notarial deed shall be made accordingly. If the General Meeting makes decision the consequence of which will be the alteration in the by-laws such decision will be considered the change to the by-laws provided that it was adopted in a manner that by law or according to the Company by-laws requires the adoption of a decision on changing regulations. Following such change the Board of Directors shall make without any undue delay the full wording of the by-laws and moreover, it shall bear respective responsibility for thecomplete and correct wording.

h) Powers of the governing body – the Board of Directors – are presented in the Commercial Code and the Company by-laws.

The Company's Board of Directors shall exercise the right to act on behalf of the Company, to represent the Company in relation to the third persons. The Board shall govern the activities performed by the Company and take decisions in all the relevant matters as long as they are not legal regulations or the by-laws exclusively limited to by the competences of other bodies of the Company

The Company's Board of Directors is mainly in charge of the following:

(i) Performing the commercial management of the Company and ensuring all its operational and organisational rights and duties;
(ii) Exercising the employment rights and duties;
(iii) Summoning the General Meeting;
(iv) Outlining the Strategic Plan of the Company and submitting the plan for approval to the Supervisory Body of the Company;
(v) Implementing the resolutions of the General Meeting;
(vi) Keeping the prescribed accounting and other records, accounting books and other documents relevant for the Company;
(vii) Submitting for approval of the General Meeting:
- Proposals for amendments of the by-laws;
- Proposals for increasing and decreasing the fixed assets and issuance of bonds;
- Proper, extraordinary and consolidated annual closing of account books, proposal for breaking down the earned profit, including the setting of the size and manner of the paying out of the bonuses, in the event of reporting any loss, to make proposal for its balancing
- Proposal for dissolving the Company or alteration of its legal form;
- Proposal of the remuneration for performing the function of a board member

Západoslovenská distribučná, a.s. and ZSE Energia, a.s.;
- Proposals related to the decisions concerning the matters of Západoslovenská distribučná, a.s. and ZSE Energia, a.s. where the relevant decision taken by the General Meeting of Západoslovenská distribučná, a.s or the General Meeting of ZSE Energia, a.s. shall require the prior approval of the General Meeting of the Company to be made in accordance with respective valid regulations and the by-laws of the Company.

The Company's Board shall have no right to make decision on the issuance of shares or share re-acquisition.

i) The Company shall have no agreements concluded that are binding to amend its conditions in relation to a potential offer for takeover.

j) No agreements on reimbursement shall be concluded between the Company and the body members, once their service term comes to an end. Reimbursement to employees whose employment contract is terminated is subject to the Labour Code, collective agreement and internal employment directives.

Objects of Activities

Západoslovenská energetika, a.s., IČO: 35 823 551, with the registered office in Čulenova 6, 816 47 Bratislava, was established on 15 October 2001 and entered into the Companies Register on 1 November 2001. The Company is registered in the Companies Register District Court Bratislava I, Section: Sa, Entry No. 2852/B.

ZSE was established by the Deed of Foundation on 15 October 2001 on the basis of the Decision of the Government of the Slovak Republic on privatisation of Západoslovenské Západoslovenské energetické závody, š.p., a state-owned company, dated on 20 June 2001 dissolved without liquidation through Decision No. 96/2001 of the Ministry of Economy of the Slovak Republic No. 4278/2001-1000-010. All the assets, rights, duties and commitments (both familiar and unfamiliar), apart from the rights under Article 16 of the Act No. 92/1991 Z.z.. on the Conditions of State Property Transfer to Other Persons were transferred to the National Property Fund of the Slovak Republic that on 1 November 2001 deposited the property of the state-owned company into the following joint stock companies: Západoslovenská energetika, a.s., Bratislava, Bratislavská teplárenská, a.s., Bratislava and Trnavská teplárenská, a.s., Trnava.

On 5 September 2002 the National Property Fund of the Slovak Republic transferred its 49% stake in the fixed assets of ZSE to E.ON Energie AG, Germany. On 16 December 2003 E.ON Energie AG transferred its 9%-share in the fixed assets to the European Bank for Reconstruction and Development (EBRD).

On the basis of the decision of the General Meeting of the Company dated 27 June 2003, on 1 July 2003 ZSE sold part of the Company comprising the divisions of construction, information technologies and the center for repairing transformers and inspection of the electric meters.

Following the Directive of the European Union 2003/54/EC and the Act No. 656/2004 Z.z. on the Energy Sector and Amendment and Supplement of some acts by which the directive was transposed into legislation of the Slovak Republic, ZSE being a vertically integrated company with the date of effect from 1 July 2007 legally unbundled the activities in the areas of power engineering – electricity supply and operation of the distribution system – into independent subsidiaries ZSE Energia, a.s. (an electricity and gas supplier) and Západoslovenská distribučná, a.s. (an operator of the distribution system).

Until 27 May 2008 E.ON Energie AG owned 40% of the shares of Západoslovenská energetika, a.s. On 27 May 2008 E.ON Energie AG deposited its shares into its 100 % subsidiary E.ON Slovensko, a.s. as non-monetary deposit for the paying out of the higher equity of E.ON Slovensko, a.s.

Since 1 July 2007 the Company has been providing the supporting services for its subsidiaries ZSE Energia, a.s. and Západoslovenská distribučná, a.s., mainly customer service activities, accounting, controlling and general administrative services. Since April 2009 the Company has been operating as service organization for one of its shareholders - E.ON Slovensko, a.s. and since 1 April 2010 began to operate as service organization also for companies ZSE Energy Solutions, s.r.o. (till 13 August 2014: Enermont s.r.o.), ZSE Development, s.r.o., ZSE MVE, s. r. o. (till 14 August 2014: ZSE prenos, s. r. o.), E.ON Business Services Slovakia spol. s r. o. (till 30 September 2013: E.ON IT Slovakia spol. s r. o.) and E.ON Elektrárne s.r.o. in the area of finance services, planning and controlling, HR services and facility management. Since 1 January 2014 the provision of investment services, construction works, repair and maintenance services and operation of distribution network by the Company has been contributed into the subsidiary Západoslovenská distribučná, a.s. within the sale of part of the business.

As of 1 January 2014 there has been a long–term scheduled organisational change arising out of the transposition of the 3rd energy package into Slovak Legislation by means of a new Act on the Energy Sector and a new Act on Regulation in Network Industries. An organisational change brought the centralisation of the activities by transferring the activities related to the operation of the distribution system from ZSE to a subsidiary Západoslovenská distribučná, a.s., transferring the activities, property and employees, selling the part of the ZSE company under the title„Division of Services for Electricity Distribution" from ZSE into a subsidiary Západoslovenská distribučná, a.s.

During 2012 the following changes were made to the structure of company shareholders: The sale of 534,113 shares of the company represents 9 % of its fixed assets, originally owned by EBOR London, E.ON Energie AG, Munchen, Germany, entered into effect on 21 August 2012. The General Meeting of the company held on 19 December 2012 approved transfer of 59,346 shares of the company representing 1% of its fixed assets, originally owned by E.ON Energie AG, Munich, Germany. The transfer of the shares entered into effect on 13 December 2012.

According to the Act No. 197/2014Z.z. by which the Act No. 92/1991 Z.z. on Transfer Conditions of State Property to Another Person as amended is amending, on 1 August 2014 all the shares held by the National Property Fund of the Slovak Republic in the Company representing 51% share of share capital of the Company, were assigned to the state ("Slovak Republic") on behalf of which the Ministry of Economy of the Slovak Republic is acting.

On 14 October 2013 the Company issued the securities – listed bearer bonds in the total nominal value of EUR 630 million that were accepted at the listed regulated stock exchange market in Dublin, Ireland. Bonds were issued in two series: ISIN XS0979598207 at the value of EUR 315 million with the maturity period of 5 years and an interest rate of 2.875% p. a. and ISIN XS0979598462 at the value of EUR 315 million with the maturity period of 10 years and an interest rate of 4% p. a. Interest from bonds is paid out annually.

The significant events occurred after the end of 2014 requiring recognition or disclosure in the Annual report:
As of 1 January 2015 organisational change was made arising out of the transposition of the 3rd energy package into Slovak legislation leading towards the centralisation of the activities related to the operation of the distribution system operated by Západoslovenská distribučná, a.s. being the operator of the distribution system and to the reinforcement of the activities related to electricity and gas supplies in ZSE Energia, a.s., being an electricity and gas supplier, consisting in the transfer of the activitities of consumer´s services for the operator of the distribution system, including technical supports, property and employees in Západoslovenská energetika, a.s. into Západoslovenská distribučná, a.s., by selling the part of the company, property and employees of Západoslovenská energetika, a.s. into ZSE Energia, a.s. by selling the part of the company and transfer of the activities of customers´ services for the supplier of electricity and gas including technical support, property and employees from Západoslovenská energetika, a.s. into ZSE Energia, a.s, by selling the part of the company.

Company Objects of Activities under the Companies Register

- Assembly, maintenance and repair of telecommunication devices
- Purchase of the goods for selling to the final consumer (retail)
- Purchase of the goods for selling to other business entities holding business licenses (wholesale)
- Brokering in accordance with business license
- Consulting and advisory activities in the electricity sector
- Advisory, education and training related to employment protection
- Job security technician
- Fire protection technician
- Lease of machines, devices, equipment and mechanisms
- Procurement of services linked with real estate management
- Provision of the software – selling the ready-made programs on the basis of an agreement with an author
- Administration of computer networks in accordance with business license
- Doing business related to the disposal with other than hazardous waste
- Lease of transportation vehicles and real estate in accordance with business qualification
- Washing and cleaning motor vehicles
- Facilitating the sales, purchase and lease of real estate/real estate activity
- Procurement of services connected with the services linked with lease and maintenance of real estates
- Lease of real estates with the provision of other than basic services connected with the lease
- Operation of garages and platforms used for the purpose of placing fewer than five vehicles in the possession of other persons than an owner or leaser
- Development of documentation and design of simple constructions, minor structures and alterations to such construction
- Activities of business, organisational, economic and accounting advisors
- Book keeping
- Advisory services in the field of management and marketing
- Personal counselling apart from personal leasing
- Administrative services
- Keeping the economic and salary records
- Registry administration
- Public procurement
- Operation of storages, besides public storages
- Survey and analysis of the market, survey or public opinion
- Counselling in the area of IT and telecommunications in accordance with business license
- Lease of IT, machines and equipment
- Assembly, maintenance, repair, maintenance of IT networks and computer technology in the range of safe voltage
- Activity of the place for disposing the written documents of unarchive nature
- Lecturing activity in accordance with business license
- Technical and organisational arrangements of the trainings, courses and seminars in accordance with business license
- Marketing, advertising and promotional activities
- Activities related to communication and public relations
- Organising cultural, sports and social events in accordance with business license
- Provision of the publicly available information
- Authorized security technician
- Tech- security services
- Performance of the activities of a security co-ordinator
- Performance of simple constructions, minor structures and other alterations
- Graphical work on the computer in accordance with business license
- Activities related to the water service sector
- Doing business related to disposal of hazardous waste
- Inspection of the specified gauges.

In 2014 the Company completed its business activities in the following areas of business:

- Engineering activities related to maintenance, service and operation of electric station networks and transformers,
- Provision of the services connected with attendance and maintenance of electric substations and 22 kV power lines,
- Assembly, repairs, maintenance of specific electric installations (up to 1,000 V and above 1,000 V)
- Installation of metering kits and their replacements
- Assembly, repair and maintenance, inspections and testing of electric devices
- Repairs of the specified gauges
- Performance of the role of a construction site manager
- Performance of the role of a construction site supervisor
- Boarding and lodging in the accommodation facilities
- Operation of the facilities serving for the purpose of recovery and reconditiong
- Massage services
- Nationawide irregular coach trasport
- Nationwide freight transport
- Manufacturing of low voltage switchyards
- Informative measuring of physical units

- Making the readings of numerical data recorded on gauges in accordance with business license
- Mounting the specific gauges
- Engineering activity – faciliting activities in the civil engineering
- Expert inspections and testings of gas installations
- Expert inspections and testings of pressure equipment
- Expert inspections and testings of jacking equipment
- Expert inspections and testings of gas installations

Basic Organisational Structure

As of 31 December 2014 the ZSE had the following organisational structure, comprising, apart from company bodies, the below-mentioned divisions:

- Managing Division
- Customer Service Division (since 1 January 2015 Division of System Support to Customer Services)
- Financial Division
- Human Resources Division
- Internal Audit Division
- Quality Control Division
- Logistics Department
- Facility Management Department
- Regulation Department

ZSE organisational structure comprises four managing levels-division/organisational unit, department, team and co-ordinators.

As of 31 December 2014 Západoslovenská energetika, a.s. comprised five subsidiaries, forming together with the ZSE company ("the parent company") the ZSE Group ("the ZSE Group"):

- A 100% share in the share capital in Západoslovenská distribučná, a.s., Organisation Registration Number: 36 361 518, with the registered office Čulenova 6, 816 47 Bratislava,
- A 100% share in the share capital in ZSE Energia, a.s., Organisation Registration Number: 36 677 281, with the registered office in Čulenova 6, 816 47 Bratislava,
- A 100 % share in the registered capital in ZSE Energy Solutions, s.r.o., Organisation Registration Number: 35 859 423, with the registered office in Hraničná 12, 827 14 Bratislava,
- A 100 % share in the registered capital in ZSE Development, s.r.o., Organisation Registration Number: 36 254 711, with the registered office in Čulenova 6, 811 09 Bratislava,
- A 11.3 % share in the registered capital in ZSE MVE, s. r. o., Organisation Registration Number: 35 927 593, with the registered office in Hraničná 12, 821 05 Bratislava.

On 26 June 2014, the Company sold part of its stake in the subsidiary ZSE MVE, s. r. o. In the amount of EUR 5, 890 to the subsidiary ZSE Energy Solutions, s.r.o. Change made to shareholdings was incorporated into the Commercial Register on 15 July 2014.

Západoslovenská energetika, a.s. has the following ownership shares:

- A 49 % share in the basic capital in E.ON Business Services Slovakia spol. s r. o. (until 30 September 2013: E.ON IT Slovakia spol. s r.o.), Organisation Registration Number: 31 404 600, with the registered office in Čulenova 5, 811 09 Bratislava,
- A third share in the basic capital in SPX, s.r.o., Organisation Registration Number: 36 427 012, with the registered office Pri Rajčianke 4B, 010 47 Žilina,
- A 20 % share in the basic capital in Energotel, a.s., Organisation registration Number: 35 785 217, with the registered office in Miletičova 7, 821 08 Bratislava,
- A 12 % share in the basic capital in EFR CEE Kft., with the registered office H-1054 Budapešť, Széchenyi rkp. 8,

The Strategic Development and Innovations

The energy sector has lately undergone rather intensive but at the same time inevitable transformation. Owing to the several factors including the influence of environmental goals and the energy policies, plus the digitalisation trends, the implementation of advanced technological solutions and last, but not least, the changes in consumer behaviour, it can be pointed out that an overall view on the energy sector has been changing and "the original world" of the energy industries can be divided into the two worlds featuring two different development trends.

The strategic development of the ZSE Group is actively reflected through the market changes and it is expected that in the upcoming years the focus will be given on stabilisation and reinforcement of the existing business activities, especially on the support and development of the core business activities in the areas of electricity distribution, gas and electricity sales and the development of new customer- oriented solutions.
The primary role of the distribution system operator will continue to be the provision of a safe and reliable operation of the distribution system, ensuring the compliance with all the existing legal commitments arising out of valid legislation, the implementation of smart metering, meeting the quality standards and last but not least, the improvement of attitude towards customers with regard to connecting consumers and generators.

In terms of the long-term strategy, the distribution system operation will be focused on raising the effectiveness of distribution processes and gradual introduction of active elements in the process of system automatisation and continual transition to the smart network regulation and effective utilisation of smart data and digitalisation of customer relations.

Delivery of electricity and gas commodities is gradually extended with new services making the customer´s life easier. Taking into consideration the main role which is to improve the quality of people´s lives the ZSE Group is planning to focus strategically on the services related to energy efficiency improvement and the value added services that will correspond to such intentions. A new portfolio of products was introduced in 2013, including ZSE Health and ZSE Assist and the plan is to add the other VAS and energy efficient solutions in the near future. Regarding the segment of industrial customers the Group also seeks to focus on improving energy efficiency.

Obviously, there is still a necessity to improve the quality for customer care through new channels, a simplified way of dealing with customer´s requests and a more efficient sale. In summer 2014 Live Agent service was launched and as a result of this, customers can communicate with the company online from the comfort of their homes or offices.

In 2014 a subsidiary ZSE Energy Solutions, s.r.o. was subject to re-branding that reflected the organisational changes within the ZSE Group and defined a new position of the subsidiary.
From the point of view of the company stability the most important thing will be to set the flexible and effective internal processes in order to become successful on the competitive field and provide a new service portfolio aimed at the development and implementation of energy efficient solutions. It is the goal of the company to strengthen its position in relation to the constructions of energy generation plants for retail and corporate customers, the operation of transformer stations and design preparations of constructions. In addition to that, the company seeks to provide the services aimed at improving energy efficiency.

Electromobility
The ZSE Group actively promotes the development of electromobility in Slovakia. The year 2014 brought an end to " The Vibrate Project", dealing with the setting of the complex system of the electromobility on a cross-border level between the towns of Vienna and Bratislava. At the moment the evaluation of data acquired from the car testing, the operation of charging stations, the consumption monitoring and the payment system is underway.

A European project „TENT" (Transeuropean Network) is aimed at developing the infrastructure and the ZSE Group wants to become involved in the construction of new charging stations, the development of support systems needed for the e-mobility service, thereby providing further support to electromobility being one of the alternatives in the sector of transportation. ZSE is a partner in "the Crossing Borders Project" in which the ZSE company, in association with Austrian partners, is working on the IT system solutions for the electromobility.

Competence Center
The Competence Center is a scientific research project and a platform of the co-operation among academic and industrial partners in the energy sector targeted on intelligent networks. In August 2011 the project was approved for co-funding from the EU funds, officially starting on 1 August 2011. Individual partners share their responsibilities and the main work has been underway since 2012.

In 2014 the scientific and research activities were performed with the focus on intelligent system solutions for the smart grids in co-operation with external partners and the academic community. The project will achieve its final stage in 2015 and subsequently, its benefits and outputs will be evaluated.

Risks and Uncertainties
Apart from the role the service center played with regard to subsidiaries of the ZSE Group, Západoslovenská energetika, a.s. will also bear responsibility for the development and innovative solutions that will promote and fulfil new strategic development trends of the ZSE Group, thereby responding the challenges from the external macroeconomic and market changes.

02 Economy

Economy

In 2014 the Company achieved the total profit of EUR 61,361 thousand and spent the costs in the volume of EUR 76,838 thousand from continuing and discontinued operations. Key figures according to the International Financial Reporting Standards as adopted by the European Union:

Company's Key Figures as of December 31		
€ Thousand	2014	2013
Non-current assets	974,707	976,393
Current assets	38,285	27,879
Assets classified as held for sale	0	42,782
Total assets	**1,012,992**	**1,047,054**
Equity	344,112	334,839
Non-current liabilities	631,120	630,385
Current liabilities	37,760	61,983
Liabilities classified as held for sale	0	19,847
Total equity and liabilities	**1,012,992**	**1,047,054**
Continuing operations:		
Revenues	58,239	61,290
EBIT (Operating income)	**76,843**	**97,764**
EBITDA	83,975	104,683
Income from continuing operations	140,464	159,104
Costs from continuing operations	76,838	66,369
Profit before tax from continuing operations	63,626	92,735
Net profit from continuing operations	**61,361**	**92,404**
Net profit from discontinued operations	0	5,263
Net profit	**61,361**	**97,667**
Other comprehensive income	123	673
Total comprehensive income	**61,484**	**98,340**
Total comprehensive income from continuing operations	61,484	92,600
Total comprehensive income from discontinued operations	0	5,740
Cash affected capital expenditures	10,004	10,929
Average number of employees	367	1,243

Finance

The Company increased value of its free resources in 2014 mainly through short-term deposits, short-term finance assets and loan granted to subsidiary, achieving the interest income of EUR 9.322 thousand.

Loans

Západoslovenská energetika, a.s. has been granted a five-year committed credit line of EUR 20 million by Slovenská sporiteľňa, a.s. and a credit line of EUR 55 million by Tatra banka, a.s. Credit lines are also made available to the subsidiaries Západoslovenská distribučná, a.s., ZSE Energia, a.s., ZSE Energy Solutions s.r.o. and ZSE MVE s. r. o., but only upon approval of the parent company.

Profit to Be Distributed for 2013

The General Meeting of Západoslovenská energetika, a.s. held on 30 May 2014 approved the proposal for the distribution of profit achieved in 2013 in the amount of EUR 97,667 thousand. In June 2014 the Company's shareholders - National Property Fund (as of 1 August 2014: the Slovak Republic represented by Ministry of Economy of the Slovak Republic) E.ON Slovensko, a.s. and E.ON Energie AG, were paid dividends from 2013 profit in the total amount of EUR 52,213 thousand. At the same time, EUR 45,000 thousand from 2013 profit were transferred to the retained earnings from previous years and EUR 454 thousand were allocated as contribution to the social fund from profit.

In 2014 the dividend per share amounted to EUR 8.80 (2013: EUR 117.50 per share).

Trade Receivables and Payables

Trade Receivables and Payables		
€ Thousand	December 31, 2014	December 31, 2013
Trade and other receivables after valuation allowance ("VA")	4,083	1,315
of which: overdue before VA	150	7,339
of which: trade receivables before VA	1,988	7,593
Trade and other payables	9,334	19,704
of which: overdue	200	240
of which: trade payables	4,791	14,675

Distribution of Profit for 2014

On 25 March 2015 the Board of Directors of Západoslovenská energetika, a. s. acknowledged the proposal for profit distribution and recommended the Supervisory Body to negotiate about this proposal for the Distribution of Profit for 2014:

Proposal for the Appropriation of Profit of ZSE for 2014	
Acknowledged by the Board of Directors on March 25, 2015	€ Thousand
Net profit for distribution	**61,361**
Contribution to social fund	403
Dividends	42,958
Transfer to Retained earnings from previous years	18,000
Total distribution of profit	**61,361**

Investments

Investments in 2014	
€ Thousand	2014
Facility Management	**5,246**
IT	3,712
Telecommunications	912
Other	134
Total	**10,004**

The Most Important Constructions of ZSE	
€ Thousand	2014
PO BA Hraničná reconstruction	1,861
PO Trnava - area revitalization	183
PO NR Novozámocká, area revitalization	155

Constructions to be continued in 2015:

The Most Important Constructions of ZSE	
€ Thousand	2015
PO Trnava - area revitalization	590
PO Nové Zámky- area revitalization	369
PO NR Novozámocká, area revitalization	348

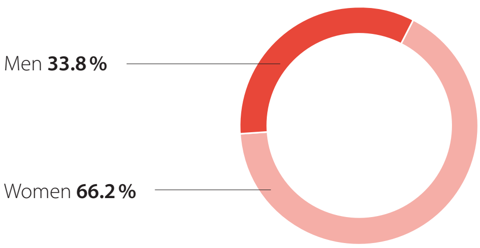
03 Human Resources

Human Resources

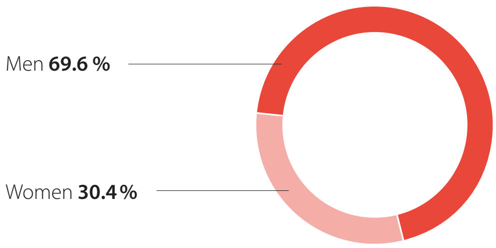
As of 31 December 2014 Západoslovenská energetika, a.s. employed 367 people on average, including 15 members of the managing staff. The average age of employee was 41.9 years. Due to the organisational changes made within the ZSE Group that were connected with the so-called unbundling process several technical positions were transferred from ZSE to the Západoslovenská energetika,a.s. thus increasing the share of women by 35.8 % and simultaneously, the share of those employees holding university diplomas by 26.3 %.

The share of women and men working for the Company

As of 31 December 2014

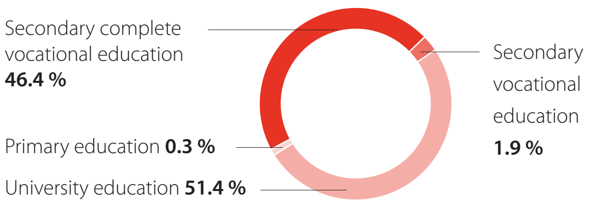


As of 31 December 2013

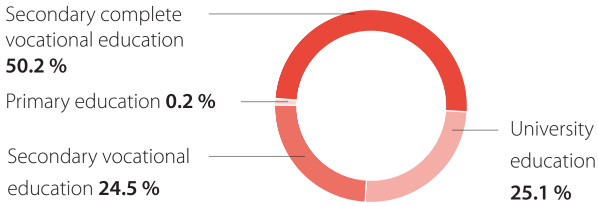


The share of university educated employees in the company

As of 31 December 2014



As of 31 December 2013



Employees Remuneration
In compliance with the commitments in the collective agreement, the Company ensured the average increase in wages and salaries, including the fixed and variable components, by 2.5 %. The employees were also remunerated based on their performance which had a direct impact on the paying out of the variable component of the salary and extraordinary bonuses.

Employee Benefits
The Company provided its employees with contributions from the Social Fund for the purpose of recreation, relaxion, cultural events and health care. Even in 2014 the Company continued with its provision of the above-standard preventive medical check-ups to its employees. In order to encourage its employees to take better care of their own health and to live a healthy life style, the Company organised "The Health Days". In addition to that, the Company also organised a summer camp for employees´ children. In 2014 the employer made contributions to a supplementary pension savings scheme. Every employee was entitled to 5 extra days of holiday,

Training of the Employees
In 2014 195 educational activities were organised by the Company. The average costs per employee was EUR 181 and on average one employee spent 3.1 days on an educational or training activity.

04 Corporate Responsibility

Occupational Health and Safety

ZSE gives special attention to the working and social conditions of its employees , primarily to their occupational health and safety. In 2014, the Company ended several activities aimed at raising the awareness of employees as far as the occupational health and safety are concerned. For example, the employees could discuss the issue of the occupational health and safety during the event "The Safety Hour". "Talking on Safety" a book on effective communication in occupational health and safety was published. Five company representatives in charge of the safety issues were repeatedly trained to obtain an up-to-date knowledge in this regard. An update was made to the coding system of preventive medical check-ups and the categorisation of work.

In 2014 ZSE made investments into improving the occupational health and safety (personal and protective work equipment, legislative trainings dealing with the issue above and preventive medical check-ups) amounting to EUR 9.482.

During "The HSE" the company employees had a possibility to participate in the lectures given on healthy nutrition, proper physical movement activities and prevention against any injuries. The employees could also get rid of their dysfunctional mobile phones and run-out batteries.

The state control administrative authorities did not perform any inspections of occupational health and safety in 2014.

A special indicator applied in the Západoslovenská energetika group is called TRIF combine – it represents the number of incidents occurring to employees of the ZSE Group and the contractor´s staff working on the workplace of the ZSE Group, per 1 m hours worked in the monitored period. In the monitored period of 2014 TRIF combine achieved the value of 0.5 (neither occupational injury nor illness was registered only two occupational injuries occurred to company employees).
A special indicator TRIF is reported for the contractor´s staff In 2014 the contractor´s employees worked on workplaces or equipment operated by the ZSE Group for 636,422 hours. No occupational injury occurred to the contractor´s employees in the monitored period.

Individual subsidiaries apply specially reported index TRIF. The chart below presents the relevant data for ZSE Company.

Statistical indicators of occupational injury level in 2012, 2013 and 2014

	ROI number			Lost calendar days due to ROI			Average number of employees		
Year	2012	2013	2014	2012	2013	2014	2012	2013	2014
ZSE Group	4	1	0	107	81	0	1,260	1,237	366

LTIF (Lost Time Injury Frequency) in 2014: 0.0
TRIF (Total Recordable Incidents Frequency) in 2014: 0.0
TRIF comb (TRIF combined with TRIF of suppliers) in 2014: 0.0

Notes:
ROI - Registered occupational injury
LTIF - Number of occupational injuries per one million of hours worked in the monitored period in the ZSE Group
TRIF - Number of occupational injuries included into LTIF, fatal occupational injuries, injuries without the lost calendar days which required specialised medical treatment and the cases when the work could be done only up to a limited extent, per one million of hours worked in the monitored period in the ZSE Group.
TRIF comb -Number of incidents that occurred to employees of the ZSE Group and subcontractors carrying out their work on a power generating plant or on-site of the ZSE Group, per one million of hours worked in the monitored period.

Corporate Responsibility Strategy in the ZSE Group

The ZSE Group ranks among the top leaders in Slovakia regarding the issues related to corporate responsibility and its principles are part of everyday decision making process and corporate strategy. Corporate responsibility has a direct impact on loyalty of the employees , reduction of a fluctuation rate and an increased level of productivity. It also includes the performance of the Company not only in the energy field, but also in relation to the local communities and the surrounding area.

In 2004 Západoslovenská energetika, a.s. became one of the founding members of the Business Leader Forum that is an informal association of business companies with the main motive to follow the principles of corporate responsibility and their dissemination. The companies united by this association share the common goal that is to assist and protect the environment and through various projects make contribution to the nature and landscape protection.

The Company seeks to influence its community through various partnerships, but primarily through the efforts made and a pro-active approach taken by its employees. Together with the Pontis Foundation and the Engage Group, whose member the Company is, the ZSE Group is actively involved in the corporate voluntary event "Naša Bratislava" (Our Bratislava). The volunteers provide free assistance directly within the community organisations, including the services such as cleaning courtyards, gardens, parks and public space or decorating the indoor premises. Apart from the manual activities they may also provide

their experience and know-how in the areas of law, marketing, communication, IT and HR skills.
In association with the Slovak Scout Association it has been 10 years since ZSE began to organise the project „Bringing Castles to Life", from its very beginning focused on providing assistance to renovate the castle ruins through voluntary work. As a result of such project efforts one can see clean surroundings of several castles such as Branč, Dobrá voda and Korlátko. The ZSE Group, being the patron of the project, "he Via Bona Award" for courage to support innovative project in 2014

Since 2009 the Company has been organising the Programme "Energia zblízka" (The Energy Experience Project) that includes the activities bringing together primary school children (2-9 school graders), primary school teachers, education, energy and environmental issues. Simple explanations of physical principles by means of demonstrations and information exchange in the form of games and competitions are one of the approaches how to find among young generation of the pupils that appear to be interested in further education in this field. "The Energy Experience Project" has an aspiration to provide a more detailed picture of the electricity cycle, starting from the phase of its electricity production to electricity distribution to the power socket with all its consequences.

The Company won "The Employee Volunteering Award Slovakia"for "The Best Idea Project" that has become an inseparable part of "the Earth World Day" in ZSE organised in the Company every year on 22 April 22. The project itself combines several different activities helping young people bring their projects and ideas into reality. They are also learning how to think in terms of the environment, as the projects are implemented in harmony with the nature and the permanently sustainable development.

The purpose of the Živá Energia Fund, which was established and administered by the Ekopolis Foundation, was to promote the development of renewable energy sources and to support the actions leading to higher energy efficiency and reasonable energy use. The Fund encouraged such approach especially in the areas that are associated with the public work, charities or educational activities performed by the supported organisations. A long-term interest of the Fund was to promote the good relations within the communities and to raise the awareness in the environmental issues.

Since its foundation in 2009 during six annual events the Fund supported 76 projects in the total amount of EUR 441,868. In 2014 21 projects received financial support in the amount of EUR 107,500.

As an example of the successful implementation of the project we can also mention a project of the municipality Devínska Nová Ves. On the roof of the Primary School I.Bukovčana 3 the photovoltaic cells with power output being 4.5 kWp have been installed. Electricity generated this way will be primarily used for covering demand of the primary school. Any excess electricity will be supplied back into the distribution system operated by Západoslovenská distribučná, a.s.. The system is linked to the computer and the primary school has then a possibility to regularly monitor and evaluate any electricity generated from solar power. Apart from energy savings the project objective is also to provide students with the access to the information on alternative solar power sources and promote a greater interest in technical education using innovative and interactive teaching aids.

Elektrárňa Piešťany (Power Plant Piešťany), which was reconstructed by ZSE and in September 2014 officially opened as the Interactive Centre of Science and Technologies received two prizes: Building of the Year and the Cultural Monument of the Year.

The renovation of the building started in 2009, based on the design developed by the 4th graders of the Faculty of Architecture of the Slovak University of Technology, Michal Ganobjak and Vladimír Hain, who won the Student´s Contest organised by the ZSE. Nowadays the objective of the contest is to represent the latest trends in the efficient use of energy in architecture. The original building was handed over for use in 1906 and since 1996 it has been registered in the list of national cultural heritage monuments.

The reconstructed building combines the elements of history with state-of-the art technologies. One part of the building was intentionally preserved and turned into a museum that would provide a historical overview of technical equipment and devices used in the original power plant. One can find there an interactive centre for students where they can practically test their theoretical knowledge learnt at school. Visitors can compare the new forms of generation, utilisation and conservation of energy with those used in the past. Nowadays the power plant organises educational activities for primary and secondary schools. During the weekends the institution also opens its gates to the general public.

Environmental Protection

Protection of the environment ranks among the top priorities of the ZSE Group. In order to protect and improve the quality of the environment, the Company takes preventive measures in all areas of business activities performed by its employees in all the premises and power generating plants operated by the ZSE Group.

Care is constantly provided to the protection of soil and water, nature and landscape conservation and, last but not least, to air protection. By implementing environmental projects, the Company takes a pro-active approach to ensuring the protection of avifauna, avoiding soil and water contamination and adopting measures aimed at reducing noise in the surroundings of the Company´s buildings and operating premises.

An overview of ZSE´s investments made into environmental projects and maintenance of the operating premises in 2014:

Environmental projects	
2014	thousand €
Costs on environmental operation and maintenance of the ZSE installations including waste disposal	156
ZSE investments into environmental projects	83.9

Investments in the area of protection of the environment were made for the upgrading of waste water systems in operating premises, the operation of plants and equipment in accordance with legislative requirements with the intention to reduce risks associated with the contamination of underground water resources, the construction of suitable storage facilities, as well as the monitoring of contamination following from redevelopment work on the Piešťany power plant.

Our Company introduced individual collection and a thorough separation of municipal waste and during the year 2014 we separated more than 0.7 t of plastic and 1.9 t of paper collected from the municipal waste for the purpose of recycling.

All the results achieved in 2014 are in compliance with the official document "The Policy of the Occupational Health and Safety and Protection of the Environment" applicable for the company of Západoslovenská energetika, a.s. aimed at reducing substantial impacts on the environment under ISO 14001.

Employees are regularly trained and properly informed by means of articles, reports and data concerning the environment, at the same time they have a possibility to get involved in the environmental activities carried out by the ZSE Group.

05 Financial results

Independent Auditor's Report and Separate Financial Statements

for the year ended 31 December 2014 prepared in accordance with International Financial Reporting Standards as adopted by European Union

Translation note:

This version of the accompanying financial statements is a translation from the original, which was prepared in Slovak. All possible care has been taken to ensure that the translation is an accurate representation of the original. However, in all matters of interpretation of information, views or opinions, the original language version of the financial statements takes precedence over this translation.

Index to the Financial Statements

Independent Auditor's Report

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

INDEPENDENT AUDITOR'S REPORT

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

We have audited the accompanying separate financial statements of Západoslovenská energetika, a.s., which comprise the balance sheet of the company standing alone as at 31 December 2014 and the statements of comprehensive income, changes in shareholders' equity and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

The Board of Directors responsibility for the separate financial statements

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

Auditor's responsibility

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

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

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

Opinion

In our opinion, the separate financial statements present fairly, in all material respects, the financial position of Západoslovenská energetika, a.s. standing alone as at 31 December 2014, 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.

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

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

Ing. Eva Hupková, FCCA
SKAU licence No.: 672

In Bratislava, 25 March 2015

PricewaterhouseCoopers Slovensko, s.r.o., Námestie 1. mája 18, 815 32 Bratislava, Slovak Republic
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The company's ID (IČO) No. 35739347.
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 1, pod vložkou č. 16611/B, oddiel: Sro.
The company is registered in the Commercial Register of Bratislava 1 District Court, ref. No. 16611/B, Section: Sro.

Separate Balance Sheet

Západoslovenská energetika, a.s.

Separate balance Sheet at 31 December 2014 prepared in accordance with IFRS as adopted by the European Union

	Note	As at 31 December 2014	As at 31 December 2013
ASSETS			
Non-current assets			
Property, plant and equipment	6	49,847	49,113
Intangible assets	7	6,985	8,721
Investments in subsidiaries and associates	8	287,875	918,559
Loans provided	9	630,000	-
		974,707	**976,393**
Current assets			
Inventories	11	52	20
Trade and other receivables	12	4,083	1,315
Receivables from cash pooling	17	2,986	3,954
Current income tax receivables		1,101	992
Cash and cash equivalents	13	30,063	21,598
		38,285	**27,879**
Assets classified as held for sale	5	-	42,782
Total assets		**1,012,992**	**1,047,054**
EQUITY AND LIABILITIES			
Share capital and reserves			
Share capital	14	196,969	196,969
Legal reserve fund	14	39,421	39,421
Other reserves		902	779
Retained earnings	14	106,820	97,670
Total equity		**344,112**	**334,839**
Non-current liabilities			
Issued bonds	16	627,775	627,178
Pension and other provisions for liabilities and charges	19	1,759	2,035
Deferred income tax liability	18	1,586	1,172
		631,120	**630,385**
Current liabilities			
Trade and other payables	15	9,334	19,704
Liabilities from cash pooling	17	24,149	38,011
Pension and other provisions for liabilities and charges	19	163	129
Issued bonds	16	4,114	4,138
Bank overdrafts	13	**-**	**1**
		37,760	**61,983**
Liabilities classified as held for sale	5	-	19,847
Total liabilities		**668,880**	**712,215**
Total equity and liabilities		**1,012,992**	**1,047,054**

These financial statements have been approved for issue by the Board of Directors of the Company on 25 March 2015

....

Jochen Kley
Chairman of the Board of Directors and CEO

Marian Rusko
Member of the Board of Directors

(All amounts are in thousands of Euro unless stated otherwise)
The notes on pages 31 to 78 form an integral part of these financial statements.

Statement of comprehensive income

Západoslovenská energetika, a.s.

Separate Statement of Comprehensive Income for the year ended 31 December 2014 prepared in accordance with IFRS as adopted by the European Union

Statement of comprehensive income		Year ended 31 December	
	Note	2014	2013
Continuing operations			
Revenues	20	58,239	61,290
Cost of sales	21	(6,288)	(6,181)
Gross profit		**51,951**	**55,109**
Operating expenses	22	(48,011)	(55,004)
Dividend income	23	65,751	94,108
Other operating income	24	7,152	3,551
Profit from operations		**76,843**	**97,764**
Finance costs			
Finance income	26	9,322	155
Finance expenses	25	(22,539)	(5,184)
Net Finance costs		**(13,217)**	**(5,029)**
Profit before tax from continuing operations	**27**	**63,626**	**92,735**
Income tax expense	27	(2,265)	(331)
Profit for the year from continuing operations		61,361	92,404
Profit for the year from discontinued operations	5	-	5,263
Profit for the year		**61,361**	**97,667**
Other comprehensive income (in the future will not be reclassified in statement of comprehensive income)		123	673
Total comprehensive income		**61,484**	**98,340**
Total comprehensive income from continuing operations		61,484	92,600
Total comprehensive income from discontinued operations	5	-	5,740
Earnings per share (expressed in EUR per share)			
- basic	31	10.340	16.457
from this: from continuing operations		10.340	15.570
from this: from discontinued operations		-	0.887
- diluted	31	10.340	16.457
from this: from continuing operations		10.340	15.570
from this: from discontinued operations		-	0.887

(All amounts are in thousands of Euro unless stated otherwise)
The notes on pages 31 to 78 form an integral part of these financial statements.

Separate Statement of Changes

Západoslovenská energetika, a.s.

Separate Statement of Changes in Shareholders' Equity for the year ended
31 December 2014 prepared in accordance with IFRS as adopted by the European Union

	Share capital	Legal reserve fund	Other funds	Other reserves*)	Retained earnings	Total equity
Balance at 1 January 2013	**196,969**	**39,421**	**45,467**	**106**	**651,846**	**933,809**
Comprehensive income						
Profit for the year	-	-	-	-	97,667	97,667
Other comprehensive income	-	-	-	673	-	673
Total comprehensive income for 2013	-	-	**-**	**673**	**97,667**	**98,340**
Transfers (Note 14)	-	-	(45,467)	-	45,467	-
Transaction with owners						
Dividends	-	-	-	-	(697,312)	(697,312)
Transaction with owners	**-**	**-**	**-**	**-**	**(697,312)**	**(697,312)**
Other	-	-	-	-	2	**2**
Balance at 31 December 2013	**196,969**	**39,421**	**-**	**779**	**97,670**	**334,839**
Comprehensive income						
Profit for the year	-	-	-	-	61,361	61,361
Other comprehensive income	-	-	-	123	-	123
Total comprehensive income for 2014	**-**	**-**	**-**	**123**	**61,361**	**61,484**
Transaction with owners						
Dividends (Note 14)	-	-	-	-	(52,213)	(52,213)
Transaction with owners	**-**	**-**	**-**	**-**	**(52,213)**	**(52,213)**
Other	-	-	-	-	2	**2**
Balance at 31 December 2014	**196,969**	**39,421**	**-**	**902**	**106,820**	**344,112**

*) Other reserves include actuarial gains and losses related to unfunded defined benefit plan net of the income tax

(All amounts are in thousands of Euro unless stated otherwise)
The notes on pages 31 to 78 form an integral part of these financial statements.

Separate Cash Flow Statement

Západoslovenská energetika, a.s.

Separate Cash Flow Statement for the year ended 31 December 2014 prepared in accordance with IFRS as adopted by the European Union

Cash flow statement			
		Year ended 31 December	
	Note	2014	2013
Cash flows from operating activities			
Cash generated from operations	30	(7,319)	8,410
Interest paid		(21,706)	(73)
Interest received		9,322	155
Income tax paid		(400)	(1,986)
Net cash from operating activities		**(20,103)**	**6,506**
Cash flows from investing activities			
Purchase of property, plant, equipment and intangibles		(10,004)	(10,929)
Proceeds from sale of property, plant and equipment	30	487	842
Acquisition of financial investments	8	(7)	-
Proceeds from sale of financial investments	8	7	-
Proceeds from decrease in share capital of financial investments	8	684	-
Proceeds from sale of part of the business		23,864	-
Dividend received	23	65,751	94,108
Net cash used in investing activities		**80,782**	**84,021**
Cash flows from financing activities			
Proceeds from issued bonds		-	627 996
Other expenditures related to issued bonds		-	(1 367)
Dividends paid	14, 32	(52,213)	(697,312)
Net cash used in financing activities		**(52,213)**	**(70,683)**
Net increase / (decrease) in cash and cash equivalents		**8,466**	**19,844**
Cash and cash equivalents at beginning of year	13	**21,597**	**1,753**
Cash and cash equivalents at end of year	13	**30,063**	**21,597**

(All amounts are in thousands of Euro unless stated otherwise)

Notes to the Financial Statements:

1. General information

Západoslovenská energetika, a.s. ("the Company",„ZSE"), in its current legal form as a joint stock company, was established on 15 October 2001 and incorporated on 1 November 2001 into the Commercial register of the District Court Bratislava I.

The Company is one of the three legal successors of Západoslovenské energetické závody, štátny podnik, a state owned entity. At 31 October 2001, this state enterprise was wound up without liquidation based on the resolution No. 96/2001 of the Slovak Minister of Economy. One day later, its assets and liabilities were transferred to the National Property Fund ("NPF") of the Slovak Republic in accordance with the privatisation project. On 1 November 2001, the NPF contributed these assets and liabilities to the following joint-stock companies: Západoslovenská energetika, a.s., Bratislavská teplárenská, a.s., and Trnavská teplárenská, a.s.

The assets and liabilities were recorded by the successor companies at historic carrying amounts as reported by the Západoslovenské energetické závody, štátny podnik as at 31 October 2001.

On 5 September 2002, the National Property Fund of Slovak Republic sold 49% of the total share capital of ZSE to E.ON Energie AG, Germany.

On 16 December 2003, E.ON Energie AG transferred 9% of the total share capital of ZSE to European Bank for Reconstruction and Development ("EBRD"). These shares were transferred by EBRD back to E.ON Energie AG on 21 August 2012.

On 27 May 2008, E.ON Energie AG contributed shares representing 40% of ZSE's share capital to its wholly owned subsidiary E.ON Slovensko, a.s. At the end of 2012, E.ON Slovensko a.s. transferred shares representing 1% of ZSE's share capital to E.ON Energie AG.

According to the Act No. 197/2014 Coll. by which the Act No. 92/1991 Coll. on transfer conditions of state property to another person as amended is amending, on 1 August 2014 all the shares held by the National Property Fund of the Slovak Republic in the Company representing 51% share of share capital of the Company, were assigned to the state ("Slovak Republic") on behalf of which the Ministry of Economics of Slovak Republic is acting.

The described transactions resulted in the following structure of the Company's shareholders at 31 December 2014:

The structure of the Company's shareholders	Absolute amount in thousands Euros	Interest in share capital in %	Voting rights
Ministry of Economics of Slovak Republic	100,454	51%	51
E.ON Slovensko, a.s.	76,818	39%	39
E.ON Energie AG	19,697	10%	10
Total	**196,969**	**100%**	**100**

The structure of Company's shareholders at 31 December 2013 was as follows:

The structure of the Company's shareholders	Absolute amount in thousands Euros	Interest in share capital in %	Voting rights
National Property Fund (NPF)	100,454	51%	51
E.ON Slovensko, a.s.	76,818	39%	39
E.ON Energie AG	19,697	10%	10
Total	**196,969**	**100%**	**100**

As required by directive of European Union 2003/54/ES and by Energy Law No. 656/2004 Coll. the Company implemented legal unbundling of selected activities from 1 July 2007 onwards. As at 1 July 2007 the electricity distribution business has been contributed into the subsidiary Západoslovenská distribučná, a.s. and the supply service of electricity has been contributed into the subsidiary ZSE Energia, a.s.

From 1 July 2007, the Company provides supporting services for its subsidiaries ZSE Energia, a.s. and Západoslovenská distribučná, a.s. as customer service activities, accounting, controlling and general administration services. From April 2009 the Company operates as service organization for one of its shareholders - E.ON Slovensko, a.s. and from 1 April 2010 began to operate as service organization also for companies ZSE Energy Solutions, s.r.o. (till 13 August 2014: Enermont s.r.o., Note 8), ZSE Development, s.r.o., ZSE MVE, s. r. o. (till 14 August 2014: ZSE prenos, s. r. o.), E.ON Business Services Slovakia spol. s r. o. (till 30 September 2013: E.ON IT Slovakia spol. s r. o.) and E.ON Elektrárne s.r.o. in area of finance services, planning and controlling, HR services and facility management. From 1 January 2014, the provision of investment services, construction works, repair and maintenance services and operation of distribution network by the Company has been contributed into the subsidiary Západoslovenská distribučná, a.s. within the sale of part of the business (Note 5).

Throughout these financial statements, ZSE is referred to as "the Company" and together with its subsidiaries is referred to as "the Group".

E.ON Slovensko, a.s. which currently owns a 39% shareholding in the Company's share capital is consolidated as a 100% subsidiary by E.ON Energie AG, Munich, Germany. E.ON Energie AG is a subsidiary of E.ON SE, based in Düsseldorf, Germany. E.ON SE prepares the consolidated financial statements for all group companies of the consolidation group and acts as a direct consolidating company. Effectively, ZSE is consolidated by E.ON SE using equity method of consolidation.

The members of the statutory bodies of the Company as at 31 December 2014 and 31 December 2013 were as follows:

The members of the statutory bodies		
Board of Directors:	As at 31 December 2014	As at 31 December 2013
Chairman:	Jochen Kley	Jochen Kley
Vice Chairman:	Ing. Peter Adamec, PhD.	Ing. Peter Adamec, PhD.
Members:	Mgr. Juraj Krajcár	Mgr. Juraj Krajcár
	Ing. Ján Rusnák	Ing. Ján Rusnák
	Marian Rusko	Marian Rusko

The members of the statutory bodies		
Supervisory Board:	As at 31 December 2014	As at 31 December 2013
Chairman:	Ing. Ľubomír Streicher	Ing. Ľubomír Streicher
Vice Chairman:	Lars Lagerkvist	Lars Lagerkvist
Members:	Silvia Šmátralová	Silvia Šmátralová
	Ing. Emil Baxa (resigned on 16 December 2014)	Ing. Emil Baxa
	Ing. Peter Hanulík	Ing. Peter Hanulík
	Ing. Marek Hargaš	Ing. Marek Hargaš
	Ing. Boris Hradecký	Ing. Boris Hradecký
	JUDr. Libor Samec	JUDr. Libor Samec
	Robert Polakovič	Robert Polakovič
	Ing. Martin Mislovič (appointed on 17 December 2014)	-

The Company is not a shareholder with unlimited liability in other accounting entities.

As part of the sale of 49% of ZSE`s shares to E.ON Energie AG, the National Property Fund of Slovakia and E.ON Energie AG have entered into a Shareholders' Agreement which was subsequently amended in year 2006 during preparation for the unbundling of distribution and supply businesses to separate legal entities. The Shareholders Agreement sets out the areas of responsibility and decision making for the Board of Directors and for the Supervisory Board of the Company as well as the rules for nomination of members of the boards. The majority of the members of the Board of Directors are nominated by E.ON Energie AG. Ministry of Economics of Slovak Republic (till 31 July 2014: National Property Fund) appoints the majority of the Supervisory Board. The Supervisory Board has extensive competences, among others to act as the supreme controlling body of the Company and to approve significant transactions of the Company.

According to the Company's Articles of the Association the Supervisory Board has 9 members, two thirds of the members are appointed by the General Meeting of the Company and one third is elected by the Company's employees.

The Board of Directors and Supervisory Board approve the annual Strategic Plan. The Supervisory Board approves significant transactions at variance with the Strategic Plan. The General Meeting adopts decisions with a qualified majority of two thirds of votes.

As a result of the described structure, the Company is jointly controlled by the Slovak Republic and E.ON SE.

(All amounts are in thousands of Euro unless stated otherwise)

The Company employed 367 staff on average during 2014, of which 15 were management (2013: 1,243 employees on average, of which 17 were management).

Registered address of the Company:
Čulenova 6
816 47 Bratislava
Slovak Republic

Identification number (IČO) of the Company is: 35 823 551
Tax identification number (IČ DPH) of the Company is: SK2020285256

2. Summary of significant accounting policies

The principal accounting policies adopted in the preparation of these financial statements are described below. These policies have been consistently applied to all periods presented, unless stated otherwise.

2.1 Basis of preparation

The Act on Accounting of the Slovak Republic No. 431/2002 Coll. as amended requires certain companies to prepare separate financial statements for the year ended 31 December 2014 in accordance with International Financial Reporting Standards as adopted by the European Union ("IFRS").

The Company's separate financial statements at 31 December 2014 have been prepared as ordinary financial statements under § 17 Sec. 6 of the Slovak Parliament Act No. 431/2002 Coll. as amended ("Accounting Act") for the accounting period from 1 January 2014 to 31 December 2014.

The separate financial statements have been prepared in compliance with IFRS. The Company applies all IFRS and interpretations issued by International Accounting Standards Board (hereinafter "IASB") as adopted by EU, which were in force as of 31 December 2014.

The separate financial statements have been prepared under the historical cost convention, on accrual basis and under the going concern principle.

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 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 accounting period in which the relevant facts are identified.

These financial statements are prepared in thousands of Euros ("EUR").

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.

2.1.1 Changes in accounting policy and disclosures

(a) New standards, interpretations and amendments adopted by the Company during the financial year ended 31 December 2014

The following new standards, interpretations and amendments became effective for the Company from 1 January 2014:
Offsetting Financial Assets and Financial Liabilities - Amendments to IAS 32, Financial instruments: Presentation (issued in December 2011 and effective for annual periods beginning on or after 1 January 2014). The amendment added application guidance to IAS 32 to address inconsistencies identified in applying some of the offsetting criteria. This includes clarifying the meaning of 'currently has a legally enforceable right of set-off' and that some gross settlement systems may be considered equivalent to net settlement. This amendment does not have a material impact on the Company's financial statements. This amendment was endorsed by the EU on 13 December 2012.

IFRS 10, Consolidated Financial Statements (issued in May 2011 and effective for annual periods beginning on or after 1 January 2014), replaces all of the guidance on control and consolidation in IAS 27, Consolidated and Separate Financial Statements and SIC-12, Consolidation – Special-purpose Entities. IFRS 10 changes the definition of control so that the same criteria are applied to all entities to determine control. This definition is supported by extensive application guidance. The standard does not have a material impact on the Company's financial statements. This standard was endorsed by the EU on 11 December 2012.

IFRS 11, Joint Arrangements (issued in May 2011 and effective for annual periods beginning on or after 1 January 2014), replaces standard IAS 31, Interests in Joint

Ventures and SIC-13, Jointly Controlled Entities - Non-Monetary Contributions by Ventures. Changes in the definitions have reduced the number of types of joint arrangements to two: joint operations and joint ventures. The existing policy choice of proportionate consolidation for jointly controlled entities has been eliminated. Equity accounting is mandatory for participants in joint ventures. The standard does not have a material impact on the Company's financial statements. This standard was endorsed by the EU on 11 December 2012.

IFRS 12, Disclosure of Interests in Other Entities (issued in May 2011 and effective for annual periods beginning on or after 1 January 2014), applies to entities that have an interest in a subsidiary, a joint arrangement, an associate or an unconsolidated structured entity. It replaces the disclosure requirements currently found in IAS 28, Investments in associates. IFRS 12 requires entities to disclose information that helps financial statement readers to evaluate the nature, risks and financial effects associated with the entity's interests in subsidiaries, associates, joint arrangements and unconsolidated structured entities. To meet these objectives, the new standard requires disclosures in a number of areas, including significant judgements and assumptions made in determining whether an entity controls, jointly controls, or significantly influences its interests in other entities, extended disclosures on share of non-controlling interests in group activities and cash flows, summarised financial information of subsidiaries with material non-controlling interests, and detailed disclosures of interests in unconsolidated structured entities. The standard does not have a material impact on the Company's financial statements. This standard was endorsed by the EU on 11 December 2012.

Investment Entities - Amendments to IFRS 10, IFRS 12 and IAS 27 (issued on 31 October 2012 and effective for annual periods beginning on or after 1 January 2014). The amendment introduced a definition of an investment entity as an entity that (i) obtains funds from investors for the purpose of providing them with investment management services, (ii) commits to its investors that its business purpose is to invest funds solely for capital appreciation or investment income and (iii) measures and evaluates its investments on a fair value basis. An investment entity will be required to account for its subsidiaries at fair value through profit or loss, and to consolidate only those subsidiaries that provide services that are related to the entity's investment activities. IFRS 12 was amended to introduce new disclosures, including any significant judgements made in determining whether an entity is an investment entity and information about financial or other support to an unconsolidated subsidiary, whether intended or already provided to the subsidiary. These amendments to the standards do not have a material impact on the Company's financial statements. These amendments were endorsed by the EU on 20 November 2013.

Transition Guidance Amendments to IFRS 10, IFRS 11 and IFRS 12 (issued in June 2012 and effective for annual periods beginning on or after 1 January 2014). The amendments clarify the transition guidance in IFRS 10 "Consolidated Financial Statements". Entities adopting IFRS 10 should assess control at the first day of the annual period in which IFRS 10 is adopted, and if the consolidation conclusion under IFRS 10 differs from IAS 27 and SIC 12, the immediately preceding comparative period (that is, year 2013 for a calendar year-end entity that adopts IFRS 10 in 2014) is restated, unless impracticable. The amendments also provide additional transition relief in IFRS 10 "Consolidated Financial Statements", IFRS 11 "Joint Arrangements" and IFRS 12 "Disclosure of Interests in Other Entities", by limiting the requirement to provide adjusted comparative information only for the immediately preceding comparative period. Further, the amendments will remove the requirement to present comparative information for disclosures related to unconsolidated structured entities for periods before IFRS 12 is first applied. These amendments to the standards do not have a material impact on the Company's financial statements. These amendments were endorsed by the EU on 4 April 2013.

IAS 27, Separate Financial Statements (revised in May 2011 and effective for annual periods beginning on or after 1 January 2014), was changed and its objective is now to prescribe the accounting and disclosure requirements for investments in subsidiaries, joint ventures and associates when an entity prepares separate financial statements. The guidance on control and consolidated financial statements was replaced by IFRS 10, Consolidated Financial Statements. The amendment to the standard does not have a material impact on the Company's financial statements. This amendment was endorsed by the EU on 11 December 2012.

IAS 28, Investments in Associates and Joint Ventures (revised in May 2011 and effective for annual periods beginning on or after 1 January 2014). The amendments to IAS 28 resulted from the Board's project on joint ventures. When discussing that project, the Board decided to incorporate the accounting for joint ventures using the equity method into IAS 28 because this method is applicable to both joint ventures and associates. With this exception, other guidance remained unchanged. The amendment to the standard does not have a material impact on the Company's financial statements. This amendment was endorsed by the EU on 11 December 2012.

Amendments to IAS 36 - Recoverable Amount Disclosures for Non-financial Assets (issued in May 2013 and effective for annual periods beginning on or after 1 January 2014). The amendments remove the requirement to disclose the recoverable amount when a CGU contains goodwill or indefinite lived intangible assets but there has been no impairment. The amendment to the standard does not have a material impact on the Company's financial statements. This amendment was endorsed by the EU on 19 December 2013.

Amendments to IAS 39 - Novation of Derivatives and Continuation of Hedge Accounting (issued in June 2013 and effective for annual periods beginning on or after 1 January 2014). The amendments will allow hedge accounting to continue in a situation where a derivative, which has been designated as a hedging instrument, is novated (i.e. parties have agreed to replace their original counterparty with a new one) to effect clearing with a central counterparty as a result of laws or regulation, if specific conditions are met. The amendment to the standard does not have a material impact on the Company's financial statements. This amendment was endorsed by the EU on 19 December 2013.

(b) New standards, interpretations and amendments issued but not effective for the financial year beginning 1 January 2014 and not early adopted

Certain new standards, interpretations and amendments have been issued that are mandatory for the annual periods beginning on or after 1 January 2015 or later, and which the Company has not early adopted:

IFRS 9, Financial Instruments: Classification and Measurement (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 (FVPL).
- 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 FVPL (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.

The Company is currently assessing the impact of the new standard on its financial statements. This standard has not yet been endorsed by the EU.

IFRIC 21 - Levies (issued on 20 May 2013 and effective in EU for annual periods beginning on or after 17 June 2014). The interpretation clarifies the accounting for an obligation to pay a levy that is not income tax. The obligating event that gives rise to a liability is the event identified by the legislation that triggers the obligation to pay the levy. The fact that an entity is economically compelled to continue operating in a future period, or prepares its financial statements under the going concern assumption, does not create an obligation. The same recognition principles apply to interim and annual financial statements. The application of the interpretation to liabilities arising from emissions trading schemes is optional. The Company is currently assessing the impact of the interpretation on its financial statements. This interpretation was endorsed by the EU on 13 June 2014.

Amendments to IAS 19 – Defined Benefit Plans: Employee Contributions (issued in November 2013 and effective for annual periods beginning on or after 1 July 2014). The amendment allows entities to recognise employee contributions as a reduction in the service cost in the period in which the related employee service is rendered, instead of attributing the contributions to the periods of service, if the amount of the employee contributions is independent of the number of years of service. The Company is currently assessing the impact of the amendment on its financial statements. This amendment was endorsed by the EU on 17 December 2014.

Annual Improvements to IFRSs 2012 (issued in December 2013 and effective for annual periods beginning on or after 1 July 2014, unless otherwise stated below). The improvements consist of changes to seven standards. IFRS 2 was amended to clarify the definition of a 'vesting condition' and to define separately 'performance condition' and 'service condition'; The amendment is effective for share-based payment transactions for which the grant date is on or after 1 July 2014. IFRS 3 was amended to clarify that (i) an obligation to pay contingent consideration which meets the definition of a financial instrument is classified as a financial liability or as equity, on the basis of the definitions in IAS 32, and (ii) all non-equity contingent consideration, both financial and non-financial, is measured at fair value at each reporting date, with changes in fair value recognised in profit and loss. Amendments to IFRS 3 are effective for business combinations where the acquisition date is on or after 1 July 2014. IFRS 8 was amended to require (i) disclosure of the judgements made by management in aggregating operating segments, including a description of the segments which have been aggregated and the economic indicators which have been assessed in determining that the aggregated segments share similar economic characteristics, and (ii) a reconciliation of segment assets to the entity's assets when segment assets are reported. The basis for conclusions on IFRS 13 was amended to clarify that deletion of certain paragraphs in IAS 39 upon publishing of IFRS 13 was not made with an intention to remove the ability to measure short-term receivables and payables at invoice amount where the impact of discounting is immaterial. IAS 16 and IAS 38 were amended to clarify how the gross carrying amount and the accumulated depreciation are treated where an entity uses the revaluation model. IAS 24 was amended to include, as a related party, an entity that provides key management personnel services to the reporting entity or to the parent of the reporting entity ('the management entity'), and to require to disclose the amounts charged to the reporting entity by the management entity for services provided. The Company is currently assessing the impact of the amendments on its financial statements. These amendments were endorsed by the EU on 17 December 2014.

Annual Improvements to IFRSs 2013 (issued in December 2013 and effective for annual periods beginning on or after 1 July 2014). The improvements consist of changes to four standards. The basis for conclusions on IFRS 1 is amended to clarify that, where a new version of a standard is not yet mandatory but is available for early adoption; a first-time adopter can use either the old or the new version, provided the same standard is applied in all periods presented. IFRS 3 was amended to clarify that it does not apply to the accounting for the formation of any joint arrangement under IFRS 11. The amendment also clarifies that the scope exemption only applies in the financial statements of the joint arrangement itself. The amendment of IFRS 13 clarifies that the portfolio exception in IFRS 13, which allows an entity to measure the fair value of a group of financial assets and financial liabilities on a net basis, applies to all contracts (including contracts to buy or sell non-financial items) that are within the scope of IAS 39 or IFRS 9. IAS 40 was amended to clarify that IAS 40 and IFRS 3 are not mutually exclusive. The guidance in IAS 40 assists preparers to distinguish between investment property and owner-occupied property. Preparers also need to refer to the guidance in IFRS 3 to determine whether the acquisition of an investment property is a business combination. The Company is currently assessing the impact of the amendments on its financial statements. These amendments were endorsed by the EU on 18 December 2014.

IFRS 14, Regulatory Deferral Accounts (issued in January 2014 and effective for annual periods beginning on or after 1 January 2016). IFRS 14 permits first-time adopters to continue to recognise amounts related to rate regulation in accordance with their previous GAAP requirements when they adopt IFRS. However, to enhance comparability with entities that already apply IFRS and do not recognise such amounts, the standard requires that the effect of rate regulation must be presented separately from other items. An entity that already presents IFRS financial statements is not eligible to apply the standard. This standard has not yet been endorsed by the EU.

Accounting for Acquisitions of Interests in Joint Operations - Amendments to IFRS 11 (issued on 6 May 2014 and effective for the periods beginning on or after 1 January 2016). This amendment adds new guidance on how to account for the acquisition of an interest in a joint operation that constitutes a business. The Company is currently assessing the impact of the amendment on its financial statements. This amendment has not yet been endorsed by the EU.

Clarification of Acceptable Methods of Depreciation and Amortisation - Amendments to IAS 16 and IAS 38 (issued on 12 May 2014 and effective for the periods beginning on or after 1 January 2016). In this amendment, the IASB has clarified that the use of revenue-based methods to calculate the depreciation of an asset is not appropriate because revenue generated by an activity that includes the use of an asset generally reflects factors other than the consumption of the economic benefits embodied in the asset. The Company is currently assessing the impact of the amendments on its financial statements. These amendments have not yet been endorsed by the EU.

IFRS 15, Revenue from Contracts with Customers (issued on 28 May 2014 and effective for the periods beginning on or after 1 January 2017). 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. The Company is currently assessing the impact of the new standard on its financial statements. This standard has not yet been endorsed by the EU.

Agriculture: Bearer plants - Amendments to IAS 16 and IAS 41 (issued on 30 June 2014 and effective for annual periods beginning 1 January 2016). The amendments change the financial reporting for bearer plants, such as grape vines, rubber trees and oil palms, which now should be accounted for in the same way as property, plant and equipment because their operation is similar to that of manufacturing. Consequently, the amendments include them within the scope of IAS 16, instead of IAS 41. The produce growing on bearer plants will remain within the scope of IAS 41. The amendments are expected to have no impact on the Company's financial statements. These amendments have not yet been endorsed by the EU.

(All amounts are in thousands of Euro unless stated otherwise)

Equity Method in Separate Financial Statements - Amendments to IAS 27 (issued on 12 August 2014 and effective for annual periods beginning on or after 1 January 2016). The amendments will allow entities to use the equity method to account for investments in subsidiaries, joint ventures and associates in their separate financial statements. The Company is currently assessing the impact of the amendment on its financial statements. This amendment has not yet been endorsed by the EU.

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 1 January 2016). These amendments address an inconsistency between the requirements in IFRS 10 and those in IAS 28 in dealing with the sale or contribution of assets between an investor and its associate or joint venture. The main consequence of the amendments is that a full gain or loss is recognised when a transaction involves a business. A partial gain or loss is recognised when a transaction involves assets that do not constitute a business, even if these assets are held by a subsidiary. The Company is currently assessing the impact of the amendments on its financial statements. These amendments have not yet been endorsed by the EU.

Annual Improvements to IFRSs 2014 (issued on 25 September 2014 and effective for annual periods beginning on or after 1 January 2016). The amendments impact 4 standards. IFRS 5 was amended to clarify that change in the manner of disposal (reclassification from „held for sale" to „held for distribution" or vice versa) does not constitute a change to a plan of sale ore distribution, and does not have to be accounted for as such. The amendment to IFRS 7 adds guidance to help management determine whether the terms of an arrangement to service a financial asset which has been transferred constitute continuing involvement, for the purposes of disclosures required by IFRS 7. The amendment also clarifies that the offsetting disclosures of IFRS 7 are not specifically required for all interim periods, unless required by IAS 34. The amendment to IAS 19 clarifies that for post-employment benefit obligations, the decisions regarding discount rate, existence of deep market in high-quality corporate bonds, or which government bonds to use as a basis, should be based on the currency that the liabilities are denominated in, and not the country where they arise. IAS 34 will require a cross reference from the interim financial statements to the location of „information disclosed elsewhere in the interim financial report". The Company is currently assessing the impact of the amendments on its financial statements. These amendments have not yet been endorsed by the EU.

Disclosure Initiative Amendments to IAS 1 (issued in December 2014 and effective for annual periods on or after 1 January 2016). The standard was amended to clarify the concept of materiality and explains that an entity need not provide a specific disclosure required by an IFRS if the information resulting from that disclosure is not material, even if the IFRS contains a list of specific requirements or describes them as minimum requirements. The standard also provides new guidance on subtotals in financial statements, in particular, such subtotals (a) should be comprised of line items made up of amounts recognised and measured in accordance with IFRS; (b) be presented and labelled in a manner that makes the line items that constitute the subtotal clear and understandable; (c) be consistent from period to period; and (d) not be displayed with more prominence than the subtotals and totals required by IFRS standards. The Company is currently assessing the impact of the amendment on its financial statements. This amendment has not yet been endorsed by the EU.

Investment Entities: Applying the Consolidation Exception Amendment to IFRS 10, IFRS 12 and IAS 28 (issued in December 2014 and effective for annual periods on or after 1 January 2016). The standards were amended to clarify that an investment entity should measure at fair value through profit or loss all of its subsidiaries that are themselves investment entities. In addition, the exemption from preparing consolidated financial statements if the entity's ultimate or any intermediate parent produces consolidated financial statements available for public use was amended to clarify that the exemption applies regardless whether the subsidiaries are consolidated or are measured at fair value through profit or loss in accordance with IFRS 10 in such ultimate or any intermediate parent's financial statements. The Company is currently assessing the impact of the amendments on its financial statements. These amendments have not yet been endorsed by the EU.

2.2 Subsidiaries, associates and joint ventures

(i) Subsidiaries

Subsidiaries are all entities (including special purpose entities) over which the Company has the power to govern the financial and operating policies generally accompanying a shareholding of more than one half of the voting rights. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Company controls another entity.

Investments in subsidiaries 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 at the time of their acquisition. Impairment losses are recognized using an allowance account. Allowances are recognized based on the present value of estimated future cash flows.

(ii) Associates and joint ventures

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 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 associates and joint ventures at the time of their acquisition. Impairment losses are recognized using an allowance account. Allowances are recognized based on the present value of estimated future cash flows.

2.3 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 the performance of the operating segments, has been identified as the Board of Directors that makes strategic decisions.

Transactions with external parties are reported in a manner consistent with that in the consolidated income statement. Transactions between segments are eliminated upon consolidation

2.4 Foreign currency translation

(i) Functional and presentation currency

Items included in the financial statements of the Company are measured using the currency of the primary economic environment in which the entity operates ('the functional currency').
These financial statements are presented in EUR, which is the Company's functional and presentation currency.

(ii) 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 recognized in profit or loss

2.5 Property, plant and equipment

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

(i) Cost

Cost includes expenditure that is directly attributable to the acquisition of the items, including borrowing costs incurred from the date of acquisition until the date the item becomes available for use.

Subsequent costs are included in the asset's carrying amount or recognized 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. The carrying amount of the replaced part is derecognized. All other repairs and maintenance are charged to the income statement during the financial period in which they are incurred.

The most significant part of property, plant and equipment is represented by office buildings, fixtures and fittings and other equipment.

(ii) Depreciation

The depreciation of property, plant and equipment starts on the first day of the month when the property, plant and equipment is available for use. Property, plant and equipment are depreciated in line with the approved depreciation plan using the straight-line method based on the estimated useful lives and expected wear and tear. Monthly depreciation charge is determined as the difference between acquisition costs and residual value, divided by estimated useful life of the property, plant and equipment. Land and assets under construction are not depreciated.

The estimated useful lives of individual groups of assets are as follows:

	Estimated 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 disposal of the asset less the estimated costs of disposal, if the asset were already of the age and in the condition expected at the end of its useful life. The residual value of an asset is nil if the Company expects to use the asset until the end of its physical life. The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each balance sheet date.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount (Note 2.7).

(All amounts are in thousands of Euro unless stated otherwise)

Items that are retired or otherwise disposed of are eliminated from the balance sheet, along with the corresponding accumulated depreciation. Gains and losses on disposals are determined by comparing proceeds with carrying amount and are recognized net in the income statement.

2.6 Intangible assets

Intangible assets are initially measured at cost. Intangible assets are recognized 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 amortization and any accumulated impairment losses.

Borrowing costs are capitalized during the period until the asset becomes available for use. The Company does not have intangible assets with indefinite useful lives. Intangible assets are amortized on the straight-line basis over their useful lives, not exceeding a period of four years.

Costs associated with maintaining computer software programmes are recognized 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 capitalized as intangible assets when the following criteria are met:

- it is technically feasible to complete the software product so that it will be available for use;
- management intends to complete the software product and use or sell it;
- there is an ability to use or sell the software product;
- it can be demonstrated how the software product will generate probable future economic benefits;
- adequate technical, financial and other resources to complete the development and to use or sell the software product are available; and
- 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 recognized as an expense as incurred. Development costs previously recognized as an expense are not recognized as an asset in a subsequent period.

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

2.7 Impairment of non-current non-financial assets

Assets that have an indefinite useful life and intangible assets not yet available for use are not subject to amortization and are tested for impairment annually. Land, construction in progress and assets that are subject to depreciation or amortization are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognized for the amount by which the asset's carrying amount exceeds its recoverable amount.

The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are individually identifiable cash flows (cash-generating units). Non-financial assets other than goodwill that were impaired are reviewed for possible reversal of the impairment at the end of each reporting period.

2.8 Financial assets

The Company classifies its financial assets according to IAS 39 "Financial Instruments: Recognition and Measurement". The classification depends on the purpose for which the financial assets were acquired, whether they are quoted in an active market and on management intentions.

(i) Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Loans and receivables are included in current assets, except for maturities greater than 12 months after the end of the reporting period. These are classified as non-current assets.

The Company's loans and receivables comprise 'trade and other receivables', `loans provided` and 'cash and cash equivalents' in the balance sheet (Notes 2.14 and 2.15).

Reconciliation of these categories of financial assets with the balance sheet classes is presented in Note 10.

Purchases and sales of financial assets are recognized on trade-date – the date on which the Company commits to purchase or sell the asset. Investments are initially recognized at fair value plus transaction costs for all financial assets not carried at fair value through profit and loss. Financial assets are derecognized when the rights to receive cash flows from the investments have expired or have been transferred and the Company has transferred substantially all risks and rewards of ownership. The Company assesses at each balance sheet date whether there is objective evidence that a financial asset or a group of financial assets is impaired. Impairment testing of the receivables is described in Note 2.14.

2.9 Financial liabilities

The Company classifies its financial liabilities to subsidiaries according to IAS 39 "Financial Instruments: Recognition and Measurement". The classification depends on the contractual provisions of the instrument and the intentions with which management entered into the contract.

Management determines the classification of its financial liabilities at initial recognition and re-evaluates this designation

(All amounts are in thousands of Euro unless stated otherwise)

at every reporting date. When a financial liability is recognised initially, the Company measures it at its fair value net of transaction costs that are directly attributable to the origination of the financial liability.

After initial recognition, the Company measures all financial liabilities at amortised cost using the effective interest method. The gain or loss from financial liabilities is recognized in the income statement when the financial liability is derecognized and through the amortization process.

Financial liability (or a part of a financial liability) is removed from the Company's balance sheet when, and only when it is extinguished - i.e. when the obligation specified in the contract is discharged or cancelled or expires.

2.10 Offsetting financial instruments

Financial assets and financial liabilities are offset and the net amount reported in the balance sheet when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously.

2.11 Leases

Operating 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 (net of any incentives received from the lessor) are charged to the income statement on a straight-line basis over the period of the lease.

2.12 Inventories

Inventories are stated at the lower of cost and net realizable value. 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.

2.13 Construction contracts

Until the year-end 2013, the Company was involved on an ongoing basis in construction contracts related mostly to the construction of distribution network for its subsidiary Západoslovenská distribučná, a.s.

When the outcome of a construction contract cannot be estimated reliably, contract revenue is recognized only to the extent of contract costs incurred that are likely to be recoverable.

When the outcome of a construction contract can be estimated reliably and it is probable that the contract will be profitable, contract revenue is recognized over the period of the contract. Contract costs are recognised as expenses by reference to the stage of completion of the contract activity at the end of the reporting period. When it is probable that total contract costs will exceed total contract revenue, the expected loss is recognised as an expense immediately.

Variations in contract work, claims and incentive payments are included in contract revenue to the extent that may have been agreed with the customer and are capable of being reliably measured.

The Company uses the 'percentage-of-completion method' to determine the appropriate amount to recognize in a given period. The stage of completion is measured by reference to the contract costs incurred at the end of the reporting period as a percentage of total estimated costs for each contract.

Costs incurred in the year in connection with future activity on a contract are excluded from contract costs in determining the stage of completion.

The Company presents as an asset the gross amount due from customers for contract work for all contracts in progress for which costs incurred plus recognized profits (less recognized losses) exceed progress billings. The Company presents as a liability the gross amount due to customers for contract work for all contracts in progress for which progress billings exceed costs incurred plus recognized profits (less recognized losses).

2.14 Trade receivables

Trade receivables are recognized initially at fair value and subsequently measured at amortized cost using the effective interest method, net of provision for impairment. Revenue recognition policy is described in Note 2.27.

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, probability that the debtor will enter bankruptcy or financial reorganization, default or delinquency in payments (more than 1 month overdue) are considered indicators that the trade receivable is impaired. 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 through the use of an allowance account. Creation and release of provision for the year ended 31 December 2014 is recognized in the income statement within "Other operating income" (2013: 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 "Other operating income" in the statement of comprehensive income.

2.15 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.

In the statement of cash flows, cash and cash equivalents includes cash in hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less and bank overdrafts. In the balance sheet, bank overdrafts are shown within borrowings in current liabilities.

Cash and cash equivalents are carried at amortised cost using the effective interest method. Restricted balances are excluded from cash and cash equivalents for the purposes of the cash flow statement. Balances restricted from being exchanged or used to settle a liability for at least twelve months after the balance sheet date are included in non-current assets

2.16 Share capital

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

2.17 Dividends

Dividends` pay-out to the shareholders of the Company are recognised as a liability and deducted from equity at the end of the reporting period only if they are declared before or on the balance sheet date.

2.18 Legal reserve fund

The legal reserve fund is set up in accordance with the Commercial Code. Contributions to the legal reserve fund of the Company were made at 10% of net income based on individual financial statements 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.

2.19 Other funds

The Company has set up additional funds from profits to reserve funding for future capital expenditure as allowed by the Commercial Code and Articles of Association. The allocations to these funds have been approved by the General meeting of shareholders. Such funds are not distributable unless otherwise decided by shareholders.

2.20 Other reserves

The other reserves comprise of re-measurement component of defined pensions plans, which are actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions in calculation of pension obligations. The balances are included net of tax.

2.21 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 one year or less. If not, they are presented as non-current liabilities.

Trade payables are recognized initially at fair value and subsequently measured at amortized cost using effective interest method.

2.22 Taxation

(i) Deferred tax

Deferred income tax is recognized using the 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 balance sheet date and are expected to apply when the related deferred income tax asset is realized, or the deferred income tax liability is settled.

Deferred income tax assets are recognized 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, associates and joint ventures, 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. Dividend income is generally not subject to income taxes in the Slovak Republic.

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.

(ii) Current income tax

Income tax is recognized as an expense in the period in which the Company's tax liability in the accompanying income statement of the Company is calculated on the basis resulting from the profit before tax, which was adjusted for deductible and non-deductible items due to permanent and temporary adjustments to the tax base loss. The current tax liability is stated net of corporate income tax advances that the Company paid during the year. If corporate income tax advances paid during the year exceed the tax liability for the period, the Company records a tax receivable.

2.23 Grants and contributions

Grants from the government and other similar contributions are recognized at their fair value where there is a reasonable assurance that the grant or contribution will be received and the Company will comply with all attached conditions.

Government grants and similar contributions relating to acquisition of property, plant and equipment are accounted by setting up the grant as deferred income, which is recognized as other income over the life of depreciable asset. Government grants relating to operating expenses are deferred and recognized in the income statement over the period necessary to match them with the costs they are intended to compensate.

(All amounts are in thousands of Euro unless stated otherwise)

2.24 Loans and other borrowings

Loans and other borrowings are recognised initially at fair value, net of transaction costs incurred. Loans and other borrowings are carried at amortized cost using the effective interest method. Interest costs on borrowings to finance the construction of property, plant and equipment are capitalized based on cost of the qualifying assets, during the period of time that is required to complete and prepare the asset for its intended use. All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

Loans and other borrowings 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.

Borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset are capitalized as part of the cost of that asset in accordance with IAS 23. To the extent that funds are borrowed generally and used for the purpose of obtaining a qualifying asset, the amount of borrowing costs eligible for capitalization is determined by applying a capitalization rate to the expenditures on that asset. The capitalization rate is the weighted average of the borrowing costs applicable to the borrowings of the entity that are outstanding during the period, other than borrowings made specifically for the purpose of obtaining a qualifying asset. The amount of borrowing costs capitalized during a period does not exceed the amount of borrowing costs incurred during that period.

Borrowing costs are capitalized by the Company only if they are related to financing of own construction projects with realisation period more than 6 months.

2.25 Provisions / Contingent liabilities

Provisions are recognized 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 recognized 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 recognized 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 recognized as interest expense.

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

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

2.26 Employee benefits

The Company has both defined benefit and defined contribution plans.

(i) Pension obligations

A defined benefit plan is a pension plan that defines an amount of pension benefit that an employee will receive on retirement, usually dependent on one or more factors such as age, years of service and compensation. A defined contribution plan is a pension plan 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.

(ii) Unfunded defined benefit pension plans

According to the contract with the Trade Unions for the year 2014 to 2016 the Company is obliged to pay its employees on retirement or disability the average of their monthly salary (2013: average of their monthly salary). Additionally, if the employees decide to resign exactly at the date of retirement, the Company is obliged to pay its employees additional 6 multiples of their average monthly salary (2013: 6 multiples of their average monthly salary).

The minimum requirement of the Labour Code of one-month average salary payment on retirement is included in the above multiples.

The Company also pays certain life and work jubilees bonuses.

a) Life jubilee benefits are paid by the Company in the amount of 1,700 EUR to each employee at the age of 50 under the condition that employee worked at least 10 years of continuous work for the Company.
b) Work jubilee bonuses (long-term service bonuses) paid by the Company are dependent on the number of year of service for the Company and equals to the following amounts:

The defined benefit obligation	
10 years	EUR 370
20 years	EUR 665
30 years	EUR 830
35 years	EUR 1,000
40 years (valid since 1 January 2014)	EUR 1,150

The defined benefit obligation is calculated annually by independent actuaries using the Projected Unit Credit Method. The present value of the defined benefit obligation is determined

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(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 pension liability and (b) then attributing the calculated present value to the periods of service based on the plan's benefit formula.

Actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions are charged or credited to equity in other comprehensive income in the period in which they arise. Past service costs are recognized immediately in expenses.

(iii) Defined contribution pension plans

The Company contributes to the government and private defined contribution pension plans. The Company makes contributions to the government health, retirement benefit, accidental and guarantee insurance and unemployment schemes at the statutory rates in force during the year, based on gross salary payments. Throughout the year, the Company made contributions amounting to 35.2% (2013: 35.2%) of gross salaries up to a monthly salary ceiling, which is defined by the relevant law, to such schemes, together with contributions by employees of a further 13.4% (2013: 13.4%). The cost of these payments is charged to the income statement in the same period as the related salary cost.

In addition, with respect to employees who have chosen to participate in a supplementary pension scheme, the Company makes contributions to the supplementary scheme amounting to 3% (2013: 3%) from the total of monthly tariff wage.

(iv) Termination benefits

Termination benefits are payable when employment is terminated by the Company before the normal retirement date, or whenever an employee accepts voluntary redundancy in exchange for these benefits. The Company recognises termination benefits when it is demonstrably committed terminating the employment of current employees according to a detailed formal plan without possibility of withdrawal. Benefits falling due more than 12 months after the balance sheet date are discounted to their present value.

(v) Profit sharing and bonus plans

A liability for employee benefits in the form of profit sharing and bonus plans is recognized within other payables when there is no realistic alternative but to settle the liability and at least one of the following conditions is met:

- there is a formal plan and the amounts to be paid are determined; or
- past practice has created a valid expectation by employees that they will receive a bonus/profit sharing and the amount can be determined before the time of issuing the financial statements.

Liabilities for profit sharing and bonus plans are expected to be settled within 12 months and are measured at the amounts expected to be paid when they are settled.

2.27 Revenue recognition

The Company provides supporting services for its subsidiaries ZSE Energia, a.s. and Západoslovenská distribučná, a.s. as customer service activities, accounting, controlling, facility management and general administration services. These services except for customer service activities are provided also to the other subsidiaries ZSE Energy Solutions, s.r.o. (till 13 August 2014: Enermont s.r.o.), ZSE Development, s.r.o. and ZSE MVE, s. r. o. (till 14 August 2014: ZSE prenos, 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. and E.ON Elektrárne s.r.o. From 1 January 2014, the provision of investment services, construction works, repair and maintenance services and operation of distribution network by the Company has been contributed into the subsidiary Západoslovenská distribučná, a.s. within the sale of part of the business (Note 5).

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 recognizes 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 to be reliably measurable until all contingencies relating to the sale have been resolved.

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

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.

Revenue from construction contracts is recognized using the percentage of completion method. Refer to Note 2.13.

Dividend income is recognized when the right to receive the payment is established.

Interest income is recognized on accrual basis in the period when it is incurred, independent from the actual payments of the interest.

2.28 Non-current assets (or disposal groups) held for sale and discontinued operations

Non-current assets (or disposal groups) are classified as assets held for sale when their carrying amount is to be recovered principally through a sale transaction and a sale is considered highly probable. They are stated at the lower of carrying amount and fair value less costs to sell.

A discontinued operation is a component of the Company

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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. Earnings and cash flows of discontinued operations, if any, are disclosed separately from continuing operations with comparatives being re-presented.

3. Financial risk management

3.1 Financial risk factors

The Company's activities are exposing it to certain financial risks: market risk (including risk of changes in foreign currency exchange rates, interest rate risk and price risk), 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. The main purpose of these financial instruments is to raise finance or to invest excess liquidity. Risk management is carried out under policies approved by the Board of Directors of the Company. The Board provides written principles for overall risk management, as well as written policies covering specific areas, such as credit risk and the investment of excess liquidity.

Risk management is carried out under policies approved by the Board of Directors of the Company. The Board provides written principles for overall risk management, as well as written policies covering specific areas, such as credit risk and the investment of excess liquidity.

(i) Market risk

(a) Foreign exchange risk

The Company operates mainly in the domestic market, and most of its sales, purchases and short-term deposits are denominated in Euro.

Management does not consider foreign exchange risk as a significant exposure to the Company's operations as it has only small volume of transactions in other currency than Euro.

(b) Price risk

The Company is not exposed to significant price risk, as it does not invest in equities. The Company has subsidiaries which are carried at cost according to IAS 27 as it is described in Note 2.2. IFRS 7 does not mandate price risk, including sensitivity disclosures, relating to subsidiaries carried at costh.

(c) Cash flow and fair value interest rate risk

As the Company has no significant interest earning assets with floating interest rate other than cash at bank accounts except for short-term bank deposits as of 31 December 2014 and 2013, the operating cash flows are only to a small extent dependent on the market interest rate fluctuations. The short term bank deposits are denominated at fixed interest rates.

As at 31 December 2014, the Company recognises loans provided to the subsidiary Západoslovenská distribučná, a.s. in total amount of EUR 630 mil. Loans have fixed interest rate. Further information about loans provided including their interest rate are stated in Note 9.

During the year 2013 the Company issued bonds in total amount of EUR 630 mil. Bonds have fixed interest rate. Further information about issued bonds including their interest rate are stated in Note 16. The Company had no bank borrowings during the financial year 2014 and 2013 except for bank overdrafts (Note 13).

(ii) 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 credit risk arises from cash and cash equivalents, financial derivates and deposits with banks and financial institutions and trade receivables. From 1 July 2007 after legal unbundling, the companies Západoslovenská distribučná, a.s. and ZSE Energia, a.s. are the main customers of the Company.

In order to eliminate the credit risk related to bank accounts and financial instruments, the Company enters into transactions only with banks and financial institutions that have a high independent rating.

The table below shows the credit limit and balance of the major counterparties at the end of the reporting period:

The table below shows the credit limit and balance

		31 December 2014		31 December 2013	
	(Counterparty Rating *)	Credit limit	Balance on bank accounts	Credit limit	Balance on bank accounts
Banks rated	A1	-	12,197	-	-
Banks rated	A3	-	32	55,000	21,591
Banks rated	A	20,000	4	20,000	7
Banks rated	Baa1	55,000	17,830	-	-
		75,000	**30,063**	**75,000**	**21,598**

*) Ratings provided by Moody's, Fitch's at 31 December 2014

(All amounts are in thousands of Euro unless stated otherwise)

As at 31 December 2014, the Company has agreements with banks about revolving credit facilities amounting to EUR 75,000 thousand (31 December 2013: EUR 75,000 thousand). As at 31 December 2014 the Company has drawn EUR 0 thousand from these facilities (31 December 2013: EUR 1 thousand).

The Company is exposed to a concentration of credit risk for Trade and other receivables, which is analysed in Note 12. 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.

(iii) 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 and marketable securities, the availability of funding through an adequate amount of committed credit facilities and the ability to close out market positions. The Company's treasury aims to maintain flexibility in funding by keeping committed credit lines available.

The Company regularly monitors its liquidity position and uses overdrafts only in exceptional cases. The Company also uses the advantages of commercial terms between the Company and its customers to secure sufficient financing funds to cover its needs. The maturity of supplier's invoices is 60 days, on average.

The Company monitors movements of financial resources in bank accounts on a regular basis. Expected cash flow is prepared as follows:

1) expected future cash inflows from main operation of the Company; and
2) expected future cash outflows securing operation of the Company and leading to settlement of all liabilities of the Company, including tax payables.

A cash flow forecast is prepared weekly. It identifies the immediate need for cash and, if funds are available, it enables the Company to make term deposits.

The table below places the Company's financial liabilities into relevant maturity groups based on the remaining period to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows:

	Less than 1 month	From 1 to 3 months	From 3 months to 1 year	From 1 to 5 years	More than 5 years	Total
As at 31 December 2014						
Trade payables (Note 15)	4,238	553	-	-	-	4,791
Liabilities from cash pooling (Note 17)	24,149	-	-	-	-	24,149
Issued bonds (Note 16)	-	-	21,656	392,569	365,400	779,625
	28,387	**553**	**21,656**	**392,569**	**365,400**	**808,565**
As at 31 December 2013						
Bank overdrafts (Note 13)	1	-	-	-	-	1
Trade payables (Note 15)	14,648	27	-	-	-	14,675
Liabilities from cash pooling (Note 17)	38,011	-	-	-	-	38,011
Issued bonds (Note 16)	-	-	21,656	401,625	378,000	801,281
	52,660	**27**	**21,656**	**401,625**	**378,000**	**853,968**

3.2 Capital risk management

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's management manages capital reported under IFRS amounting to, as at 31 December 2014, EUR 344,112 thousand (31 December 2013: EUR 334,839 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.

The Company's management considers the most relevant indicator of capital management to be the return on average capital employed (ROACE). Management expects return on average capital employed to be higher than cost of capital. Indicator ROACE is calculated as follows: earnings before interest and taxes EBIT (in the Separate statement of comprehensive Income of the Company presented as Profit from operations) / average capital.

3.3 Fair value estimation of financial instruments

Fair value measurements are analysed by level in the fair value hierarchy as follows:
(i) level 1 are measurements at quoted prices (unadjusted) in active markets for identical assets or liabilities,
(ii) level 2 measurements are valuations techniques with all material inputs observable for the assets or liabilities, accessible either directly (i.e. as prices) or indirectly (i.e. derived from prices), and

(All amounts are in thousands of Euro unless stated otherwise)

(iii) level 3 measurements are valuations not based on observable market data (i.e. unobservable inputs).

Management applies judgement in categorising financial instruments using the fair value hierarchy.

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

	Level 1	Level 2	Level 3	Book value
At 31 December 2014				
Liabilities	**704,696**	**-**	**-**	**631,889**
Issued bonds - XS0979598207, series 1	337,356	-	-	315,926
Issued bonds - XS0979598462, series 2	367,340	-	-	315,963
Liabilities classified as held for sale	-	-	-	-
Assets	**-**	**704,696**	**-**	**630,000**
Loans provided	-	704,696	-	630,000
At 31 December 2013				
Liabilities	**638,366**	**-**	**19,847**	**651,163**
Issued bonds - XS0979598207, series 1	318,313	-	-	315,654
Issued bonds - XS0979598462, series 2	320,053	-	-	315,662
Liabilities classified as held for sale	-	-	19,847	19,847
Assets	**-**	**-**	**44,553**	**42,782**
Assets classified as held for sale	-	-	44,553	42,782

At the balance sheet date of prior year's financial statements, the fair value of assets and liabilities classified as held for sale (Note 5) was determined by using management estimate based on the preliminary expert testimony.

At the balance sheet date of the financial statements, the fair value of provided loans (Note 9) was determined by using management estimate and based on the development of issued bonds on the financial market.

The fair value of issued bonds was determined by the quoted market price of issued bonds by the Company (Note 16).

At the balance sheet date, the fair values of other financial assets and liabilities approximate their carrying amounts. Non-current trade receivables and trade payables were partially discounted except for where the effect of discounting is negligible.

The nominal value of trade receivables, net of impairment provision for bad and doubtful debts and the nominal value of payables, approximates their fair values. The fair value of financial liabilities for disclosure purposes is estimated by discounting the future contractual cash flows at the current market interest rate that is available to the Company for similar financial instruments.

4. Segment reporting

The Group presents segment information for the current and comparative reporting periods in accordance with IFRS 8 Operating segments.

The Group's operating segments are those used by the Board of Directors to manage the Group's business, allocate resources and make strategic decisions. 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, taxes, depreciation and amortisation (EBITDA) and capital investment. 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.

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

(All amounts are in thousands of Euro unless stated otherwise)

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 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 92% during period ended 31 December 2014 (31 December 2013: approximately 88%) of the Group's EBITDA were generated from the sales to customers who are subject to price regulation.

Other
Segment Other includes activities provided by the Company together with its subsidiaries ZSE Energy Solutions, s.r.o. (till 13 August 2014: Enermont s.r.o.) and ZSE MVE, s. r. o. (till 14 August 2014: ZSE prenos, 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, customer services, accounting, controlling, HR, IT and other services, to both supply and distribution businesses. The segment realizes also electricity production in two small hydroelectric plants and generates also some external revenues from projecting and engineering activities in investment construction for third parties. Till 31 December 2013 segment Other consisted mainly of network construction, maintenance testing and calibration of network elements for the Electricity distribution business, while these activities have been contributed from 1 January 2014 into the segment Electricity distribution within the sale of part of the business (Note 5).

Transactions with external parties are reported in a manner consistent with that in the consolidated income statement. Transactions between segments are eliminated upon consolidation.

An analysis of revenues, costs, EBITDA, profit before tax and capital expenditures by individual operating segments in the current and comparative reporting period is provided below:

An analysis of revenues, costs, EBITDA, profit before tax and capital expenditures

	31 December 2014							
	Distribution	Supply	Other	Eliminations	Total ZSE Group	Deconsolidation of subsidiaries	ZSE discontinued operations	ZSE continuing operations
Revenue from external customers	222,395	786,055	4,568	-	**1,013,018**	(1,011,881)	-	1,137
Inter-segment revenues	210,549	43,384	57,507	(311,440)	**-**	57,102	-	57,102
Purchases of electricity, gas and related fees	(201,197)	(790,704)	(7,905)	248,578	**(751,228)**	744,940	-	(6,288)
Employee benefits expenses	(35,524)	(5,797)	(13,600)	16	**(54,905)**	42,165	-	(12,740)
Other operating expenses	(63,105)	(24,627)	(29,700)	65,737	**(51,695)**	23,556	-	(28,139)
Dividend income	-	-	-	-	**-**	65,751	-	65,751
Other operating income	2,527	3,823	6,865	(2,978)	**10,237**	(3,085)	-	7,152
Own work capitalised	18,278	-	-	(617)	**17,661**	(17,661)	-	-
Earnings before interest, taxes, depreciation and amortisation (EBITDA)	**153,923**	**12,134**	**17,735**	**(704)**	**183,088**	**(99,113)**	**-**	**83,975**

(All amounts are in thousands of Euro unless stated otherwise)

An analysis of revenues, costs, EBITDA, profit before tax and capital expenditures

	31 December 2013							
	Distribution	Supply	Other	Eliminations	Total ZSE Group	Deconsolidation of subsidiaries	ZSE discontinued operations	ZSE continuing operations
Revenue from external customers	205,924	818,025	12,636	-	**1,036,585**	(1,034,271)	1,481	833
Inter-segment revenues	367,360	72,094	209,668	(649,122)	**-**	168,652	108,195	60,457
Purchases of electricity, gas and related fees	(343,498)	(845,824)	(83,146)	510,301	**(762,167)**	679,758	(76,228)	(6,181)
Employee benefits expenses	(7,191)	(4,374)	(44,275)	(857)	**(56,697)**	20,305	(21,223)	(15,169)
Other operating expenses	(87,445)	(24,993)	(82,627)	128,314	**(66,751)**	29,789	(4,046)	(32,916)
Dividend income	-	-	-	-	**-**	94,108	-	94,108
Other operating income	4,912	2,927	9,713	(2,544)	**15,008**	(11,419)	38	3,551
Own work capitalised	-	-	-	13,908	**13,908**	(13,908)	-	-
Earnings before interest, taxes, depreciation and amortisation (EBITDA)	**140,062**	**17,855**	**21,969**	**-**	**179,886**	**(66,986)**	**8,217**	**104,683**

Reconciliation of EBITDA to Profit before tax

Reconciliation of Earnings before interest, taxes, depreciation and amortisation (EBITDA) to Profit before tax

	Year ended 31 December 2014				Year ended 31 December 2013			
	Total ZSE Group	Deconsolidation of subsidiaries	ZSE discontinued operations	ZSE continuing operations	Total ZSE Group	Deconsolidation of subsidiaries	ZSE discontinued operations	ZSE continuing operations
EBITDA	**183,088**	**(99,113)**	**-**	**83,975**	**179,886**	**(66,986)**	**8,217**	**104,683**
Depreciation and amortisation	(45,784)	38,652	-	(7,132)	(39,153)	31,082	(1,152)	(6,919)
Interest income	168	9,154	-	9,322	156	(1)	-	155
Interest expense	(21,445)	(329)	-	(21,774)	(5,101)	87	(187)	(4,827)
Other financial expenses	(765)	-	-	(765)	(60)	(297)	-	(357)
Profit before tax	**115,262**	**(51,636)**	**-**	**63,626**	**135,728**	**(36,115)**	**6,878**	**92,735**

	Distribution	Supply	Other	Eliminations	Total ZSE Group	Deconsolidation of subsidiaries	ZSE discontinued operations	ZSE continuing operations
31 December 2014								
Capital investment	77,192	-	8,241	(3,299)	**82,134**	(75,688)	-	6,446
31 December 2013								
Capital investment	72,878	5	12,158	(10,041)	**75,000**	(62,866)	823	11,311

Reconciliation of Capital investment to Purchase of property, plant and equipment (PP&E) and intangibles (cash effective)

	31 December 2014			
	Total ZSE Group	Deconsolidation of subsidiaries	ZSE discontinued operations	ZSE continuing operations
Capital investment	**82,134**	**(75,688)**	**-**	**6,446**
Assets acquired but not paid for	(15,622)	14,868	-	(754)
Payments to assets acquired in prior periods	4,276	36	-	4,312
Purchase of PP&E and intangibles (cash effective)	**70,788**	**(60,784)**	**-**	**10,004**

(All amounts are in thousands of Euro unless stated otherwise)

Reconciliation of Capital investment to Purchase of property, plant and equipment (PP&E) and intangibles (cash effective)	31 December 2013			
	Total ZSE Group	Deconsolidation of subsidiaries	ZSE discontinued operations	ZSE continuing operations
Capital investment	**75,000**	**(62,866)**	**823**	**11,311**
Assets acquired but not paid for	**(5,940)**	1,673	-	(4,267)
Payments to assets acquired in prior periods	**5,314**	(2,252)	-	3,062
Purchase of PP&E and intangibles (cash effective)	**74,374**	**(63,445)**	**823**	**10,106**

5. Non-current assets held for sale and discontinued operations

The requirement to legally unbundle the distribution business from other commercial activities of vertically integrated electricity companies has been established by the European directive No. 2003/54 on common rules for internal market with electricity. The directive has been transposed into Slovak legislation by the Act on energy (No. 656/2004 Coll.) effective until 31 August 2012. The Act prescribed legal unbundling of distribution business by 30 June 2007 at the latest which was met by the Company at that time as vertically integrated company.

Subsequently at the European level was adopted so-called third energy package of the EU in area of electricity by a Directive of EU Parliament and Council 2009/72 dated 13 July 2009 on common rules for internal market with electricity and repealing Directive 2003/54. Directive 2009/72 has been transposed into Slovak legislation by the Act on energy (No.251/2012 Coll.) effective from 1 September 2012 and the Act on regulation in network industries (No. 250/2012 Coll.) equally effective from 1 September 2012. Following the so-called third energy package the overall independence of Západoslovenská distribučná, a.s., as the operator of distribution business and part of vertically integrated company, was strengthened. Strengthening the independence took place by incorporation of „Services for electricity distribution division" ("Distribution services division") as part of the Company into own organizational structure of the operator of distribution business by selling part of the business effective from 1 January 2014.

The assets and liabilities related to Distribution services division of the Company have been presented at 31 December 2013 as held for sale following the Shareholders general meeting decision dated 5 December 2013 where the intention to sell Distribution services division to its subsidiary Západoslovenská distribučná, a.s. was approved. Core business activities of the Division were mainly electricity network construction, maintenance and calibration of network elements for company Západoslovenská distribučná, a.s. The transfer of employees of the Division was also part of this transaction. The transaction was completed during the year 2014.

	Year ended 31 December	
	2014	2013
Cash flows from operating activities	-	10,984
Cash flows from investing activities	-	(823)
Cash flows from financing activities	-	-
Total cash flows	**-**	**10,161**

(a) Assets classified as held for sale

	As at 31 December	
	2014	2013
Property, plant and equipment	-	1,377
Intangible assets	-	3,331
Deferred income tax asset	-	1,595
Inventories	-	1,277
Trade and other receivables including inter-company	-	35,202
Total	**-**	**42,782**

(All amounts are in thousands of Euro unless stated otherwise)

(b) Liabilities classified as held for sale

	As at 31 December	
	2014	2013
Trade and other payables	-	14,485
Pension and other provisions for liabilities and charges	-	5,362
Total	**-**	**19,847**

(c) Analysis of the result of discontinued operations, and the result recognised on the re-measurement of assets or disposal group

	Year ended 31 December	
	2014	2013
Revenues	-	109,676
Cost of sales	-	(76,228)
Gross profit	**-**	**33,448**
Operating expenses	-	(26,421)
Other operating income	-	38
Profit from operations	**-**	**7,065**
Finance costs		
Interest expenses	-	(187)
Net finance costs	**-**	**(187)**
Profit before tax from discontinued operations	**-**	**6,878**
Income tax expense	-	(1,615)
Profit for the year from discontinued operations	**-**	**5,263**
Other comprehensive income from discontinued operations	-	477
Total comprehensive income from discontinued operations	**-**	**5,740**

(All amounts are in thousands of Euro unless stated otherwise)

6. Property, plant and equipment

	Land	Buildings, halls, building sites and network constructions	Machinery, fixtures, fittings and equipment, vehicles and other assets	Capital work in progress including advances (CIP)	Total
As at 1 January 2013					
Cost	4,450	43,070	32,684	5,606	85,810
Accumulated depreciation including impairment charge	-	(13,982)	(25,989)	-	(39,971)
Net book value	**4,450**	**29,088**	**6,695**	**5,606**	**45,839**
Year ended 31 December 2013					
Additions	-	-	-	7,964	7,964
Transfers	327	1,636	4,209	(6,172)	-
Depreciation charge	-	(1,189)	(1,852)	-	(3,041)
Transfer to assets held for sale (Note 5	-	-	(1,288)	(89)	(1,377)
Disposals	(87)	(302)	-	117	(272)
Closing net book value	**4,690**	**29,233**	**7,764**	**7,426**	**49,113**
As at 31 December 2013					
Cost	4,690	43,798	26,874	7,426	82,788
Accumulated depreciation including impairment charge	-	(14,565)	(19,110)	-	(33,675)
Net book value	**4,690**	**29,233**	**7,764**	**7,426**	**49,113**
Year ended 31 December 2014					
Additions	-	-	-	4,381	4,381
Transfers	-	5,365	3,063	(8,428)	-
Depreciation charge	-	(1,184)	(1,977)	-	(3,161)
Disposals	(6)	(36)	(135)	(24)	(201)
Other	(269)	(16)	-	-	(285)
Closing net book value	**4,415**	**33,362**	**8,715**	**3,355**	**49,847**
As at 31 December 2014					
Cost	4,415	48,996	28,884	3,355	85,650
Accumulated depreciation including impairment charge	-	(15,634)	(20,169)	-	(35,803)
Net book value	**4,415**	**33,362**	**8,715**	**3,355**	**49,847**

At 31 December 2014 and at 31 December 2013 the Company did not lease any fixed assets leased as finance lease (where Company is the lessee). At 31 December 2014 and at 31 December 2013 no property, plant and equipment was collateralized or pledged.

Non-current tangible assets are insured in Ergon Insurance Limited against damages caused by natural disasters and water from exchange up to the amount of EUR 249,619 thousand for buildings and building parts and up to amount of EUR 33,105 thousand for the machinery, equipment, fixture, fittings and other assets (2013: EUR 242,129 thousand and 40,445 thousand respectively).

(All amounts are in thousands of Euro unless stated otherwise)

7. Intangible assets

Intangible assets	Computer software and other	Assets not yet available for use	Total
At 1 January 2013			
Cost	41,949	2,030	43,979
Accumulated depreciation and impairment	(31,068)	-	(31,068)
Net book value	**10,881**	**2,030**	**12,911**
Year ended 31 December 2013			
Additions	-	4,170	4,170
Transfers	1,637	(1,637)	-
Disposals	-	-	-
Transfer to assets held for sale (Note 5)	(1,795)	(1,536)	(3,331)
Amortisation charge	(5,029)	-	(5,029)
Closing net book value	**5,694**	**3,027**	**8,721**
At 31 December 2013			
Cost	38,465	3,027	41,492
Accumulated depreciation and impairment	(32,771)	-	(32,771)
Net book value	**5,694**	**3,027**	**8,721**
Year ended 31 December 2014			
Additions	15	2,050	2,065
Transfers	3,846	(3,846)	-
Disposals	(115)	-	(115)
Amortisation charge	(3,686)	-	(3,686)
Closing net book value	**5,754**	**1,231**	**6,985**
At 31 December 2014			
Cost	40,181	1,231	41,412
Accumulated depreciation and impairment	(34,427)	-	(34,427)
Net book value	**5,754**	**1,231**	**6,985**

(All amounts are in thousands of Euro unless stated otherwise)

8. Investment in subsidiaries and associates

Investment in subsidiaries and associates	2014	2013
At the beginning of the year	918,559	918,559
Additions	7	-
Disposals	630,690	-
Other	(1)	-
At the end of the year	**287,875**	**918,559**

The additions during the year 2014 represent the establishment of the foundation Nadácia ZSE, where the Company is its sole founder. Nadácia ZSE was incorporated on 4 August 2014 into the Register of Foundations of the Ministry of Interior of the Slovak Republic. Disposals during the year 2014 represent the decrease in share capital of the subsidiary Západoslovenská distribučná, a.s. and sale of part of the Company's shareholding in the subsidiary ZSE MVE, s. r. o. (till 14 August 2014: ZSE prenos, s. r. o.).

On 30 June 2014, the Company as the sole shareholder of the company Západoslovenská distribučná, a.s. approved the decrease in its share capital by EUR 630,684,461 by withdrawing 19 pieces of registered ordinary shares, each share of the nominal value of EUR 33,193,919 for the pay-out of EUR 630,684,461 to the shareholder. The reason and purpose of decrease in the share capital was the optimisation of internal capital structure of the company Západoslovenská distribučná, a.s. and the whole ZSE Group. The decrease in the share capital was incorporated into the Commercial Register on 26 July 2014. At 31 December 2014, part of the pay-out for shares withdrawn in amount of EUR 630,000,000 is recognised as loan provided by the Company to its subsidiary Západoslovenská distribučná, a.s. (Note 9).

On 26 June 2014, the Company sold part of its shareholding in the subsidiary ZSE MVE, s. r. o. (till 14 August 2014: ZSE prenos, s. r. o.) in amount of EUR 6 thousands to the subsidiary ZSE Energy Solutions, s.r.o. (till 13 August 2014: Enermont s.r.o.). Change in shareholdings was incorporated into the Commercial Register on 15 July 2014.

Name	Country of incorporation	% Ownership interest and voting rights held	Activities	Amount of investment at 31 December 2014	2013
ZSE Energy Solutions, s.r.o.[1]	Slovak Republic	100%	Engineering	2,200	2,200
ZSE Development, s.r.o.	Slovak Republic	100%	Trading activities	564	564
ZSE MVE, s. r. o.[2]	Slovak Republic	11.3%	Electricity production	1	7
ZSE Energia, a.s.	Slovak Republic	100%	Purchase and sale of electricity and gas	6,725	6,725
Západoslovenská distribučná, a.s.	Slovak Republic	100%	Distribution of electricity	276,684	907,368
Investície v dcérskych spoločnostiach				**286,174**	**916,864**
E.ON Business Services Slovakia spol. s r. o.	Slovak Republic	49%	IT services	1,105	1,105
Investment in associates				**1,105**	**1,105**
Energotel, a.s.	Slovak Republic	20%	Data and telecommunication services	525	525
Investment in joint ventures				**525**	**525**
Other				71	65
Total				**287,875**	**918,559**

Notes:
1) Based on resolution of sole partner dated 31 July 2014 the subsidiary Enermont s.r.o. was renamed to ZSE Energy Solutions, s.r.o. Change of business name was registered into the Commercial Register on 14 August 2014
2) Based on resolution of sole partner dated 28 June 2014 the subsidiary ZSE prenos, s. r. o. was renamed to ZSE MVE, s. r. o. Change of business name was registered into the Commercial Register on 15 August 2014.

(All amounts are in thousands of Euro unless stated otherwise)

	Assets	Liabilities	Revenues	Profit	% Interest held
2014*					
ZSE Energy Solutions, s.r.o.	3,724	1,039	3,541	238	100%
ZSE Development, s.r.o.	607	-	-	(6)	100%
ZSE MVE, s. r. o.	1,753	1,719	280	28	11.3%
ZSE Energia, a.s.	121,461	102,284	829,439	8,920	100%
Západoslovenská distribučná, a.s.	1,000,197	865,930	432,944	53,108	100%
E.ON Business Services Slovakia spol. s r. o.	5,431	2,196	16,939	823	49%
Energotel, a.s.	12,814	5,574	13,278	1,729	20%
2013					
ZSE Energy Solutions, s.r.o.	19,504	13,232	51,432	3,826	100%
ZSE Development, s.r.o.	624	9	-	(6)	100%
ZSE MVE, s.r.o.	5	-	-	-	100%
ZSE Energia, a.s.	158,886	136,014	890,119	12,815	100%
Západoslovenská distribučná, a.s.	1,002,177	237,202	573,284	55,330	100%
E.ON Business Services Slovakia spol. s r. o.	6,922	3,723	16,765	786	49%
Energotel, a.s.	12,954	1,924	12,718	997	20%

*) As at the date of authorisation of these separate financial statements for issue, the audited financial statements of all subsidiaries, associates and joint ventures for the year ended 31 December 2014 were not available. The table is prepared based on preliminary non-audited financial statements for the year then ended.

9. Loans provided

An overview of loans provided is presented in the table below:

	As at 31 December	
	2014	2013
Loans provided – Západoslovenská distribučná, a.s.	630,000	-
Total	**630,000**	**-**
from this: short-term part	-	-

More details about provided loans are presented in the table below:

	Principal in EUR	Interest	Maturity date
Loan 1	315 000 000	3.04% p.a.	1.10.2018
Loan 2	315 000 000	4.14% p.a.	1.10.2023
Total	**630 000 000**		

(All amounts are in thousands of Euro unless stated otherwise)

10. Financial instruments by category

The reconciliation of classes of financial instruments with measurement categories under IAS 39 is as follows:

As at 31 December 2014	Loans and receivables	Total
Assets as per balance sheet		
Loans provided (Note 9)	630,000	**630,000**
Trade receivables (Note 12)	3,225	**3,225**
Other receivables including other accrued income (Note 12)	611	**611**
Cash and cash equivalents (Note 13)	30,063	**30,063**
Receivables from cash-pooling (Note 17)	2,986	**2,986**
Total	**666,885**	**666,885**

As at 31 December 2013	Loans and receivables	Total
Assets as per balance sheet		
Trade receivables (Note 12)	1,067	**1,067**
Other receivables including other accrued income (Note 12)	25	**25**
Cash and cash equivalents (Note 13)	21,598	**21,598**
Receivables from cash-pooling (Note 17)	3,954	**3,954**
Total	**26,644**	**26,644**

As at 31 December 2014	Other financial liabilities - carried at amortised cost	Total
Liabilities as per balance sheet		
Trade payables (Note 15)	4,791	**4,791**
Issued bonds (Note 16)	631,889	**631,889**
Liabilities from cash-pooling (Note 17)	24,149	**24,149**
Total	**660,829**	**660,829**

As at 31 December 2013	Other financial liabilities - carried at amortised cost	Total
Liabilities as per balance sheet		
Bank overdrafts (Note 13)	1	**1**
Trade payables (Note 15)	14,675	**14,675**
Issued bonds (Note 16)	631,316	**631,316**
Liabilities from cash-pooling (Note 17)	38,011	**38,011**
Total	**684,003**	**684,003**

(All amounts are in thousands of Euro unless stated otherwise)

11. Inventories

Inventories	As at 31 December 2014	2013
Materials and spare parts	52	20
Total inventories	**52**	**20**

The inventory items are shown after provision for slow-moving materials and spare parts of EUR 2 thousand (31 December 2013: EUR 2 thousand).
Movements in provision for slow-moving items and spare parts for year ended 31 December 2014 are presented below:

	At 1 January 2014	Set-up	Release	At 31 December 2014
Materials and spare parts	2	-	-	2
Total	**2**	**-**	**-**	**2**

The cost of inventories recognized as expense and included in 'Cost of sales' (Note 21) amounted to EUR 2,078 thousand (2013: EUR 4,915 thousand).

12. Trade and other receivables

	As at 31 December 2014	2013
Trade receivables not yet due	1,868	273
Individually impaired trade receivables	120	7,320
Less: Provision for impairment of receivables	(99)	(7,275)
Trade receivables – net	1,889	318
Receivables to subsidiaries not yet due	1,306	730
Receivables to subsidiaries past due but not impaired	30	19
Receivables to subsidiaries – total	1,336	749
Subtotal	***3,225***	***1,067***
Prepayments	247	223
Other receivables and other accrued income (Note 10)	611	25
Total trade and other receivables	**4,083**	**1,315**

The structure of trade receivables and other receivables by maturity is as follows:

	As at 31 December 2014	2013
Receivables within due date	4,032	1,251
Overdue receivables	150	7,339
Less: Provision for impairment of receivables	(99)	(7,275)
Total trade and other receivables	**4,083**	**1,315**

(All amounts are in thousands of Euro unless stated otherwise)

As of 31 December 2014, trade receivables of EUR 120 thousand (2013: EUR 7,320 thousand) were impaired and provided for. The amount of the provision was EUR 99 thousand as of 31 December 2014 (2013: EUR 7,275 thousand). The individually impaired receivables mainly relate to customers, which are in difficult economic situations. It was assessed that a portion of these impaired receivables is expected to be recovered.

The ageing of these receivables was as follows:

Veková štruktúra	As at 31 December	
	2014	2013
1 to 30 days	19	39
31 to 60 days	-	-
61 to 90 days	-	-
91 to 120 days	3	5
121 to 180 days	-	1
181 to 360 days	6	16
Over 360 days	92	7,259
Total individually impaired receivables	**120**	**7,320**

The movements in the provision for impairment of trade receivables are recognized in the Statement of comprehensive income under Other operating income. Movements are presented in the table below:

	2014	2013
At the beginning of the year	7,275	7,627
Additional provision for receivables impairment	-	78
Unused amounts reversed	(163)	(157)
Transfer to assets classified as held for sale	-	(81)
Receivables written off during the year as uncollectible	(7,013)	(192)
At the end of the year	**99**	**7,275**

Provision for impairment of receivables is calculated in the amount of 100% of the value of individual receivables from companies in bankruptcy and receivables subject to court proceedings. Provision for impairment of other receivables is calculated based on ageing analysis of individual receivables and the type of the customer.

	As at 31 December	
	2014	2013
Receivables from Západoslovenská distribučná, a.s.	1,246	355
Receivables from ZSE Energia, a.s.	74	58
Receivables from ZSE Energy Solutions, s.r.o. (till 13 August 2014: Enermont s.r.o.)	16	333
Receivables from ZSE Development, s.r.o.	-	3
	1,336	**749**
Receivables to subsidiaries not yet due	1,306	730
Receivables past due but not impaired	30	19
Receivables to subsidiaries	**1,336**	**749**

As of 31 December 2014, receivables to subsidiaries amounting to 30 thousand EUR were past due (at 31 December 2013: EUR 19 thousand), no receivables to subsidiaries are impaired (at 31 December 2013: EUR 0 thousand).

The carrying amounts of trade and other receivables as of 31 December 2014 and 2013 are not substantially different from their fair value.

(All amounts are in thousands of Euro unless stated otherwise)

The maximum exposure to credit risk is limited by the carrying value of receivables. As of 31 December 2014 and 2013, there is a significant concentration of credit risk with respect of receivables within the Group towards Západoslovenská distribučná, a.s. and ZSE Energia, a.s. The Company manages this exposure through cash-pooling agreements (Note 17).

The carrying amounts of all the Company's trade and other receivables are denominated in EUR. The Company does not hold any collateral as security of the receivables.

No receivables have been pledged in favour of a bank or a pledge. There are no other restrictions relating to Company's receivables.

13. Cash and cash equivalents

	As at 31 December	
	2014	2013
Cash at bank and in hand	24,930	21,465
Short term bank deposits	5,133	133
Total (Note 10)	**30,063**	**21,598**

Cash and cash equivalents include the following for the purposes of the cash flows statement:

	As at 31 December	
	2014	2013
Cash at bank and in hand	24,930	21,465
Short term bank deposits	5,133	133
Bank overdrafts (Note 10)	-	(1)
Total	**30,063**	**21,597**

The effective interest rate on short term bank deposits was 0.1% in the year ended 31 December 2014 (in the year ended 31 December 2013: 0.15%) and these deposits had an average maturity of 1 day (in the year ended 31 December 2013: 1 day).

As at 31 December 2014 Cash and cash equivalents were fully available to the Company's use excluding the restricted cash in the amount of EUR 133 thousand (as at 31 December 2013: EUR 133 thousand).

The cash and short-term deposits are kept by the Company in 4 banks (2013: 4 banks). The credit quality of cash in the bank and bank deposits can be assessed by external credit ratings (Moody's and Fitch's) at 31 December 2014:

	As at 31 December	
	2014	2013
Cash at bank		
Banks rates – A1 (Moody's)	12,197	-
Banks rates – A3 (Moody's)	32	21,458
Banks rates – Baa1 (Moody's)	12,697	-
Banks rates – A (Fitch's)	4	7
	24,930	**21,465**
Short-term bank deposits		
Banks rates – Baa1 (Moody's)	5,133	-
Banks rates – A3 (Moody's)	-	133
	5,133	**133**
Total cash in the bank and short-term bank deposits	**30,063**	**21,598**

All balances are neither past due nor impaired.

(All amounts are in thousands of Euro unless stated otherwise)

14. Shareholders' equity

The total authorized number of ordinary shares is 5,934,594 shares with a par value of EUR 33.19 per share, representing the share capital of EUR 196,969 thousand. All authorized shares are issued and fully paid in. The Company does not have any share capital subscribed but not recorded in the Commercial Register.

No changes in share capital of the Company occurred during the year 2014 and year 2013. As at 31 December 2014 the total number of 3,026,643 shares (51%) is owned by the Slovak Republic represented by the Ministry of Economics of the Slovak Republic (till 31 July 2014: National Property Fund of the Slovak Republic, Note 1); 2,314,492 shares (39%) are owned by E. ON Slovensko, a.s. and 593,459 (10%) shares are owned by E.ON Energie AG, Munich, Germany.

Legal reserve fund is obligatorily created from profit of the Company in accordance with the Slovak Commercial Code, section 67. The minimum prescribed creation of the Legal reserve fund is specified in section 217 of the Commercial Code and it defines that the Company is obliged to create legal reserve fund in the amount of 10% of its share capital at the time of the incorporation of the Company. This amount must be increased annually by at least 10% from net profit, until the Legal reserve fund achieves 20% of the share capital, which was already fulfilled by the Company. Use of this fund is restricted under the Commercial Code only to cover losses of the Company and it is not a distributable reserve. Legal reserve fund amounted to EUR 39,421 thousand as at 31 December 2014 (as at 31 December 2013: EUR 39,421 thousand).

Extraordinary General Meeting of the Company on its session held on 8 November 2013 approved cancellation of the purpose-built Other funds created from profit and transfer of their balance in total amount of EUR 45,467 thousand into the retained earnings. At the date of cancellation, Other funds include the regional development fund amounting to EUR 12,463 thousand, which has been set up in 2004 based on the agreement of Company`s shareholders, the distribution network recovery fund amounting to EUR 9,958 thousand set up in 2005 based on the agreement of Company`s shareholders and by initiative of Ministry of Economics of Slovak Republic, and the investment base fund amounting to EUR 23,046 thousand, which was set up in 2006.

Extraordinary General Meeting of the Company held on 8 November 2013 approved distribution of accumulated retained earnings of the Company for the payment of an extraordinary dividend to the Company's shareholders in amount of EUR 619,501 thousand. These dividends were paid during November 2013.

General Meeting of the Company held on 30 May 2014 approved the statutory financial statements for previous accounting period and the distribution of 2013 profit amounting to EUR 97,667 thousand as follows

Appropriation to the social fund	EUR 454 thousand
Dividends paid	EUR 52,213 thousand
Transfer to retained earnings	EUR 45,000 thousand

Dividend per share represents EUR 8.80 for the year ended 31 December 2014 (2013: EUR 177.50 per share).

The accumulated profits of the Company at 31 December 2014 available for profit distribution amounted to EUR 106,820 thousand (2013: EUR 97,670 thousand). The Decision on the use of the 2014 profit of EUR 61,361 thousand will be made by the General Meeting.

(All amounts are in thousands of Euro unless stated otherwise)

15. Trade and other payables

Trade and other payables	As at 31 December 2014	2013
Trade payables (Note 10)	4,791	14,675
	4,791	**14,675**
Other payables and accrued expenses		
Payables to employees	580	531
Social security	336	394
Accrued personnel expenses	1,746	2,120
Other accrued liabilities	1,100	667
VAT payable (Note 32)	542	951
Other payables	239	366
	4,543	5,029
	9,334	**19,704**

Out of the total payables at 31 December 2014, overdue payables are EUR 200 thousand
(at 31 December 2013: EUR 240 thousand). All other payables are not yet due.

The fair value of trade and other payables is not significantly different from their carrying amount. The carrying value of Company`s payables is denominated mostly in Euro.

Social fund

Appropriations to and withdrawals from the social fund during the accounting period are shown in the following table:

	Year ended at 31 December 2014	2013
Opening balance at 1 January	8	130
Appropriations expensed	558	1,496
Usage	(558)	(1 602)
Transfer to liabilities classified as held for sale	-	(16)
Closing balance at 31 December	**8**	**8**

16. Issued bonds

An overview of issued bonds is presented in the table below:

Issue bonds	As at 31 December 2014	2013
Non-current		
Bonds	627,775	627,178
Current		
Bonds including unpaid interests	4,114	4,138
Total	**631,889**	**631,316**

(All amounts are in thousands of Euro unless stated otherwise)

The Company issued bonds on 14 October 2013 registered in form in name of bearer. Interest revenues from bonds are due on annual basis. They were accepted to quoted regulated market of the Irish Stock Exchange, Dublin. Managers of the bonds issue were following companies: Citigroup Global Markets Limited, London, Great Britain; Raiffeisen Bank International AG, Wien, Austria and Société Générale, Paris, France. More details about issued bonds are presented in the table below:

	Emission amount in thousand EUR	Emission rate	Interest	Maturity date
ISIN: XS0979598207 series 1	315,000	100%	2.875% p.a.	14.10.2018
ISIN: XS0979598462 series 2	315,000	99.814%	4.000% p.a.	14.10.2023
Total	**630,000**			

17. Receivables and Liabilities from cash pooling

Receivables from cash pooling	As at 31 December	
	2014	2013
Receivables from cash pooling (Note 10, 32)	2,986	3,954
Total	**2,986**	**3,954**

Liabilities from cash pooling	As at 31 December	
	2014	2013
Liabilities from cash pooling (Note 10, 32)	24,149	38,011
Total	**24,149**	**38,011**

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.

Receivables from cash pooling from subsidiaries:

The fair value of the cash-pooling liabilities approximates their carrying value.

Receivables from cash pooling from subsidiaries:	As at 31 December	
	2014	2013
ZSE Energy Solutions, s.r.o. (till 13 August 2014: Enermont s.r.o.)	-	3,954
ZSE MVE, s. r. o. (till 14 August 2014: ZSE prenos, s. r. o.)	1,630	-
Západoslovenská distribučná, a.s.	1,356	-
Total (Note 32)	**2,986**	**3,954**

(All amounts are in thousands of Euro unless stated otherwise)

Liabilities from cash pooling to subsidiaries and associate:

Liabilities from cash pooling to subsidiaries and associate:	As at 31 December	
	2014	2013
Západoslovenská distribučná, a.s.	-	27
ZSE Energia, a.s.	22,105	37,368
ZSE Energy Solutions, s.r.o. (till 13 August 2014: Enermont s.r.o.)	844	-
ZSE Development, s.r.o.	605	581
E.ON Business Services Slovakia spol. s r. o.	595	35
Total liabilities from cash pooling (Note 32)	**24,149**	**38,011**

18. Deferred income taxes

Deferred income taxes are calculated in the whole amount on temporary differences under the balance sheet liability method using a principal tax rate of 22% (2013: 22%).

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

As of yearend 2013 the Slovak tax legislation was amended, based on which the corporate income tax rate decreases from 23% to 22%, effective from 1 January 2014.

The offset amounts are as follows:

	As at 31 December	
	2014	2013
Deferred tax asset:		
- to be recovered after more than 12 months	392	538
- to be recovered within 12 months	346	408
	738	946
Deferred tax liability:		
- to be recovered after more than 12 months	(2,052)	(1,982)
- to be recovered within 12 months	(272)	(136)
	(2,324)	(2,118)
Total deferred tax (liability)/asset	**(1,586)**	**(1,172)**

The movement in deferred tax assets and liabilities during the year was as follows:

	As at 1 January 2014 continuing operations	As at 1 January 2014 discontinued operations	(Charged)/ credited to the profit or loss	(Charged)/ credited to other comprehensive income	As at 31 December 2014
Non-current tangible assets	(2,118)	(140)	(66)	-	(2,324)
Pension liability and similar provisions	477	1,179	(1,198)	(35)	423
Other provisions and accrued expenses	380	555	(625)	-	310
Provisions against bad debts	89	1	(85)	-	5
Total	**(1,172)**	**1,595**	**(1,974)**	**(35)**	**(1,586)**

(All amounts are in thousands of Euro unless stated otherwise)

	As at 1 January 2013	(Charged)/ credited to the profit or loss	(Charged)/ credited to other comprehensive income	Transfer to liabilities classified as held for sale	As at 31 December 2013
Non-current tangible assets	(2,066)	(192)	-	140	(2,118)
Pension liability and similar provisions	1,846	-	(190)	(1,179)	477
Other provisions and accrued expenses	1,173	(238)	-	(555)	380
Provisions against bad debts	144	(54)	-	(1)	89
Total	**1,097**	**(484)**	**(190)**	**(1,595)**	**(1,172)**

19. Pension and other provisions for liabilities and charges

	Pensions and other staff benefits (a)	Total
As at 1 January 2014	**2,164**	**2,164**
Additional provisions	-	-
Used/paid during year	(95)	(95)
Reversal on unused provisions	(147)	(147)
As at 31 December 2014	**1,922**	**1,922**

Analysis of total provisions	As at 31 December	
	2014	2013
Non-current	1,759	2,035
Current	163	129
	1,922	**2,164**

(a) Pension and other staff benefits

The following amounts have been recognized with respect of the defined benefit pension plan and other long-term employee benefits:

(i) post-employment benefits

	As at 31 December	
	2014	2013
Present value of unfunded retirement obligations	1,642	1,799
Liability in the balance sheet	**1,642**	**1,799**

(All amounts are in thousands of Euro unless stated otherwise)

The amounts recognised in the profit or loss are as follows:

	Year ended 31 December	
	2014	2013
Current service cost from continuing operations	- 26	123
Interest expense from continuing operations	56	55
Total charge from continuing operations	**30**	**178**
Current service cost from discontinued operations	-	299
Interest expense from discontinued operations	-	153
Total charge from discontinued operations	**-**	**452**

Movements in the present value of defined benefit obligations are:

	Year ended 31 December	
	2014	2013
Present value of unfunded retirement obligations at beginning of the year	1,799	6,812
Current service cost from continuing operations	(26)	123
Interest expense from continuing operations	56	55
Paid	(56)	(205)
Other	1	(1)
Actuarial (gains)/losses from continuing operations	(132)	(316)
Current service cost from discontinued operations	-	299
Interest expense from discontinued operations	-	153
Actuarial (gains)/losses from discontinued operations	-	(765)
Transfer to liabilities classified as held for sale	-	(4,356)
Present value of unfunded retirement obligations at the end of the year	**1,642**	**1,799**

The principal actuarial assumptions and data to determine the provision for retirement were as follows:

An average number of employees at 31 December 2014	367
Percentage of employees, who will terminate their employment with ZSE prior to retirement (withdrawal rate)	4.65% p.a.
Expected salary increases short-term	3.5% p.a.
Expected salary increases long-term	3.3% p.a.
Discount rate	2.0% p.a.

An average number of employees at 31 December 2013	1,243
Percentage of employees, who will terminate their employment with ZSE prior to retirement (withdrawal rate)	4.21% p.a.
Expected salary increases short-term	3.5% p.a.
Expected salary increases long-term	3.3% p.a.
Discount rate	3.5% p.a.

(All amounts are in thousands of Euro unless stated otherwise)

(ii) other long-term benefits (life and work jubilee bonuses)

	As at 31 December	
	2014	2013
Present value of unfunded obligations	280	365
Liability in the balance sheet	**280**	**365**

The amounts recognised in the profit or loss are as follows:

	Year ended 31 December	
	2014	2013
Current service cost from continuing operations	(32)	25
Interest expense from continuing operations	12	12
Total charge from continuing operations	**(20)**	**37**
Current service cost from discontinued operations	-	69
Interest expense from discontinued operations	-	34
Total charge from discontinued operations	**-**	**103**

Movements in the present value of defined benefit obligation are:

	As at 31 December	
	2014	2013
Present value of the obligation at beginning of the year	365	1 214
Current service cost from continuing operations	(32)	25
Interest expense from continuing operations	12	12
Paid	(39)	(202)
Actuarial (gains)/losses from continuing operations	(26)	64
Current service cost from discontinued operations	-	69
Interest expense from discontinued operations	-	34
Actuarial (gains)/losses from discontinued operations	-	154
Transfer to liabilities classified as held for sale	-	(1,005)
Present value of unfunded retirement obligations at the end of the year	**280**	**365**

	As at 31 December	
	2014	2013
Remeasurement component - actuarial (gain)/loss from continuing operations recognized in other comprehensive income		
- on post-employment benefits	(132)	(316)
- on other long-term benefits	(26)	64
Total from continuing operations	**(158)**	**(252)**
PRemeasurement component - actuarial (gain)/loss from discontinued operations recognized in other comprehensive income		
- on post-employment benefits	-	(765)
- on other long-term benefits	-	154
Total from discontinued operations	**-**	**(611)**

(All amounts are in thousands of Euro unless stated otherwise)

20. Revenues

Revenues include the following:

Revenues	Year ended 31 December 2014	Year ended 31 December 2013
Services provided to subsidiaries, associates and to the shareholder	57,118	58,584
Revenue from sale of electrometers and other material to subsidiaries	-	2,146
Other revenues	1,121	560
	58,239	**61,290**

21. Cost of sales

The following amounts have been charged to cost of sales:

Cost of sales	Year ended 31 December 2014	Year ended 31 December 2013
Subcontracted services	2,884	-
Cost of equipment and spare parts	2,078	4,915
Other	1,326	1,266
	6,288	**6,181**

(All amounts are in thousands of Euro unless stated otherwise)

22. Operating expenses

Operating expenses	Year ended 31 December	
	2014	2013
Wages and salaries	8,299	10,155
Pension costs – defined contribution plans	1,266	1,461
Other social costs	3,175	3,553
	12,740	**15,169**
IT maintenance fees	9,937	10,332
Depreciation (Note 6)	3,446	2,764
Amortisation (Note 7)	3,686	4,153
Rental costs	3,716	4,497
Post and telecommunication costs	3,218	3,266
Call centre services	2,881	2,888
Advisory services	1,754	2,005
Other repairs and maintenance	846	806
Other operating expenses	1,350	451
Advertising	482	606
Security services	1,257	1,172
Energotel services	674	612
Travel expenses	97	165
Repairs and maintenance of machinery	349	375
Audit of financial statements	58	105
Other non-audit services	19	346
Other purchased services	1,501	5,292
	48,011	**55,004**

23. Dividend income

The Company had dividend income from following companies:

Dividend income	Year ended 31 December	
	2014	2013
Západoslovenská distribučná, a.s.	48,630	41,823
ZSE Energia, a.s.	12,674	23,811
ZSE Energy Solutions, s.r.o. (till 13 August 2014: Enermont s.r.o.)	3,818	24,433
E.ON Business Services Slovakia spol. s r. o.	385	233
ZSE Development, s.r.o.	-	3,534
Other	244	274
	65,751	**94,108**

(All amounts are in thousands of Euro unless stated otherwise)

24. Other operating income

The Company had dividend income from following companies:

Dividend income	Year ended 31 December	
	2014	2013
Income from rental	2,675	1,613
Gain on sale of part of the business	2,521	-
Gain on disposal of fixed assets	171	570
Other	1,785	1,368
	7,152	**3,551**

25. Finance expenses

Financial expenses	Year ended 31 December	
	2014	2013
Interest expenses:		
- Interests from bonds	21,656	4,687
- other interests	118	140
Other finance expenses:		
- finance expenses related to bonds	573	128
- other	192	229
	22,539	**5,184**

26. Finance income

Finance income	Year ended 31 December	
	2014	2013
Interests from loans to Západoslovenská distribučná, a.s.	9,235	-
Other interests	87	155
	9,322	**155**

(All amounts are in thousands of Euro unless stated otherwise)

27. Income tax expense

The reconciliation between the reported income tax charge and the theoretical amount that would arise using the statutory tax rates is as follows:

Income tax expense	Year ended 31 December	
	2014	2013
Income before tax, from this:	63,626	99,613
income before tax from continuing operations	*63,626*	*92,735*
income before tax from discontinued operations	-	*6,878*
Theoretical income tax at 22% (2013: 23%)	13,998	22,911
Dividend income not subject to tax	(14,465)	(21,645)
Income tax related to prior period	-	2
Effect of change of the tax rate to 22%	-	19
Effect of other comprehensive income to deferred tax	(35)	(190)
Other tax non-deductible items	2,767	849
Total recognized income tax expense	**2,265**	**1,946**
The tax charge for the period comprises:		
Deferred tax charge/(credit) (Note 18)	1,974	484
Tax charge in respect of current period	291	1,460
Income tax related to prior period	-	2
Total, from this:	**2,265**	**1,946**
the tax charge from continuing operations	*2,265*	*331*
the tax charge from discontinued operations	-	*1,615*

28. Contingencies

Taxation

Due to the fact that Slovak tax law contains certain provisions allowing for more than one interpretation, as well as the practice, developed in the generally unstable environment by the tax authority of making arbitrary judgements on business activities, management's interpretation of the Company's business activities may not coincide with the interpretation of these activities by the tax authorities. The fiscal years from 2008 through to 2013 remain open to tax inspection.

29. Commitments

(i) Capital commitments

At 31 December 2014 the Company concluded contracts for purchase of non-current assets in amount of EUR 1,962 thousand which are effective after this date (31 December 2013: EUR 4,288 thousand).

(ii) Operating lease commitments – the Company as lessee

The operating lease payments in year 2014 amounted to EUR 3,716 thousand (2013: EUR 4,506 thousand). These lease payments are recorded as expenses in the statement of comprehensive income on a straight-line basis over the lease term.

(All amounts are in thousands of Euro unless stated otherwise)

The future aggregate minimum lease payments under non-cancellable operating leases for each of the following periods are due as follows:

	Year ended 31 December	
	2014	2013
No later than one year	2,636	2,466
Later than one year and no later than five years	5,851	5,770
Later than five years	717	438
	9,204	**8,674**

As at 31 December 2014 and as at 31 December 2013 the Company leases cars and various premises for business and administrative purposes under operating leasing contracts.

30. Cash generated from operating activities

Cash generated from operating activities		Year ended 31 December	
	Note	2014	2013
Profit before tax		63,626	99,613
Adjustments for:			
Depreciation	6	3,446	3,041
Amortisation	7	3,686	5,029
Profit on sale of property, plant and equipment		(171)	(448)
Profit on sale of part of the business		(2,521)	-
Interest income		(9,322)	(155)
Interest expense		21,774	5,014
Other expenditures related to issued bonds		573	-
Dividend income	23	(65,751)	(94,108)
Net movements in provisions		212	(591)
Other non-cash items movements		2	-
Changes in working capital:			
Inventories	11	(32)	328
Trade and other receivables		(2,776)	(3,043)
Receivables/Liabilities from cash pooling		(12,894)	(13,698)
Trade and other payables		(7,171)	7,428
Cash generated from operating activities		**(7,319)**	**8,410**

Cash generated from operating activities	Year ended 31 December	
	2014	2013
Net book value of sold asset	316	394
Profit on sale of property, plant and equipment	171	448
Proceeds from sale of property, plant and equipment	**487**	**842**

(All amounts are in thousands of Euro unless stated otherwise)

31. Earnings per share

(i) Basic earnings per share

Basic earnings per share are calculated by dividing the profit by the weighted average number of ordinary shares in issue during the year

Earnings per share are calculated as follows:

Earnings per share	2014	2013
Profit for the year	61,361	97,667
Weighted average number of ordinary shares in issue (Note 14)	5,934,594	5,934,594
Basic earnings per share (EUR per share)	**10.340**	**16.457**

(ii) Diluted earnings per share

Diluted earnings per share is calculated by adjusting the weighted average number of ordinary shares outstanding to assume conversion of all dilutive potential ordinary shares.

Company has no potential ordinary shares as of 31 December 2014 and 2013, and diluted earnings per share are the same as basic earnings per share.

32. Related party transactions

During the periods presented in these financial statements, the Company had transactions with following related parties:

(i) Shareholders

- The Slovak Republic represented by Ministry of Economics of the Slovak Republic (till 31 July 2014: National Property Fund)
- E.ON Slovensko, a.s.
- E.ON Energie AG

(ii) Entities under common control of E.ON Group

- E.ON Czech republic
- E.ON Human Resources International GmbH, Hannover
- E.ON Risk Consulting, Düsseldorf
- E.ON Elektrárne s.r.o.
- E.ON SE
- E.ON Trend s.r.o.
- Bioplyn Ladzany, s. r. o.*
- Bioplyn Cetín, s. r. o.*
- Bioplyn Hont, s.r.o.*
- Bioplyn Horovce, s. r. o.*

(iii) Subsidiaries

- Západoslovenská distribučná, a.s.
- ZSE Energia, a.s.
- ZSE Energy Solutions, s.r.o. (till 13 August 2014: Enermont s.r.o.)
- ZSE Development, s.r.o.
- ZSE MVE, s. r. o. (till 14 August 2014: ZSE prenos, s. r. o.)

(iv) Associates and joint ventures

- E.ON Business Services Slovakia spol. s r. o.
- Energotel, a.s.

(All amounts are in thousands of Euro unless stated otherwise)

(v) Government related entities

The Slovak Government significantly influences the financial and operating policy decisions of the Company through its ownership of 51% of the shares of the Company subject to arrangements agreed in the Shareholders Agreement. Therefore the Slovak Government and the companies controlled, jointly controlled or significantly influenced by the Slovak Government are classified as related parties of the Company ("Government related entities").

Routine trading transactions with the Slovak government, including its departments and agencies, and transactions between state-controlled entities, which are providers of public utilities and services, for which standard commercial terms and conditions have been applied, and which do not represent a significant portion of a type of transaction, are excluded from the scope of related party disclosures.

In case of disclosure of transactions with government related parties the Company has applied exemption under IAS 24 paragraph 25.

These financial statements contain aggregate information about significant transactions with government institutions and companies which are described below.

	Year ended 31 December	
	2014	2013
Payment of dividends to related parties		
(i) Shareholders		
National Property Fund (NPF) (from 1 August 2014: Slovak Republic represented by Ministry of Economics of Slovak Republic)	26,629	355,629
E.ON Slovensko, a.s.	20,363	271,952
Payment of dividends to other shareholders	5,221	69,731
	52,213	**697,312**

(All amounts are in thousands of Euro unless stated otherwise)

	Year ended 31 December	
	2014	2013
Sales		
(i) Shareholders		
E.ON Slovensko, a.s.	606	894
	606	**894**
(ii) Entities under common control of E.ON Group	3	12
E.ON Elektrárne s.r.o.	55	61
E.ON Human Resources International GmbH, Hannover	24	-
E.ON Czech Republic	-	3
Bioplyn Ladzany, s. r. o.*	-	5
Bioplyn Cetín, s. r. o.*	-	2
Bioplyn Horovce, s. r. o.*	-	1
E.ON Energie AG	4	-
E.ON SE	86	84
	86	**84**
(iii) Subsidiaries		
ZSE Energia, a.s.	11,733	13,758
Západoslovenská distribučná, a.s.**)	47,136	148,108
Západoslovenská distribučná, a.s. – interest (Note 26)	9,235	-
ZSE Development, s.r.o.	9	9
ZSE MVE, s. r. o. (till 14 August 2014: ZSE prenos, s. r. o.)	1	-
ZSE Energy Solutions, s.r.o. (till 13 August 2014: Enermont s.r.o.)	535	6,904
	68,649	**168,779**
(iv) Associates and joint ventures		
E.ON Business Services Slovakia spol. s r. o.	635	588
Energotel, a.s.	1,102	1,102
	1,737	**1,690**
(v) Government related entities		
Total	5	585
Total	**71,083**	**172,032**

*) valid until 31 December 2013
**) This amount represents total billings towards Západoslovenská distribučná, a.s. which also includes deferred revenues amounting to EUR 0 thousand (31 December 2013: EUR - 922 thousand) from construction work.

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 2014 other than disclosed above.

(All amounts are in thousands of Euro unless stated otherwise)

	Year ended 31 December	
	2014	2013
Purchases		
(i) Shareholders		
E.ON Slovensko, a.s.	-	-
	-	**-**
(ii) Entities under common control of E.ON Group		
E.ON Human Resources International GmbH, Hannover	16	1,801
E.ON Risk Consulting, Düsseldorf	68	66
E.ON Czech republic	-	9
E.ON Trend s.r.o.	3	-
E.ON SE	20	-
E.ON Elektrárne s.r.o.	4	5
	111	**1,881**
(iii) Subsidiaries		
ZSE Energia, a.s.	979	818
Západoslovenská distribučná, a.s.	748	1,068
ZSE Energy Solutions, s.r.o. (till 13 August 2014: Enermont s.r.o.)	34	43,699
	1,761	**45,585**
(iv) Associates and joint ventures		
EFR CEE Kft.	-	301
E.ON Business Services Slovakia spol. s r. o.	12,667	15,575
Energotel, a.s.	1,697	1,772
	14,364	**17,648**
(v) Government related entities		
Total	253	531
(vi) Taxes		
Income tax (Note 27)	291	1,462
Property and motor vehicle tax	232	200
	523	**1,662**
Total	**17,012**	**67,307**

(All amounts are in thousands of Euro unless stated otherwise)

	As at 31 December	
	2014	2013
Receivables		
(i) Shareholders		
E.ON Slovensko, a.s.	-	57
	-	**57**
(ii) Účtovné jednotky pod spoločnou kontrolou skupiny E.ON		
E.ON Energie AG	-	1
E.ON Česká republika	4	-
E.ON Human Resources International GmbH, Hannover	1 530	-
	1 534	**1**
(iii) Subsidiaries		
ZSE Energia, a.s.	74	67
Západoslovenská distribučná, a.s. – trade receivables	1,246	10,979
Západoslovenská distribučná, a.s. – amounts due from customers from contract work	-	24,429
Západoslovenská distribučná, a.s. – receivable from cash-pooling (Note 17)	1,356	-
Západoslovenská distribučná, a.s. – loans provided (Note 9)	630,000	-
ZSE Energy Solutions, s.r.o. – trade receivables	16	335
ZSE Energy Solutions, s.r.o. – receivables from cash-pooling (Note 17)	-	3,954
ZSE MVE, s. r. o. – receivables from cash-pooling (Note 17)	1,630	
ZSE Development, s.r.o.	-	3
	634,322	**39,767**
(iv) Associates and joint ventures		
E.ON Business Services Slovakia spol. s r. o.	24	48
Energotel, a.s.	107	107
	131	**155**
(v) Government related entities		
Total	-	105
(vi) Taxes		
Income tax receivable	1,101	992
	1,101	**992**
Total	**637,088**	**41,077**

(All amounts are in thousands of Euro unless stated otherwise)

	As at 31 December	
	2014	2013
Payables		
(i) Shareholders		
E.ON Slovensko, a.s.	4	-
	4	**-**
(ii) Subsidiaries		
ZSE Energia, a.s. – trade payables	13	46
ZSE Energia, a.s – liabilities from cash-pooling (Note 17)	22,105	37,368
Západoslovenská distribučná, a.s.– liabilities from cash-pooling (Note 17)	-	27
ZSE Energy Solutions, s.r.o. - trade payables	-	8,765
ZSE Energy Solutions, s.r.o. - liabilities from cash-pooling (Note 17)	844	-
ZSE Development, s.r.o. – liabilities from cash-pooling (Note 17)	605	581
	23,567	**46,787**
(iii) Associates and joint ventures		
E.ON Business Services Slovakia spol. s r. o. – trade payables	2,693	6,084
E.ON Business Services Slovakia spol. s r. o. – liabilities from cash-pooling (Note 17)	595	35
Energotel, a.s.	71	128
	3,359	**6,247**
(iv) Government related entities		
Total		
	6	58
(v) Taxes		
VAT tax payable (Note 15)	542	951
	542	**951**
Total	**27,478**	**54,043**

vi) key management personnel of the Company or its parent

- Members of the Board of Directors
- Members of the Supervisory Board
- Divisional directors

	Year ended 31 December	
	2014	2013
Board of directors and key management personnel		
Salaries and short-term employee benefits	657	620
Pension costs – defined contribution plans	53	83
Total	**710**	**703**
Supervisory board		
Salaries and short-term employee benefits	124	108
Pension costs – defined contribution plans	21	34
Total	**145**	**142**

(All amounts are in thousands of Euro unless stated otherwise)

33. Events after the end of the reporting period

Extraordinary General Meeting of shareholders of the Company on its session held on 12 December 2014 approved the sale of part of the business, branch, which core business activities are mainly coordination, inspection and administration of communication with customers using distribution services and addressing their requests, to the subsidiary Západoslovenská distribučná, a.s. and branch, which core business activities are mainly provision of care and services for certain customer segments, to the subsidiary ZSE Energia, a.s. effective from 1 January 2015. The transfer of employees of these activities will be also part of both transactions. The completion date for the transactions is expected during the year 2015.

After 31 December 2014, no other significant events have occurred that would require recognition or disclosure in the 2014 financial statements.

....	....
Jochen Kley	Marian Rusko
Chairman of the Board of Directors and CEO	Member of the Board of Directors
Written record of members of entity´s statutory body	Written record of members of entity´s statutory body

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