

ANNUAL REPORT

**FOR THE REPORTING PERIOD FROM
1 JANUARY 2014 TO 31 DECEMBER 2015**

OF

ALPIQ ENERGY SE

with its registered address at Rohanské nábřeží 670/19, 186 00 Prague 8,
business registration No. (IC): 284 77 090

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1. GENERAL PART

ALPIQ ENERGY SE ("the Company") is a European joint stock company having its registered address at Rohanské nábřeží 670/19, 186 00, Prague 8 Czech Republic, business registration No. (IC): 284 77 090, Tax ID: CZ 284 77 090, incorporated by an entry in the Commercial Register maintained with the Registration Court in Prague, File H81, on 20 October 2008. The Company is involved in electricity and gas trading. Alpiq Energy SE is a member of the Swiss energy group Alpiq (parent company of whole group is Alpiq Holding Ltd.).

The reason for the preparation of the annual report for the period from 1 January 2014 to 31 December 2015 is a merger with Alpiq Energija Lietuva AB (hereinafter the "dissolving company" or "Alpiq Lithuania"). The cross-border merger by consolidation with the effective date of 1 January 2014 was recorded in the Commercial Register on 1 February 2015. Therefore the reporting and tax periods for the preparation of the Company's financial statements cover two years.

2. Company Profile

Name:	ALPIQ ENERGY SE
Registered Address:	Rohanské nábřeží 670/19, 186 00 Prague 8
Business Registration Number:	284 77 090
Legal form:	European company (société européenne - SE)
Business:	production, trading and services not included in appendices 1 to 3 of the Trade Licensing Act gas trading (as of 1 April 2014)
Scope of activities:	electricity trading lease of real estate, apartments and non-residential premises.
Basic capital:	EUR 7,000,000 (CZK 172,655,000)
Statutory bodies of the Company:	as at 31 December 2015

Board of Directors	
Chair:	Zdeněk Čihák
Member:	Edgar Carsten Lehmann
Member:	Peter Dworak

Supervisory Board	
Member:	Markus Brokhof

Procurators:	
Alena Divišová	Karel Kadlec
Cornelia Häuptli Baumgartner	Tomáš Plocek
Kosta Kosorić	Claudia Erni Eiholzer
Hans Günther Mayer	Marie Adamová
Martin Pich	Tobias Meyer
Marek Musial	Hana Lindovská
Radomír Roháč	Martin Šiška
Jacek Zoladek	Nebojsa Bogdanovic
Petr Seigertschmid	Pavle Čulibrk
Gergely Gonda	Michal Dubeň
Paulius Gineitis	Martin Hulena
Petr Radina	Koryun Shahbazyan
Laura Feleki	Fabio Marcin
Janberk Sahin	

At least two members of the Board of Directors jointly (including the Board of Director's chairman and a member), or at least two procurators act and sign on the Company's behalf. In compliance with the provisions of Section 164, paragraph 3 of Act No. 89/2012, the Civil Code, the Board of Directors Chairman is empowered to carry out legal acts towards the employees.

Shareholder: Alpiq AG (Alpiq Central Europe AG until 24 June 2014)
 Olten, Bahnhofquai 12, zip code 4600
 the Swiss Confederation
 business registration No.: CHE-105.974.401

The following changes were made to the Commercial Register entry in the in the period from 1 January 2014 to 31 December 2015:

On 4 January 2014 procurators Michal Dubeň and Tobias Meyer were recorded in the Commercial Register. Procurator Klára Vaculíková was deleted from the Commercial Register as at the same date.

Alpiq Energy SE's Articles of Association were amended and approved by the sole shareholder on 28 February 2014. Another amendment to the Articles of Association was approved on 27 November 2014.

The Company has conformed to Act No. 90/2012 Coll., on corporations and cooperatives (the Corporations Act). This fact was recorded in the Commercial Register on 26 April 2014.

ALPIQ ENERGY SE received a license for gas traders in the Czech Republic on 1 April 2014; this fact was recorded in the Commercial Register on 13 May 2014.

Procurators Martin Hulena, Nathalie Malinowski and Phillip Beuleke were recorded in the Commercial Register on 13 August 2014. Procurator Sabine Schreiber was deleted from the Commercial Register on the same date.

On 13 August 2014, the change of the sole shareholder from Alpiq Central Europe AG, Niedergösgen, Oltnerstrasse 63, the Swiss Confederation to current sole shareholder Alpiq AG, Olten, Bahnhofquai 12, the Swiss Confederation was recorded in the Commercial Register. The reason for the change of sole shareholder was merger acquisition under Swiss law. As a result of this merger, Alpiq Central Europe AG, as dissolving company, merged into Alpiq AG as the successor company.

Membership of Markus Brokhof commenced and membership of Erik Saether ceased to exist on 14 August 2014. This fact was recorded in the Commercial Register on 23 October 2014.

Procurator Sergey Rybalchenko was deleted from the Commercial Register on 29 September 2014.

On 3 January 2015 procurators Marek Musial, Jacek Zoladek, Paulius Gineitis were recorded in the Commercial Register. Procurator Aldevinas Burokas was deleted from the Commercial Register as at the same date.

On 1 February 2015, a cross-border merger by consolidation was entered in the Commercial Register. As a result of this merger, Alpiq Energija Lietuva AB, a joint stock company established and existing in accordance with the Lithuanian law, with its registered address at Lvovo 25, Vilnius, Lithuania, business registration number: 302 026 534, recorded in the Lithuanian commercial register as a dissolving company, merged into ALPIQ ENERGY SE as the successor company as at the effective date 1 January 2014.

On 5 March 2015 procurators Philipp Beuleke and Nathalie Malinowski were deleted from the Commercial Register and procurator Janberk Sahin was recorded as at the same date.

Procurator Tomáš Plocek was recorded in the Commercial Register on 5 May 2015.

On 3 December 2015 procurator Marie Adamová was recorded in the Commercial Register. Procurator Károly Bencsik was deleted from the Commercial Register as at the same date.

As at 31 December 2015 the Company operates foreign branches in Hungary, the Slovak Republic, Romania, Switzerland and Poland and permanent establishment in Lithuania.

3. FINANCIAL SECTION

3.1. Board of Director's Report on Company Business Activities and its Assets for the reporting period from 1 January 2014 to 31 December 2015

In connection with the Company business activities and the state of corporate assets for the reporting period from 1 January 2014 to 31 December 2015 (the "Reference Period") the Board of Directors states the following:

Total operating expenses excluding corporate income tax expense amounted to CZK 174,349,930 thousand in the reference period.

The largest portion of these expenses is attributable to the purchase of electricity and gas of CZK 172,239,437 thousand, other costs for production consumption of CZK 1,621,237 thousand, personnel expenses of CZK 398,831 thousand, other taxes and charges of CZK 42,319 thousand, write offs of fixed assets of CZK 38,023 thousand, other operating expenses of CZK 10,006 thousand and net book value of fixed assets sold of CZK 77 thousand.

Operating revenues totaled CZK 174,712,671 thousand in the reference period and comprised revenues from the sales of electricity and gas of CZK 174,308,241 thousand, revenues from other services of CZK 332,507 thousand, other operating revenues of CZK 71,194 thousand and revenues from the sale of fixed assets in the amount of CZK 729 thousand.

Changes in provisions and allowances totaled CZK (25,343) thousand, of which CZK (14,716) thousand related to provision settlement and CZK (10,627) thousand to reversal of allowances.

The Company reported profit on operating activities in the amount of CZK 388,084 thousand. Gross margin from the sales of electricity was CZK 2,068,804 thousand.

Loss on financial activities amounted to CZK (99,410) thousand and comprises interest income of CZK 6,493 thousand, exchange rate gains and losses, gains and losses on derivative transactions reported net as finance expense of CZK (75,112) thousand, interest expense of CZK (30,852) thousand and income of CZK 61 thousand from dividend received from Alpiq RomEnergie S.r.l.

The balance sheet total is CZK 9,239,815 thousand. Long-term investments of CZK 14,707 thousand comprise, in particular, other long-term securities and interests of CZK 7,087 thousand representing following investments:

Investment	Company	Amount in thous. CZK	Currency	Amount in thous. in foreign currency
6,53%	Alpiq Turkey Enerji Toptan Satış Ltd.	5,082	TRY	517
0,1%	Alpiq RomEnergie S.r.l.	1,865	CHF	106
10%	Atel Energy Romania S.r.l	111	RON	18
1%	Alpiq Energy Ukraine LLC*	29	UAH	12
	Investice spolu	7,087		

*acquired as a result of the merger between Alpiq Energy SE and Alpiq Lithuania

Alpiq AG is the majority owner of all the companies mentioned above.

Current assets – overview of significant items : Amount in thous. CZK

Current assets	9,110,414
<u>Short-term receivables</u>	8,502,250
<i>Thereof most significant items:</i>	
Unbilled revenue	6,286,775
Trade receivables	831,849
Receivables from the ultimate parent company Alpiq Holding AG	116,952
Other receivables	641,726
<u>Short-term financial assets</u>	519,103
<u>Inventory*</u>	9,710
<u>Long-term receivables</u>	79,351
<i>Thereof most significant items:</i>	
Long-term advances granted**	48,490
Deferred tax asset	30,861
<u>Other assets***</u>	114,694

* Inventory is represented by "color certificates" traded on the Polish Energy Exchange in the net amount of CZK 9,710 thousand. They are classified as goods in the accompanying balance sheet.

** Long-term advances mainly to cover potential liabilities arising from the Company's activities performed on the electricity market

*** Other assets consisted of prepaid expenses for energy supplies and transmission capacities necessary for their supplies in 2016.

Equity amounted to CZK 1,288,360 thousand as at the balance sheet date. Profit was CZK 372,703 thousand for the year ended 31 December 2013. On 16 June 2014 the sole shareholder decided about the distribution of the 2013 profit of CZK 372,703 thousand; the entire 2013 profit was added to retained earnings. The sole shareholder decided to reverse the legal reserve fund in the amount initially created. Reserve fund balance was re-classified in full amount of CZK 20,200 thousand to retained earnings.

Other capital funds were increased by CZK 12,705 thousand due to the merger, of which CZK 7,117 thousand are other capital funds at Alpiq Lithuania as at 1 January 2014 and CZK 5,588 thousand are attributable to an increase of Alpiq Lithuania basic capital in 2014 due to the change of legal form and transfer to other capital funds within the merger process.

Liabilities were CZK 7,949,840 thousand. Current liabilities totaling CZK 7,860,891 thousand comprised unbilled deliveries of CZK 6,488,444 thousand, trade payables of CZK 511,665 thousand, short-term advances received of CZK 76,384 thousand, other liabilities of CZK 719,329 thousand and liabilities related to employment relations of CZK 9,821 thousand and other tax liabilities to the government of CZK 55,248 thousand. Other liabilities were CZK 1,615 thousand. A provision for fees to support renewable sources in Poland that the Company is obliged to pay from electricity volumes delivered to end customers amounted to CZK 7,765 thousand, provision for loss contracts amounted to CZK 78,292 thousand and other provisions amounted to CZK 2,892 thousand. As at 31 December 2013, long-term liabilities totaled CZK 1,014,725 thousand (EUR 37,000 thousand), comprised a loan extended by the ultimate parent company Alpiq Holding Ltd.; the loan was redeemed during the accounting period.

3.2. Report on the Company's business performance and past and projected developments in corporate activities

The Company is providing comprehensive energy services to its customers along with ensuring high financial stability. Its customers and business partners benefit from a strong centralized structure and firm capital base. The Company offers simplified business terms to its global partners. All transactions rely on a wide international portfolio that reduces credit risk of contractual parties.

During the years 2014 and 2015 the Company was active on the OTC electricity markets, entered into electricity futures at the energy exchanges in Central and East Europe and supplied electricity to end customers in the region. In addition, in the reporting period the Company started to be active on gas and on electricity intraday markets.

In the years 2014 and 2015, the Company started to provide supporting services to Alpiq Group companies (especially IT services), which resulted to significant increase of employees and extending of office spaces. In the same period, there were partly relocated employees from Swiss branch to Czech Republic and remaining part of employees was transferred to parent company Alpiq AG.

Profit before taxes of CZK 288,674 thousand for the reporting period from 1 January 2014 to 31 December 2015 was negatively affected particularly by decreasing trends in sales margin from electricity trading in the years 2014 and 2015 (a decrease by 28% comparing to 2013). Decrease of profit before taxes was partly compensated by revenues resulted from providing the Company main business activity services and supporting services. Further positive effects on the 2014 and 2015 pre-tax profit are attributable to decreasing production related consumption, particularly costs for cross border capacities, export and transit fees.

Net profit was positively impacted by an overall effect of other operating expenses and revenues in amount of CZK 61,188 thousand, net. The most significant positive effect is attributable to other operating revenues comprising revenues from contractual penalties/compensations for the failure to meet the terms of contracts for electricity supply in the amount of CZK 31,738 thousand and income from VAT refund related to the written off receivable from MORAVIA ENERGO, a.s. in the amount of CZK 31,512 thousand. Other operating expenses and revenues also included costs for fines and penalties, insurance premiums, receivable write-offs and other expenses in the amount of

CZK 10,006 thousand and other operating revenues in the amount of CZK 7,944 thousand. Consequent beneficial effects on operating profit are accountable to the revenues of CZK 25,343 thousand related to movements in provisions and allowances.

In the years to come, the Company will continue in developing its electricity and gas trading business in the region of Central and East Europe. The Company plans to start the activity on new energy exchange markets in the region (currently on the energy exchanges SEEPEX in Serbia and IBEX in Bulgaria). At the same time the Company offers new products in the field of trading ("contracts for difference" – contracts with financial settlement), energy services, auxiliary services or in the field of local distribution network and management portfolio.

As a result of the merger of Alpiq Energy SE with Alpiq Energija Lietuva AB, the Company also expanded its trading activities to all Baltic countries and also to the power markets NASDAQ and Nordpool in the Scandinavian countries. The Company also projects to expand its activities in the Baltic countries to the sale of electricity to end customers.

In line with the group strategy the Company continuously focus on liquidity and capital stability strengthening. The group strategy also involves continuous modifications and streamlining of internal processes that help to increase the flexibility and stability of the Company.

3.3. Report on Relations between the Controlling and the Controlled Persons and Persons controlled by the same Controlling Person for the reporting period from 1 January 2014 to 31 December 2015

The Report on Relations between the Controlling Person and Controlled Person and between the Controlled Person and other persons controlled by the Same Controlling Person (the "Report on Relations") for the Reference Period is an integral part of this Annual Report.

3.4. The annual financial statements for the reporting period from 1 January 2014 to 31 December 2015

The annual financial statements for the reporting period from 1 January 2014 to 31 December 2015 are an integral part of this Annual Report and was audited by the audit firm Ernst & Young Audit, s.r.o.

4. FOREIGN BRANCHES AS AT 31 DECEMBER 2015

The Company has the following foreign branches:

ALPIQ ENERGY SE Magyarországi Fióktelepe
1085 Budapest, Kálvin tér 12.
Hungary

ALPIQ ENERGY SE SPÓŁKA EUROPEJSKA ODDZIAŁ W POLSCE
00,609 Warszawa, ul. Armii Ludowej 26
Poland

ALPIQ ENERGY SE, o.z.
851 01 Bratislava, Röntgenova 26
Slovak Republic

ALPIQ ENERGY SE PRAGA – SUCURSALA BUCURESTI
Bucuresti, Sectorul 1, Str. Nicolae Caramfil 43
Romania

ALPIQ ENERGY SE, Prag, Zweigniederlassung Niedergösgen
CH-241.9.008.721-2, Oltnerstrasse 63, 5013 Niedergösgen
the Swiss Confederation

Permanent establishment in Lithuania
ALPIQ ENERGY SE
Lvovo str. Business Registration No. (IC) 25
09320 Vilnius
Lithuania

5. INFORMATION ON CORPORATE ACTIVITIES PURSUANT TO SECTION 21(2) OF ACT 563/1991 COLL.

The Company carried out no research & development activities in 2014 and 2015.

In compliance with the valid legal requirements the Company pays permanent attention to environmental protection, particularly the waste management.

The Company strictly complies with the Labor Code. Trade unions are not active in the Company. The average number of employees was 112 as at 31 December 2015. Social expenses were withdrawn in accordance with the internal policy. The major employee benefits include meal allowances, contributions to language courses and leisure activities.

6. Subsequent Events

On 21 January 2016, procurators Laura Feleki, Fabio Marcin and Petr Radina were deleted from the Commercial Register. Procurator Koryun Shahbazyan was deleted from the Commercial Register on 5 March 2016.

In compliance with the provisions of Section 164, paragraph 3 of Act No. 89/2012, the Civil Code, the Board of Directors Chairman is empowered to perform legal acts towards the employees; this fact was added to the Commercial Register entry on 21 January 2016.

ALPIQ ENERGY SE received a license for electricity traders in Serbia on 22 January 2016.

After the closing date, the Company is also facing significant changes in the market prices of electricity and gas, which can affect the fair value of the future portfolio.

On 5 March 2016 the extension of terms for another 6 years for the Board of Directors' member Peter Dworak was recorded in the Commercial Register.


7. Confidentiality

1. All information and matters, which are part of trade secrets of the Controlling Person, Controlled Person and other Related Parties, are deemed confidential including any and all information that any related party marks and designates as confidential. In addition, all business-related information that could by itself or in connection with other information or facts result in detriment to any related party is deemed confidential.

2. To avoid any detriment to the Controlled Person with regard to paragraph 1 of this article above, this report does not contain any other confidential information and facts.

In Prague on 27 May 2016


.....
ALPIQ ENERGY SE
Zdeněk Čihák
Board of Directors Chairman;


.....
ALPIQ ENERGY SE
Peter Dworak
Board of Directors member

ALPIQ ENERGY SE

Financial Statements for the year ended 31 December 2015

(Translation of Financial Statements Originally Issued in Czech –
See Note 2 to the Financial Statements)

ALPIQ ENERGY SE as at 31.12.2015

Czech Statutory Financial Statement Forms (in thousands of Czech crowns)

BALANCE SHEET - LONG FORM

		Current year			Opening balances 1.1.2014 before merge
		Gross	Allowances	Net	Net
	TOTAL ASSETS	9 465 283	(225 468)	9 239 815	11 635 792
A.	STOCK SUBSCRIPTION RECEIVABLE				
B.	FIXED ASSETS	197 443	(182 736)	14 707	40 672
B. I.	Intangible assets	157 111	(156 914)	197	32 157
B. I. 1	Foundation and organization expenses				
2	Research and development				
3	Software	4 615	(4 418)	197	1 599
4	Patents, royalties and similar rights				
5	Goodwill	152 496	(152 496)		30 499
6	Other intangible assets				
7	Intangible assets in progress				59
8	Advances granted for intangible assets				
B. II.	Tangible assets	33 245	(25 822)	7 423	4 430
B. II. 1	Land				
2	Constructions	6 395	(2 311)	4 084	966
3	Separate movable items and groups of movable items	22 689	(19 350)	3 339	2 933
4	Perennial crops				
5	Livestock				
6	Other tangible assets				
7	Tangible assets in progress				531
8	Advances granted for tangible assets				
9	Gain or loss on revaluation of acquired property	4 161	(4 161)	0	
B. III.	Financial investments	7 087	0	7 087	4 085
B. III. 1	Subsidiaries				
2	Associates				
3	Other long-term securities and interests	7 087		7 087	4 085
4	Loans to subsidiaries and associates				
5	Other long-term investments				
6	Long-term investments in progress				
7	Advances granted for long-term investments				
C.	CURRENT ASSETS	9 153 146	(42 732)	9 110 414	11 566 137
C. I.	Inventory	25 196	(15 486)	9 710	59 103
C. I. 1	Materials				
2	Work in progress and semi-finished production				
3	Finished products				
4	Livestock				
5	Goods	25 196	(15 486)	9 710	59 103
6	Advances granted for inventory				
C. II.	Long-term receivables	79 351	0	79 351	64 285
C. II. 1	Trade receivables				
2	Receivables from group companies with majority control				
3	Receivables from group companies with control of 20% - 50%				
4	Receivables from partners, co-operative members and participants in association				
5	Long-term advances granted	48 490		48 490	38 116
6	Unbilled revenue				
7	Other receivables				
8	Deferred tax asset	30 861		30 861	26 169

The accompanying notes are an integral part of the financial statements.

ALPIQ ENERGY SE as at 31.12.2015

Czech Statutory Financial Statement Forms (in thousands of Czech crowns)

BALANCE SHEET - LONG FORM

		Current year			Opening balances 1.1.2014 before merge
		Gross	Allowances	Net	Net
C. III.	Short-term receivables	8 529 496	(27 246)	8 502 250	10 988 381
C. III. 1	Trade receivables	845 423	(13 574)	831 849	4 378 598
2	Receivables from group companies with majority control	116 952		116 952	273 739
3	Receivables from group companies with control of 20% - 50%				
4	Receivables from partners, co-operative members and participants in association				
5	Social security and health insurance				
6	Due from government - tax receivables	199 096	(13 672)	185 424	603 050
7	Short-term advances granted	439 524		439 524	1 153 435
8	Unbilled revenue	6 286 775		6 286 775	2 589 612
9	Other receivables	641 726		641 726	1 989 947
C. IV.	Short-term financial assets	519 103	0	519 103	454 368
C. IV. 1	Cash	392		392	8 471
2	Bank accounts	518 711		518 711	445 897
3	Short-term securities and interests				
4	Short-term financial assets in progress				
D.	OTHER ASSETS - TEMPORARY ACCOUNTS OF ASSETS	114 694	0	114 694	28 983
D. I.	Accrued assets and deferred liabilities	114 694	0	114 694	28 983
D. I. 1	Prepaid expenses	114 694		114 694	28 983
2	Prepaid expenses (specific-purpose expenses)				
3	Unbilled revenue				

ALPIQ ENERGY SE as at 31.12.2015

Czech Statutory Financial Statement Forms (in thousands of Czech crowns)

BALANCE SHEET - LONG FORM

		Current year	Opening balances 1.1.2014 before merge
TOTAL EQUITY & LIABILITIES		9 239 815	11 635 793
A.	EQUITY	1 288 360	1 008 741
A. I.	Basic capital	172 655	172 655
A. I. 1	Registered capital	172 655	172 655
2	Own shares and own ownership interests (-)		
3	Changes in basic capital		
A. II.	Capital funds	0	0
A. II. 1	Share premium (agio)		
2	Other capital funds		
3	Gain or loss on revaluation of assets and liabilities		
4	Gain or loss on revaluation of company transformations		
5	Gain or loss on company transformations		
6	Gain or loss on revaluation upon company transformations		
A. III.	Reserve funds and other funds created from profit	14 570	22 065
A. III. 1	Legal reserve fund		20 200
2	Statutory and other funds	14 570	1 865
A. IV.	Profit (loss) for the previous years	834 221	441 318
IV. 1	Retained earnings for the previous years	834 221	441 318
2	Accumulated loss of previous years		
3	Other retained earnings for previous years		
A. V.	Profit (loss) for the year (+ / -)	266 914	372 703
B.	LIABILITIES	7 949 840	10 624 325
B. I.	Provisions	88 949	103 665
B. I. 1	Provisions created under special legislation		
2	Provision for pensions and similar obligations		
3	Provision for corporate income tax		
4	Other provisions	88 949	103 665
B. II.	Long-term liabilities	0	1 014 725
B. II. 1	Trade payables		
2	Liabilities to group companies with majority control		1 014 725
3	Liabilities to group companies with control of 20% - 50%		
4	Liabilities to partners, co-operative members and participants in association		
5	Long-term advances received		
6	Bonds payable		
7	Long-term notes payable		
8	Unbilled deliveries		
9	Other liabilities		
10	Deferred tax liability		
B. III.	Current liabilities	7 860 891	9 505 935
B. III. 1	Trade payables	511 665	3 239 715
2	Liabilities to group companies with majority control		
3	Liabilities to group companies with control of 20% - 50%		
4	Liabilities to partners, co-operative members and participants in association		
5	Liabilities to employees	6 806	4 559
6	Liabilities arising from social security and health insurance	3 015	2 171
7	Due to government – taxes and subsidies	55 248	36 474
8	Short-term advances received	76 384	66 041
9	Bonds payable		
10	Unbilled deliveries	6 488 444	3 554 315
11	Other liabilities	719 329	2 602 660
B. IV.	Bank loans and borrowings	0	0
B. IV. 1	Long-term bank loans		
2	Short-term bank loans		
3	Borrowings		
C.	OTHER LIABILITIES - TEMPORARY ACCOUNTS OF LIABILITIES	1 615	2 727
C. I.	Accrued liabilities and deferred assets	1 615	2 727
C. I. 1	Accruals	12	57
2	Deferred income	1 603	2 670

Prepared on:	Signature of accounting entity's statutory body:		
27.5.2016	Zdeněk Čihák	Peter Dworak	

The accompanying notes are an integral part of the financial statements.

ALPIQ ENERGY SE as at 31.12.2015

Czech Statutory Financial Statement Forms (in thousands of Czech crowns)

INCOME STATEMENT - LONG FORM

		Current year 01.01.2014 - 31.12.2015	
I.	1	Revenue from sale of goods	174 308 241
A.	2	Cost of goods sold	172 239 437
+		Gross margin	2 068 804
II.		Production	332 507
II.	1	Revenue from sale of finished products and services	332 507
	2	Change in inventory produced internally	
	3	Own work capitalized	
B.		Production related consumption	1 621 237
B.	1	Consumption of material and energy	9 846
B.	2	Services	1 611 391
+		Value added	780 074
C.		Personnel expenses	398 831
C.	1	Wages and salaries	308 956
C.	2	Bonuses to members of company or cooperation bodies	
C.	3	Social security and health insurance	69 877
C.	4	Other social costs	19 998
D.	1	Taxes and charges	42 319
E.	1	Amortization and depreciation of intangible and tangible fixed assets	38 023
III.		Revenue from sale of intangible and tangible fixed assets and materials	729
III.	1	Revenues from sale of intangible and tangible fixed assets	729
	2	Revenue from sale of materials	
F.		Net book value of intangible and tangible fixed assets and materials sold	77
F.	1	Net book value of intangible and tangible fixed assets sold	77
	2	Materials sold	
G.	1	Change in provisions and allowances relating to operations and in prepaid expenses (specific-purpose expenses)	-25 343
IV.	1	Other operating revenues	71 194
H.	2	Other operating expenses	10 006
V.	1	Transfer of operating revenues	
I.	2	Transfer of operating expenses	
*		Profit or loss on operating activities	388 084
VI.	1	Revenue from sale of securities and interests	
J.	2	Securities and interests sold	
VII.		Income from financial investments	61
VII.	1	Income from subsidiaries and associates	
	2	Income from other long-term securities and interests	61
	3	Income from other financial investments	
VIII.	1	Income from short-term financial assets	
K.	2	Expenses related to financial assets	
IX.	1	Gain on revaluation of securities and derivatives	
L.	2	Loss on revaluation of securities and derivatives	
M.	1	Change in provisions and allowances relating to financial activities	
X.	1	Interest income	6 493
N.	2	Interest expense	30 852
XI.	1	Other finance income	
O.	2	Other finance cost	75 112
XII.	1	Transfer of finance income	
P.	2	Transfer of finance cost	
*		Profit or loss on financial activities	-99 410



The accompanying notes are an integral part of the financial statements.

ALPIQ ENERGY SE as at 31.12.2015

Czech Statutory Financial Statement Forms (in thousands of Czech crowns)

INCOME STATEMENT - LONG FORM

		Current year 01.01.2014 - 31.12.2015
Q.	Tax on profit or loss on ordinary activities	21 760
Q. 1	- due	26 114
Q. 2	- deferred	-4 354
**	Profit or loss on ordinary activities after taxation	266 914
XIII. 1	Extraordinary gains	
R. 2	Extraordinary losses	
S. 1	Tax on extraordinary profit or loss	0
S. 1	- due	
S. 2	- deferred	
*	Extraordinary profit or loss	0
T. 1	Transfer of share of profit or loss to partners (+/-)	
***	Profit or loss for the year (+/-)	266 914
****	Profit or loss before taxation	288 674

Prepared on:	Signature of accounting entity's statutory body:	
27.5.2016	  Zdeněk Čihák Peter Dworak	

ALPIQ ENERGY SE

Financial Statements for the year ended 31 December 2015

1. DESCRIPTION OF THE COMPANY

ALPIQ ENERGY SE ("the Company") is a European joint stock company incorporated by an entry in the Commercial Register on 20 October 2008 in the Czech Republic. The Company's registered office is located at Rohanské nábřeží 670/19, Karlín, 186 00 Prague 8, Czech Republic, and the business registration number (IČ) is 284 77 090. The Company is involved in electricity and gas trading and providing related services.

Merger Project

On 29 April 2014, the statutory bodies of Alpiq Central Europe AG (currently Alpiq AG), a sole shareholder of ALPIQ ENERGY SE, and Alpiq Energija Lietuva AB (hereinafter the "dissolving company" or "Alpiq Lithuania"), approved a project of merger by acquisition in accordance with Act No. 125/2008 Coll. on Transformations of Corporations and Cooperatives, as amended. As a result of the merger the assets and liabilities of the dissolving company passed to ALPIQ ENERGY SE. The effective date of the merger in the Czech Republic was 1 January 2014, the opening balance sheet was prepared as at the same date. This fact was recorded in the Commercial Register on 1 February 2015. As a result of the aforementioned merger project, the Company prepares the financial statements as at 31 December 2015 for the two-year period from 1 January 2014 to 31 December 2015.

Members of the statutory bodies as at 31 December 2015 were as follows:

<u>Board of Directors</u>	
Chair:	Zdeněk Čihák
Member:	Edgar Carsten Lehmann
Member:	Peter Dworak

<u>Supervisory Board</u>	
Member:	Markus Brokhof

ALPIQ ENERGY SE

Financial Statements for the year ended 31 December 2015

Procurators	
Alena Divišová	Karel Kadlec
Cornelia Häuptli Baumgartner	Tomáš Plocek
Kosta Kosorić	Claudia Erni Eiholzer
Hans Günther Mayer	Marie Adamová
Martin Pich	Tobias Meyer
Marek Musial	Hana Lindovská
Radomír Roháč	Martin Šiška
Jacek Zoladek	Nebojsa Bogdanovic
Petr Seigertschmid	Pavle Čulibrk
Gergely Gonda	Michal Dubeň
Paulius Gineitis	Martin Hulena
Petr Radina	Koryun Shahbazyan
Laura Feleki	Fabio Marcin
Janberk Sahin	

As of 24 June 2014, the parent company is Alpiq AG with its registered office at Bahnhofquai 12, Olten, the Swiss Confederation, holding a 100% interest in the Company's basic capital. The original parent company Alpiq Central Europe AG, ceased to exist within the merger process in which Alpiq AG has become a successor company on 24 June 2014. The ultimate parent company is Alpiq Holding Ltd, the Swiss Confederation.

The Company is included in the consolidated group of the parent company.

At least two members of the Board of Directors jointly (including the Board of Directors' chairman and a member), or at least two procurators act and sign on the Company's behalf. In compliance with Section 164 para. 3 of Act No. 89/20012 Coll., the Civil Code, the Board of Directors' chairman is authorized to carry out legal acts with respect to Company employees.

The following changes were made to the Commercial Register entry in the period from 1 January 2014 to 31 December 2015:

On 4 January 2014 procurators Michal Dubeň and Tobias Meyer were recorded in the Commercial Register. Procurator Klára Vaculíková was deleted from the Commercial Register as at the same date.

Alpiq Energy SE's Articles of Association were amended and approved by the sole shareholder on 28 February 2014. Another amendment to the Articles of Association was approved on 27 November 2014.

ALPIQ ENERGY SE has conformed to Act No. 90/2012 Coll., on corporations and cooperatives (Corporations Act). This fact was recorded in the Commercial Register on 26 April 2014.

ALPIQ ENERGY SE received a license for gas traders in the Czech Republic on 1 April 2014; this fact was recorded in the Commercial Register on 13 May 2014.

Procurators Martin Hulena, Nathalie Malinowski and Phillip Beuleke were recorded in the Commercial Register on 13 August 2014. Procurator Sabine Schreiber was deleted from the Commercial Register on the same date.

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The accompanying balance sheet and income statement are an integral part of the financial statements.

ALPIQ ENERGY SE

Financial Statements for the year ended 31 December 2015

On 13 August 2014, the change of the sole shareholder from Alpiq Central Europe AG, Niedergösgen, Oltnerstrasse 63, the Swiss Confederation to current sole shareholder Alpiq AG, Olten, Bahnhofquai 12, the Swiss Confederation was recorded in the Commercial Register. The reason for the change of sole shareholder was merger acquisition under Swiss law. As a result of this merger, Alpiq Central Europe AG, as dissolving company, merged into Alpiq AG as the successor company.

Membership of Markus Brokhof commenced and membership of Erik Saether ceased to exist on 14 August 2014. This fact was recorded in the Commercial Register on 23 October 2014.

Procurator Sergey Rybalchenko was deleted from the Commercial Register on 29 September 2014.

On 3 January 2015 procurators Marek Musial, Jacek Zoladek, Paulius Gineitis were recorded in the Commercial Register. Procurator Aldevinas Burokas was deleted from the Commercial Register as at the same date.

On 1 February 2015, a cross-border merger by acquisition was entered in the Commercial Register. As a result of this merger, Alpiq Energija Lietuva AB, a joint stock company established and existing in accordance with the Lithuanian law, with its registered address at Lvovo 25, Vilnius, Lithuania, business registration number: 302 026 534, recorded in the Lithuanian commercial register as a dissolving company, merged into ALPIQ ENERGY SE as the successor company as at the effective date 1 January 2014.

On 5 March 2015 procurators Philipp Beuleke and Nathalie Malinowski were deleted from the Commercial Register and procurator Janberk Sahin was recorded as at the same date.

On 5 May 2015 procurator Tomáš Plocek was recorded in the Commercial Register.

On 3 December 2015 procurator Marie Adamová was recorded in the Commercial Register. Procurator Károly Bencsik was deleted from the Commercial Register as at the same date.

As at 31 December 2015 the Company operates foreign branches in Hungary, the Slovak Republic, Romania, Switzerland and Poland.

As at 31 December 2015 the Company had a permanent establishment in Lithuania.

2. BASIS OF PRESENTATION OF THE FINANCIAL STATEMENTS

The accompanying financial statements were prepared in accordance with the Czech Act on Accounting and the related guidelines as applicable for 2013, 2014 and 2015.

As a result of the merger with Alpiq Lithuania, the Company is obliged to prepare its annual financial statements as at 31 December 2015 for the period from 1 January 2014 to 31 December 2015 (hereinafter "reporting period"). The cross-border merger by acquisition with the effective date of 1 January 2014 was recorded in the Commercial Register on 1 February 2015. Therefore the accounting and tax periods for the preparation of the Company's financial statements cover two years.

Due to fact that the Company prepares the financial statements for the two-year period, the Company cannot disclose the prior period information in the income statement and the cash flow statement as the information for the respective periods is not comparable. The balance sheet includes the comparable period containing the opening balances as at 1 January 2014 related to the period prior to the merger; the income statement only includes the information for the period from 1 January 2014 to 31 December 2015.

All the information contained in the notes to the financial statements contains the opening balances as at 1 January 2014 related to the period prior to the merger, information about the merger effect, additions, disposals and the closing balances as at 31 December 2015.

Explanation Added for Translation into English

These financial statements are presented on the basis of accounting principles and standards generally accepted in the Czech Republic. Certain accounting practices applied by the Company that conform with generally accepted accounting principles and standards in the Czech Republic may not conform with generally accepted accounting principles in other countries.

3. CHANGES IN ACCOUNTING POLICIES, RECLASSIFICATION

Exchange rate gains and losses and changes in the fair values of derivatives presented in the income statement for the period 1 January 2014 to 31 December 2015 were reclassified. The reclassification is done by mutual offsetting and presentation of net position in Other finance cost or Other finance income, as appropriate. Formerly foreign exchange differences and changes in fair values of derivatives were recognized gross at the same positions.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies applied by the Company in preparing the financial statements as at 31 December 2015 and the financial statements as at 1 January 2014 prior to the merger are as follows:

a) Intangible Fixed Assets

Intangible fixed assets are recorded at their acquisition cost and related expenses.

Goodwill arose in relation to the cross-border merger by acquisition with Atel Polska Sp.z o.o. and Alpiq Energia Magyarország Kft. as the difference between the valuation of business assets of these companies and the aggregate of individually revalued asset components, net of assumed liabilities.

Intangible fixed assets with a cost exceeding CZK 60 thousand are amortized over their useful economic lives.

Amortization

Amortization is calculated based on the acquisition cost and the estimated useful life of the related asset. The useful economic lives are as follows:

	Years
Software	1 - 4
Patents, royalties and similar rights	6
Goodwill	5

b) Tangible Fixed Assets

Tangible fixed assets with a cost exceeding CZK 10 thousand in the case of the acquisition of furniture and fixtures and computer and telecommunication technologies and CZK 40 thousand in other cases are recorded at their acquisition cost, which consists of purchase price, freight, customs duties and other related costs. Vehicles are deemed tangible fixed assets regardless of their acquisition cost.

The costs of technical improvements are capitalized. Repairs and maintenance expenses are expensed as incurred.

Any gain or loss on the revaluation of acquired property represents the difference between the valuation of a part of Alpiq Central Europe AG, (the Branch) acquired by purchase and the aggregate of individually revalued asset components in accounting of the seller, net of assumed liabilities.

ALPIQ ENERGY SE

Financial Statements for the year ended 31 December 2015

Depreciation

Depreciation is calculated based on the acquisition cost and the estimated useful life of the related asset. The useful economic lives are as follows:

	Years
Leasehold improvement (buildings)	over the lease term
Machinery and equipment	4 – 7
Vehicles	4
Furniture and fixtures	6

c) Financial Assets

Long-term financial assets consist of ownership interests in the Alpiq group companies.

Interests are valued at their acquisition cost, which includes the purchase price and direct costs related to the acquisition.

Short-term financial assets consist of liquid valuables, cash in hand and at bank.

d) Receivables

Both long- and short-term receivables are carried at their realizable value after allowance for doubtful accounts. Additions to the allowance account are charged to income. Amounts resulting from the revaluation of financial derivatives at fair value are shown in other receivables.

e) Derivatives

Derivatives are initially measured at cost. Derivatives are recorded in other short-term receivables or payables, as appropriate, in the accompanying balance sheet.

Derivatives are classified as derivatives held for trading or hedging derivatives. The latter are designated as either fair value hedges or cash flow hedges. In order to qualify for hedge accounting, the change in the fair value of a derivative or of its estimated cash flow must offset, in whole or in part, the change in the fair value or cash flow arising from the hedged item. In addition, there must be formal documentation of the hedging relationship at inception and the Company must prove that the hedging relationship is highly effective. In all other cases, derivatives are recognized as financial and held-for-trading.

Derivatives are revalued to fair value as at the balance sheet date. Changes in the fair value of financial derivatives are reported in income. Due to the Company's scope of business, changes in the fair value of commodity derivatives for purchase or sale of electricity are reported in operating expenses or operating revenues (see Note 18). Changes in the fair value of derivatives designated as fair value hedges are also recognized in income, together with the change in the fair value of the hedged item attributable to the risk being hedged. Changes in the fair value of derivatives designated as cash flow hedges are taken to equity and reflected in the balance sheet through gain or loss on revaluation of assets and liabilities. Any ineffective portion of the hedge is reported in income.

In income statement for the period 1 January 2014 to 31 December 2015, fair values of derivatives were recognized differently; i.e. the netting principle to costs and revenues was applied. The net position is recognized either in Other finance cost or in Other finance income, as appropriate in the income statement. This accounting treatment is also disclosed in Note 3.

f) Equity

The basic capital of the Company is stated at the amount recorded in the Commercial Register maintained in the Municipal Court in Prague. Any increase or decrease in the basic capital made pursuant to the decision of the General Meeting which was not entered in the Commercial Register as at the financial statements date is recorded through changes in basic capital.

The Company has conformed to Act No. 90/2012 Coll., on corporations and cooperatives (Corporations Act). The Corporations Act no longer requires that corporations establish a legal reserve fund; this fact was reflected in the Articles of Association, letter 4 valid as of 27 November 2014 by means of expressing conformity to Act No. 90/2012, Coll.

As a result of the amendment to the Articles of Association, in the reporting period 1 January 2014 to 31 December 2015 the legal reserve fund was reversed and the balance is presented in equity caption retained earnings - see Note 11.

g) Provisions and Liabilities

Long-term liabilities and current liabilities are carried at their nominal values. Amounts resulting from the revaluation of financial and commodity derivatives at fair value are shown in other payables.

h) Leases

The Company records leased assets by expensing the lease payments and, for finance leases, capitalizing the residual value of the leased assets when the lease contract expires and the purchase option is exercised. Lease payments paid in advance are recorded as prepaid expenses and amortized over the lease term.

i) Foreign Currency Transactions

Assets and liabilities whose acquisition or production costs were denominated in foreign currencies are translated into Czech crowns at the exchange rate prevailing at the transaction date. On the balance sheet date monetary items are adjusted to the exchange rates as published by the Czech National Bank as at 31 December.

Realized and unrealized exchange rate gains and losses were charged or credited, as appropriate, to income for the year.

j) Recognition of Revenues and Expenses

Revenues and expenses are recognized on an accrual basis, that is, they are recognized in the periods in which the actual flow of the related goods or services occurs, regardless of when the related monetary flow arises.

Revenue from the sale of electricity and gas is recognized when electricity and gas are supplied and it comprises billed amounts and the change in balance of supplied yet unbilled electricity and gas.

The change in the balance of unbilled electricity and gas is determined as at the financial statements' date based on an estimate, which is made on assumptions and information about projected consumption received from Energy Market Operator or consumption calculated using internal estimates and measuring. An actual amount of billed electricity and gas in the future may differ from the estimate.

Purchased and sold electricity and gas are reported as revenue from sale of goods and cost of goods sold, as appropriate, in the financial statements. Other costs related to electricity and gas trading (distribution services, purchased capacities, etc.) are reported as consumed services.

Within its trading activity, the Company enters into standard contracts with other traders for the purchase and the sale of electricity and gas, both effected in the same quantity and at the same point in time. The primary purpose of these contracts is not a physical supply of the commodity. These contracts are classified as derivatives held for trading and are revalued with a corresponding entry in net profit or loss as at the balance sheet day (see Note 4e). The revaluation of unrealized contracts is part of the Company's trading activity and, accordingly, is reported in a net amount as revenue from sale of goods in the financial statements.

k) Electricity Exchange Trading

The Company has entered into electricity futures, i.e. commodity contracts for future electricity supplies, at the Energy Exchanges in Prague (PXE), Leipzig (EEX), Budapest (HUPX), Vienna (EXAA), Stockholm (NASDAQ), Lysaker (Nordpool), Bucharest (OPCOM) and Warsaw (TGA and GPW). The futures are acquired primarily to secure the supplies of electricity to Company's customers. Movements in futures prices, which are credited or debited, as appropriate, to the Company on a daily basis, are presented within other receivables (losses) and other liabilities (gains). Gains and losses arising from futures are recognized upon the supply of electricity. When the position is closed, any related gains or losses are recognized directly in profit and loss, within other finance income or other finance cost, as appropriate.

If a future contract is concluded for purpose other than to secure electricity supplies to the Company's customers, the Company classifies such a contract as derivative (see Note 4e).

l) "Color" Certificates

In order to meet its obligation to deliver certain volume of electricity from renewable sources to end customers in Poland the Company purchases the so-called "color" certificates. These certificates are traded at stock exchanges, classified as goods and remeasured at the balance sheet date taking into consideration all foreseeable risks and contingent losses related to the certificates and the liabilities that are known as at the financial statements preparation date. Also all types of impairment are taken into account. A temporary diminution in the value of the certificates is reflected via an allowance. The allowance amount depends on the price of "color" certificates at the Polish Energy Exchange and is determined as the difference between the acquisition cost and the current market value of the certificates. Purchased certificates are stated at actual cost being determined using the first-in, first-out ('FIFO') method.

5. FIXED ASSETS**a) Intangible Fixed Assets (in CZK thousands)****COST**

	At beginning of year	Additions	Disposals	Transfers	At end of year
Software	4,368	188	-	59	4,615
Patents, royalties and similar rights	57	-	(57)	-	-
Goodwill	152,496	-	-	-	152,496
Intangibles in progress	59	-	-	(59)	-
2015 Total	156,980	188	(57)	-	157,111
Total as at 01/ 01/ 2014 prior to merger	156,502	478	-	-	156,980

ACCUMULATED AMORTIZATION

	At beginning of year	Amortization during year	Disposals	At end of year	Net book value
Software	(2,769)	(1,649)	-	(4,418)	197
Patents, royalties and similar rights	(57)	-	57	-	-
Goodwill	(121,997)	(30,499)	-	(152,496)	-
2015 Total	(124,823)	(32,148)	57	(156,914)	197
Total as at 01/ 01/ 2014 prior to merger	(93,561)	(31,262)	-	(124,823)	32,157

Patents, royalties and similar rights are amortized over their useful lives as specified in the relevant contract.

The Company shows goodwill of CZK 152,496 thousand on revaluation that arose upon the cross-border merger by acquisition with Atel Polska SP.z o.o. and Alpiq Energie Magyarország Kft as at 1 January 2010. Amortization of the goodwill at an amount of CZK 30,499 thousand was charged into income in the reporting period and the goodwill was thus fully written off as at 31 December 2015.

ALPIQ ENERGY SE

Financial Statements for the year ended 31 December 2015

b) Tangible Fixed Assets (in CZK thousands)**COST**

	At beginning of year	Merger effect	Additions	Disposals	Transfers	At end of year
Constructions	2,807	-	4,390	(802)	-	6,395
Machinery and equipment	18,562	27	4,392	(4,198)	531	19,314
Vehicles	2,138	-	-	(1,820)	-	318
Furniture and fixtures	3,064	-	149	(156)	-	3,057
Adjustment to acquired property	4,161	-	-	-	-	4,161
Tangibles in progress	531	-	-	-	(531)	-
2015 Total	31,263	27	8,931	(6,976)	-	33,245
Total as at 01/ 01/ 2014 prior to merger	39,978	-	1,124	(9,839)	-	31,263

ACCUMULATED DEPRECIATION

	At beginning of year	Merger effect	Depreciation during year	Net book value	Disposals	At end of year	Net book value
Constructions	(1,841)	-	(1,272)	-	802	(2,311)	4,084
Machinery and equipment	(16,413)	(13)	(3,822)	(5)	4,198	(16,055)	3,259
Vehicles	(1,734)	-	(280)	(72)	1,820	(266)	52
Furniture and fixtures	(2,684)	-	(501)	-	156	(3,029)	28
Adjustment to acquired property	(4,161)	-	-	-	-	(4,161)	-
2015 Total	(26,833)	(13)	(5,875)	(77)	6,976	(25,822)	7,423
Total as at 01/ 01/ 2014 prior to merger	(27,210)	-	(6,149)	(3,313)	9,839	(26,833)	4,430

In 2014 and 2015, technical improvement of leasehold premises at an acquisition cost of CZK 4,390 thousand was capitalized on grounds that the office space was expanded and its layout modified.

In relation with expanded leasehold premises, furniture and information technology equipment at an acquisition cost of CZK 4,392 thousand were purchased.

The total value of small tangible fixed assets which are not reflected in the accompanying balance sheet was CZK 10,655 thousand and CZK 8,501 thousand at acquisition cost as at 31 December 2015 and 1 January 2014 prior to merger, respectively.

Adjustment to acquired property of CZK 4,161 thousand arose in connection with the acquisition of a part of the business Alpiq Central Europe AG, organizační složka (currently Alpiq AG) in 2010. Net book value of the adjustment was CZK 0 thousand as at 31 December 2015.

c) Long-Term Financial Investments

Other long-term securities and interests in the total amount of CZK 7,087 thousand represent investments in related parties. The Company has a 10% ownership interest in Alpiq Turkey Enerji Toptan Satis Ltd at the value of TLR 200 thousand (CZK 2,220 thousand) acquired in 2011 and a 0.1% ownership interest in Alpiq RomEnergie S.r.l. at the value of CHF 106 thousand (CZK 1,865 thousand) acquired in 2010 for no consideration from Alpiq Central Europe Ltd (currently Alpiq AG). In 2014 and 2015 Alpiq Turkey Enerji changed its basic capital: the 10% interest of the Company was increased by TLR 317 thousand (CZK 2,862 thousand) in 2014, while the original 10% interest was decreased to 6,53% in 2015. The ownership interest change was due to the increase in basic capital of Alpiq Turkey Enerji and an investment only at the majority owner Alpiq AG. Following the decision of Atel Energy Romania S.r.l. shareholders dated 2 September 2014 the Company acquired for consideration a 10% interest in the Atel Energy Romania S.r.l.'s basic capital at the value of RON 18 thousand (CZK 111 thousand).

As a result of the merger of Alpiq Energy SE and Alpiq Lithuania the successor company Alpiq Energy SE acquired a 1% interest in the basic capital of Alpiq Energy Ukraine as at 1 January 2014. The value of the interest is UAH 12 thousand (CZK 29 thousand).

Alpiq AG is the majority owner of the all companies.

6. INVENTORY

In order to meet its obligation to deliver certain volume of electricity from renewable sources to end customers in Poland the Company purchases the so-called "color" certificates. These certificates are traded at stock exchanges and are classified as goods in the accompanying balance sheet. Certificates have been written down to their estimated net realizable value by an allowance account. The allowance was determined by management based on the price of the "color" certificates at the Polish Energy Exchange (see Note 8).

7. RECEIVABLES

Allowances against outstanding receivables that are considered doubtful were charged to income in reporting period, respectively (see Note 8). As at 31 December 2015 and 1 January 2014 prior to merger, the Company had no overdue receivables except for those against which an allowance was established.

As at 31 December 2015, long-term advance payments in the total amount of CZK 48,490 thousand comprise an advance deposit to cover potential liabilities arising from the Company's activities performed on the electricity market of CZK 6,600 thousand towards OTE a.s. (electricity market operator), CZK 37,835 thousand towards OKTE, a.s. and CZK 4,055 thousand towards SEPS, a.s.

As at 31 December 2015 and 1 January 2014 prior to merger the Company had a receivable of CZK 116,952 thousand and CZK 273,739 thousand towards the parent company, respectively related to positive balance in the cash pool system.

The total value of short-term advance payments made was CZK 439,524 thousand and CZK 1,153,435 thousand as at 31 December 2015 and 1 January 2014 prior to merger, respectively. Balances as at 31 December 2015 and 1 January 2014 prior to merger comprise, in particular, advance payments for electricity deliveries to TPP MARITSA EAST, PROMET-PLAST, BIO TERM, NASDAQ Broker Services and Nationalna elektriceska kompanija (NEK) for the 2016 and 2014 periods, respectively. In addition, short-term advance payments made include other advances for transmission and other, particularly power-related fees.

ALPIQ ENERGY SE

Financial Statements for the year ended 31 December 2015

As at 31 December 2015 and 1 January 2014 prior to merger the Company reports in short-term tax receivables from the government in gross amounts as follows: value added tax of CZK 192,447 thousand and CZK 601,058 thousand, respectively, corporate income tax of CZK 5,776 thousand and CZK 26,599 thousand, respectively and other taxes of CZK 873 thousand and CZK 1,319 thousand, respectively.

Unbilled revenue represents, in particular, unbilled supplies of electricity and gas, and distribution fees to eligible customers.

As at 31 December 2015 and 1 January 2014 prior to merger, other receivables comprise, in particular, positive fair values of outstanding derivatives in the amount of CZK 578,525 thousand and CZK 1,950,614 thousand, respectively (see Note 14) and unrealized gains of CZK 16,147 thousand and CZK 39,255 thousand, respectively related to the entered into futures contracts at the Energy Exchanges where the delivery related to the futures will be rendered in future periods. As at 31 December 2015 other receivables also include receivables from related parties (see Note 20).

8. ALLOWANCES

Allowances reflect a temporary diminution in value of assets (see Notes 6 and 7).

Changes in the allowance accounts (in CZK thousands):

Allowances against:	Balance as at 31/ 12/ 2012	Decrease	Increase	Balance as at 01/ 01/ 2014 prior to merger	Merger effect	Decrease	Increase	Balance as at 31/ 12/ 2015
Receivables – legal	4,872	-	-	4,872	-	(4,872)	3,887	3,887
Receivables – tax non-deductible	773,975	(746,705)	3,421	30,691	2,233	(19,108)	9,543	23,359
Goods – tax non-deductible	40,544	(30,211)	5,230	15,563	-	(558)	481	15,486
Total	819,391	(776,916)	8,651	51,126	2,233	(24,538)	13,911	42,732

Legal allowances are created in compliance with the Act on Provisions and are tax deductible.

In the reporting period the legal allowance of CZK 4,872 thousand was reversed as a result of termination of insolvency proceedings and approval by court to liquidate the Company. Pursuant to the court's decision the receivable from the Company was not settled at 100% and, accordingly, was fully written off. An increase in the legal allowance of CZK 3,887 thousand is attributable to creation of 100% allowance against trade receivable due to opening the insolvency proceedings at the Company's debtor.

A decrease in tax non-deductible allowance is attributable, in particular, to reversal of the allowance of CZK 18,110 thousand against receivable related to VAT claimed in Greece. The allowance was released as the original tax receivable was settled.

An overall increase of tax non-deductible allowance against receivables in the reporting period in the amount of CZK 9,543 thousand is attributable to an increase in the allowance of CZK 5,862 thousand against receivable related to excise duty in Poland and an addition to allowance against overdue trade receivables in the amount of CZK 3,681 thousand.

In addition allowances against receivables increased by CZK 2,233 thousand due to the merger. The Company assumed an allowance established at Alpiq Lithuania prior merger against a 100% value of an overdue trade receivable.

As at 31 December 2015, an allowance against trade receivables totaled CZK 13,574 thousand and against tax deductible receivables CZK 13,672 thousand.

In addition, the Company decreased an allowance of CZK 77 thousand, net against "color" certificates. The allowance amount depends on the price of "color" certificates at the Polish Energy Exchange and is determined as the difference between the acquisition cost and the current value of the certificates stated at the Polish Energy Exchange as at 31 December 2015. In the reporting period, the allowance was reduced by CZK 558 thousand due to the decrease or sale of the related color certificates in the total quantity of 2,000 MWh of the total quantity of 255,492 MWh, which was in the warehouse as at 1 January 2014 prior to merger.

As at 31 December 2015, the allowance was revalued up to CZK 15,486 thousand as per the current prices at the Polish Energy Exchange, i.e. the allowance was increased by CZK 481 thousand with the overall quantity of 211,647 MWh of color certificates held.

9. SHORT-TERM FINANCIAL ASSETS

The Company has been participating in the cash-pool system with the ultimate parent company Alpiq Holding AG; the system is administrated by Deutsche Bank AG. Cash provided by the Company within the cash-pooling bears interest of Eonia - 0.5 % (however +0.05% and 0,00% at minimum in 2014 and 2015, respectively), cash used by the Company within the cash-pooling bears interest of Eonia + 2%. As at 31 December 2015 and 1 January 2014 prior to merger, the balance of the cash provided within the cash-pooling was CZK 116,952 thousand and CZK 273,739 thousand, respectively and is reflected in short-term receivables in the balance sheet caption Receivables from group companies with majority control.

10. OTHER ASSETS

As at 31 December 2015 and 1 January 2014 prior to merger, prepaid expenses of CZK 114,694 thousand and CZK 28,983 thousand, respectively, relate to accrued expenses for electricity supplies and transmission capacities necessary for electricity supplies in the coming years and rent prepaid in 2015 a 2013.

ALPIQ ENERGY SE

Financial Statements for the year ended 31 December 2015

11. EQUITY

The movements in the capital accounts during the reporting period were as follows (in CZK thousands):

	Balance as at 31/ 12/ 2012	Profit transfer	Increase	Balance as at 01/ 01/ 2014 prior to merger	Merger effect	Profit transfer	Transfer of reserve fund	Increase	Balance as at 31/ 12/ 2015
Basic capital	172,655	-	-	172,655	-	-	-	-	172,655
Reserve fund	17,266	2,934	-	20,200	-	-	(20,200)	-	-
Other capital funds	1,865	-	-	1,865	12,705	-	-	-	14,570
Retained earnings	385,568	55,749	-	441,318	-	372,703	20,200	-	834,221
Current year profit/loss	58,683	(58,683)	372,703	372,703	-	(372,703)	-	266,914	266,914

The Company's profit for the year ended 31 December 2013 was CZK 372,703 thousand. Pursuant to the sole shareholder's decision dated 16 June 2014 the profit was added to retained earnings. In addition the legal reserve fund of CZK 20,200 thousand was reversed and transferred to retained earnings; this fact is disclosed in Note 4f of general accounting principles.

Other capital funds were increased by CZK 12,705 thousand due to the merger, of which CZK 7,117 thousand are other capital funds at Alpiq Lithuania as at 1 January 2014 and CZK 5,588 thousand are attributable to an increase of Alpiq Lithuania basic capital in 2014 due to the change of legal form and transfer to other capital funds within the merger process.

12. PROVISIONS

The movements in the provision accounts were as follows (in CZK thousands):

Provisions	Balance as at 31/ 12/ 2012	Additions	Deductions	Balance as at 01/ 01/ 2014 prior to merger	Additions	Deductions	Balance as at 31/ 12/ 2015
Loss making contracts	15,813	-	(12,248)	3,565	123,197	(48,470)	78,292
Fee to support renewable sources	86,367	63,059	(83,190)	66,236	24,139	(82,610)	7,765
Other	3,269	33,378	(2,783)	33,864	3	(30,975)	2,892
Total	105,449	96,437	(98,221)	103,665	147,339	(162,055)	88,949

In the reporting period, the Company established a provision of CZK 123,197 thousand for potential losses on electricity supplies which will be effected in 2015 through 2018. As the Company prepares the financial statements for the two-year period, the Company also reversed the provision of CZK 44,905 thousand established as at 31 December 2014 for loss making contracts realized in 2015.

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Financial Statements for the year ended 31 December 2015

The provision recorded as at 1 January 2014 prior to merger was reversed in full to cover the losses incurred in 2014.

For the purposes of the provision amount determination, an open position of portfolio of electricity contracts was valued using the CZK/EUR foreign exchange rates as published by the Czech National Bank and the of electricity futures rates applicable as at 31 December 2015. The final CZK/EUR exchange rate and the price of electricity, at which the open positions of electricity portfolio will be closed, may significantly differ from the rates and prices used for the provision determination. Due to a possible fluctuation of foreign exchange rates and electricity prices copying the developments in global markets, the net profit or loss from contracts for electricity supplies covered by the provision may significantly differ from the net profit or loss anticipated as at 31 December 2015.

In addition, the Company recorded a provision for the fee to support renewable sources in Poland that the Company is obliged to pay from electricity volumes delivered to end customers. The obligation is met either by the payment of the fee determined by the government for the respective period or the purchase and following redemption of the rights to certificates confirming energy produced from renewable sources. The provision balance was CZK 7,765 thousand as at 31 December 2015.

Other provisions created in prior year were reversed in the total amount of CZK 30,975 thousand. The provision for the pension employee scheme in its branch in Switzerland in the amount of CZK 7,044 thousand was used to settle a liability to the pension fund in 2014. The remaining portion of this provision totaling CZK 5,938 thousand was reversed in 2015 due to fact that the branch in Switzerland had no employees as at 1 January 2015. In addition the Company reversed a provision of CZK 10,725 thousand for reallocation of certain activities and relocation of employees from Switzerland to the Czech Republic in 2014. In addition, a provision of CZK 7,268 thousand established for losses from currency forwards as a result of strong weakening of the Czech crown towards Euro in 2013 was reversed in full.

13. CURRENT LIABILITIES

As at 31 December 2015 and 1 January 2014 prior to merger, the Company had no overdue current liabilities.

As at 31 December 2015 and 1 January 2014 prior to merger, the Company had liabilities of CZK 3,015 thousand and CZK 2,171 thousand, respectively owing to social security and health insurance premiums.

Unbilled deliveries represent, in particular, unbilled supplies of electricity and related services.

As at 31 December 2015 and 1 January 2014 prior to merger, other liabilities comprise, in particular, negative fair values of outstanding derivatives (see Note 14) and unrealized loss of CZK (2,537) and CZK (4,404) thousand, respectively related to the traded futures contracts at Energy Exchanges where the delivery related to the futures will be rendered in future periods.

Payables to related parties (see Note 20).

14. DERIVATIVES

The Company has concluded several contracts for derivatives, which do not qualify as hedging instruments and are classified as held for trading. As at 31 December 2015, the derivatives were revalued at fair value, with the positive and negative fair values of derivatives being included in other receivables and other payables, respectively.

The following table summarizes face values and positive or negative values of outstanding derivatives held for trading as at 31 December 2015 and 1 January 2014 prior to merger:

(in CZK thousands)	31/ 12/ 2015			01/ 01/ 2014 prior to merger		
	Contractual/ Face value	Fair value		Contractual/ Face value	Fair value	
		Positive	Negative		Positive	Negative
Derivatives relating to electricity trading	11,420,649	492,428	676,532	29,717,302	1,934,566	2,587,079
Derivatives relating to gas trading	1,243,166	78,112	32,335	-	-	-
Currency forwards	1,856,722	7,985	3,302	3,297,213	16,048	11,177
Derivatives relating to color certificates trading	68,487	-	4,622	-	-	-
Total	14,589,024	578,525	716,791	33,014,515	1,950,614	2,598,256

15. INCOME TAXES

As a result of the cross border merger the accounting and tax periods are from 1 January 2014 to 31 December 2015. The Company will file its corporate income tax return for two calendar years, specifically for 2014 and 2015.

	2015 in CZK thousands
Profit before taxes	288,674
Difference between book and tax depreciation	5,306
Non-deductible expenses	
Creation of provisions and allowances	(25,343)
Other (e.g. entertainment expenses, donations, goodwill write-off, estimated bonuses, fines and penalties)	106,791
Revenues related to prior tax period	3,830
Expenses related to prior tax period	(7,595)
Non-deductible expenses incurred in prior tax period and deductible in current period	(70,574)
Taxable income	301,089
Tax loss carryforward utilized	(301,089)
Current income tax rate, %	19
Tax	-
Tax paid abroad	26,107
Tax paid on dividends received in the Czech Republic	7
Current tax expense	26,114

The corporate income tax payable on ordinary activities for 2014 and 2015 comprises tax payable in the Hungarian branch in the amount of CZK 22,222 thousand, tax payable in Lithuania in the amount of CZK 3,885 thousand and tax paid on dividends in the amount of CZK 7 thousand received in the Czech Republic. These taxes relate to the profit for the reporting period 1 January 2014 to 31 December 2015.

The Company can carry forward tax losses generated in prior years for up to five years. As at 31 December 2015 the Company recorded tax losses of CZK 1,671,858 thousand generated in the Czech Republic, Poland and Switzerland in the years 2009 through 2015 that may be used in the years 2016 through 2019.

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The Company quantified deferred taxes as follows (in CZK thousand):

Deferred tax items	31/ 12/ 2015		31/ 12/ 2014 prior to merger	
	Deferred tax asset	Deferred tax liability	Deferred tax asset	Deferred tax liability
Difference between net book value of fixed assets for accounting and tax purposes	-	(468)	-	(6,066)
Allowances	3,563	-	5,670	-
Allowances - merger effect	339	-	-	-
Provisions	20,417	-	18,765	-
Tax loss carryforward	317,653	-	391,186	-
Estimated items (untaken vacation and bonuses and other temporary differences abroad)	26,211	(33,163)	6,583	-
Total	368,183	(33,631)	422,203	(6,066)
Net	334,552		416,137	

As at 31 December 2015 the Company recorded a deferred tax asset at an amount of CZK 30,522 thousand on temporary differences in the Polish branch and a deferred tax asset of CZK 339 thousand as a result of the merger.

As at 31 December 2015 and 1 January 2014 prior to merger, the Company did not record a deferred tax asset of CZK 303,691 thousand and CZK 389,968 thousand, respectively on the basis that its recovery was uncertain. The deferred tax liability in the amount of CZK 33,631 thousand arose in Poland and the Czech Republic and was fully set off with the deferred tax asset.

16. LEASES

The Company leases fixed assets, which are not recorded on the balance sheet (see Note 4h).

Assets which are being used by the Company under finance leases (i.e. the assets are transferred to the Company when the lease term expires) as at 31 December 2015 consist of the following (in CZK thousands):

Description	Terms/ Conditions	Total lease	Payments made as at 31/ 12/ 2015	Remaining payments as at 31/ 12/ 2015	
				Due within one year	Due over one year
VW Passat [MM] (PL)	47	731	13	183	535
VW Passat [AS] (PL)	47	757	46	176	535
Mazda SkyEnergy (PL)	47	1,018	692	198	128
Volvo S60 2.0 (PL)	35	1,012	751	221	40

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17. COMMITMENTS AND CONTINGENCIES

The following bank guarantees and guarantees of the parent company were issued to the benefit of the Company's business partners (in CZK thousands):

	31/ 12/ 2015	01/ 01/ 2014 prior to merger
Guarantees issued in the Alpiq Holding Group	2,592,745	2,303,530
Bank guarantees	1,966,856	1,759,910

18. REVENUES

The breakdown of revenues from ordinary activities is as follows (in CZK thousands):

	01/ 01/ 2014 – 31/ 12/ 2015	
	Domestic	Foreign
Sale of electricity	22,490,411	149,040,972
Sale of gas	356,641	1,402,263
Change in fair value of derivatives relating to electricity trading	-	468,851
Change in fair value of derivatives relating to gas trading	-	45,776
"Color" certificates and CO2 certificates trading	-	333,020
Other	123,010	379,804
Total revenues	22,970,062	151,670,686

Revenues from power and gas supplies classified as commodity derivatives are part of revenues from the sale of electricity and gas. They amounted CZK 108,568,562 thousand as at 31 December 2015. Costs billed with respect to these derivatives are recognized as cost of the goods sold. They amounted to CZK 108,657,382 thousand in the reporting period, i.e. in 2014 and 2015.

Summary of revenues and costs on commodity derivative trading (in CZK thousands):

	01/ 01/ 2014 – 31/ 12/ 2015	
	Domestic	Foreign
Revenues	11,938,806	96,629,756
Costs	(14,070,408)	(94,586,974)
Total margin	(2,131,602)	2,042,782

19. PERSONNEL AND RELATED EXPENSES

The breakdown of personnel expenses is as follows (in CZK thousands):

	01/ 01/ 2014 – 31/ 12/ 2015
Average number of employees	112
Wages and salaries	308,956
Social security and health insurance	69,877
Social cost	19,998
Total personnel expenses	398,831

Wages and salaries include also wages and salaries paid not only to employees in the Czech Republic but also in the Company branches in Hungary, Poland and Switzerland.

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20. RELATED PARTY INFORMATION

The members of statutory and supervisory bodies, directors and executive officers were granted no loans, guarantees, advances or other benefits in the reporting period from 1 January 2014 to 31 December 2015 and they do not hold any shares of the Company. The Company sells electricity and gas and provides services to related parties in the ordinary course of business. Sales were CZK 52,628,653 thousand in the reporting period from 1 January 2014 to 31 December 2015.

Short-term receivables from related parties as at 31 December were as follows (in CZK thousands):

Related party	31/ 12/ 2015	01/ 01/ 2014 prior to merger
Alpiq AG	2,489,129	2,470,681
Alpiq Management AG	-	777
Alpiq Holding Ltd.	7,985	278,721
Alpiq Energija Skopje DOOE	14,412	18,391
Atel Energy Lietuva AB*	-	202
Alpiq RomIndustries S.R.L.	66,072	365
Alpiq Energia Bulgaria Ltd.	1,150	1,438
Alpiq Energija (RS) d.o.o.	157,829	140,515
Alpiq Energija Hrvatska d.o.o.	19,072	17,487
Alpiq Energy Albania SH.P.K.	1,446	809
Alpiq Energy Ukraine LLC	623	411
Alpiq Management Services Ltd.	-	2,333
Alpiq Turkey Enerji Toptan Satis Ltd.	588	17,133
Alpiq Energija BH d.o.o.	48,762	1,496
Alpiq Generation (CZ) s.r.o.	18,282	29,976
Alpiq Csepel Kft.	20,948	-
Alpiq Energie France S.A.S.	1,933	-
PPC Bulgaria AD**	43,761	-
Total	2,891,992	2,980,735

*Atel Energy Lietuva AB merged with Alpiq Energy SE as at 1 January 2014

** Joint venture company

As at 31 December 2015 and 1 January 2014 prior to merger, short-term receivables from related parties included trade receivables from sales of electricity and gas, unbilled revenue representing unbilled supplies of electricity and gas, and other receivables comprising positive values of currency forwards and loans provided to sister companies in the amount of CZK 47,039 thousand. As at 31 December 2015 the cash pool account has a positive balance of CZK 116,952 thousand and is recognized within Receivables - controlling or controlled person in the accompanying balance sheet. The interest income on the cash pool account was CZK 327 thousand in the current year (1 January 2014 to 31 December 2015).

The Company purchases electricity and gas, receives services from related parties in the ordinary course of business, pays interest expense for using loans and fees for guarantees provided. Purchases were CZK 55,857,577 thousand in the period from 1 January 2014 to 31 December 2015.

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Short-term payables to related parties as at 31 December were as follows (in CZK thousands):

Related party	31/ 12/ 2015	01/ 01/ 2014 prior to merger
Alpiq AG	3,056,778	2,300,310
Alpiq Holding Ltd.	14,757	959,605
Alpiq Generation (CZ) s.r.o.	92,507	116,518
Alpiq Energija Skopje DOOE	9,742	4,006
Alpiq Energija Bulgaria Ltd.	2,632	2,358
Alpiq Energija Hrvatska d.o.o.	43,363	25,183
Atel Energija BH d.o.o.	2,579	2,779
Alpiq Energija (RS) d.o.o.	124,554	73,338
Alpiq RomIndustries S.R.L.	21,970	24,769
Alpiq Energy Albania SH.P.K.	1,849	1,823
Alpiq Turkey Enerji Toptan Satis Ltd.	443	-
Alpiq Csepel Kft.	66	-
Alpiq Energy Hellas S.A.	1,130	-
Total	3,372,370	3,510,689

In 2015, short-term payables to related parties included trade payables from sales of electricity and gas, unbilled deliveries representing unbilled supplies of electricity and gas and other liabilities comprising negative values of currency forwards.

Within the merger process, as at 1 January 2014 the Company assumed a short-term loan of CZK 13,864 thousand (EUR 500 thousand) extended by the ultimate parent company Alpiq Holding Ltd. The loan was redeemed on 31 January 2015. Interest expense in the amount of CZK 666 thousand is reported in the position interest expense in the accompanying income statement.

As at 1 January 2014 prior to merger, the position long-term liabilities – controlled or controlling person comprise a loan of CZK 1,014,725 thousand (EUR 37,000 thousand) from the ultimate parent company Alpiq Holding Ltd., which was redeemed on 28 May 2015. In the reporting period the loan bore interest rate of five-year SWAP 0.45% + 1.50%. The five-year SWAP may be adjusted quarterly if it changes by 0.5% from that originally referred. In 2014, it was reduced by 0.66% at the end of the first quarter and for another 0.52% at the end of the third quarter; it remained unchanged in 2015. Interest on the loans in the amount of CZK 29,837 thousand is reported at account interest expense in the accompanying income statement.

The interest expense recorded in the current period relating to the cash pool was CZK 1,605 thousand.

21. SIGNIFICANT ITEMS OF INCOME STATEMENT

The costs for services comprise, in particular, transmission fees and other costs related to power transmission. These costs amounted to CZK 1,183,412 thousand in 2014 and 2015. The remainder is attributable to IT services in the amount of CZK 98,513 thousand and other services in the amount of CZK 329,466 thousand.

In the reporting period, taxes and fees totaled CZK 42,319 thousand of which the largest portion is attributable to franchise and license fees in the amount of CZK 36,577 thousand. Other taxes and fees amount to CZK 5,742 thousand.

In 2014 and 2015, other operating expenses in the total amount of CZK 10,006 thousand represent fines and penalties for late payment of CZK 1,580 thousand, write-off of receivables of CZK 5,167 thousand comprised of CZK 4,872 thousand related to termination of insolvency proceedings and approval by court to liquidate the Company in Hungary and CZK 295 thousand related to discontinuance of insolvency proceedings in the Czech Republic, and also CZK 3,258 thousand related to insurance costs, costs for IT technologies and servicing.

Other operating revenues in the total amount of CZK 71,194 thousand consist of revenues from contractual fines/compensation for the failure to meet the terms and conditions of power supply contracts amounting to CZK 31,738 thousand, revenues of CZK 4,648 thousand related to liabilities written off due to legislative changes, revenues of CZK 31,512 thousand related to refund of VAT claimed for a receivable already written off and other revenues in the amount of CZK 3,296 thousand.

Revenues from other long-term securities and interest consist of dividend of CZK 61 thousand (RON 10 thousand) received from Alpiq RomEnergie S.r.l. in which the Company has a 0.1% interest.

Other financial income and expense include mainly exchange rate gains and losses and gains and losses on derivative transactions that are recognized net (see Note 3).

22. SUBSEQUENT EVENTS

On 21 January 2016 procurators Laura Feleki, Fabio Marcin and Petr Radina were deleted from the Commercial Register. On 5 March 2016 procurator Koryun Shahbazyan was deleted from the Commercial Register.

On 21 January 2016 the information was added in the Commercial Register entry regarding the manner of acting, specifically that in compliance with Section 164 para. 3 of Act No. 89/20012 Coll., the Civil Code the Board of Directors' chairman is authorized to carry out legal acts with respect to Company employees.

ALPIQ ENERGY SE received a license for electricity traders in Serbia on 22 January 2016.

After the closing date, the company is also facing significant changes in the market prices of electricity and gas, which can affect the amount of the future portfolio.



On 5 March 2016 the extension of terms for another 6 years for the Board of Directors' member Peter Dworak was recorded in the Commercial Register.

ALPIQ ENERGY SE

Financial Statements for the year ended 31 December 2015

23. STATEMENT OF CASH FLOWS (SEE APPENDIX 1)

The cash flow statement was prepared under the indirect method.

Prepared on:	Signature of accounting unit's statutory body:
27 May 2016	 Peter Dworak
	 Zdeněk Čihák

ALPIQ ENERGY SE as at 31.12.2015

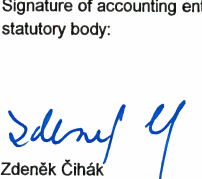

Czech Statutory Financial Statement Forms (in thousands of Czech crowns)
(Translation of financial statements originally issued in Czech - see Note 2 to the financial statements)

Appendix 1

CASH FLOW STATEMENT

For the year ended 31.12.2015

		Current year 01.01.2014 - 31.12.2015
Cash flows from operating activities		
Z.	Profit or loss on ordinary activities before taxation (+/-)	288 674
A. 1.	Adjustments to reconcile profit or loss to net cash provided by or used in operating activities	(464 021)
A. 1. 1.	Depreciation and amortization of fixed assets and write-off of receivables	43 190
A. 1. 2.	Change in allowances	(10 626)
A. 1. 3.	Change in provisions	(14 716)
A. 1. 4.	Foreign exchange differences	2 590
A. 1. 5.	(Gain)/Loss on disposal of fixed assets	(652)
A. 1. 6.	Interest expense and interest income	24 359
A. 1. 7.	Other non-cash movements (e.g. revaluation at fair value to profit or loss, dividends received)	(508 166)
A*	Net cash from operating activities before taxation, changes in working capital and extraordinary items	(175 347)
A. 2.	Change in non-cash components of working capital	1 125 725
A. 2. 1.	Change in inventory	49 470
A. 2. 2.	Change in trade receivables	3 535 009
A. 2. 3.	Change in other receivables and in prepaid expenses and unbilled revenue	(2 689 355)
A. 2. 4.	Change in trade payables	(2 730 754)
A. 2. 5.	Change in other payables, short-term loans and in accruals and deferred income	2 961 354
A**	Net cash from operating activities before taxation, interest paid and extraordinary items	950 377
A. 3. 1.	Interest paid	(30 852)
A. 4. 1.	Tax paid	(3 286)
A. 5. 1.	Gains and losses on extraordinary items	
A***	Net cash provided by (used in) operating activities	916 239
Cash flows from investing activities		
B. 1. 1.	Purchase of fixed assets	(12 135)
B. 2. 1.	Proceeds from sale of fixed assets	579
B. 3. 1.	Loans granted	156 787
B. 4. 1.	Interest received	6 493
B. 5. 1.	Dividends received	61
B***	Net cash provided by (used in) investing activities	151 785
Cash flows from financing activities		
C. 1. 1.	Change in long-term liabilities and long-term, resp. short-term, loans	(1 014 725)
C. 2. 1.	Effect of changes in basic capital on cash	
C. 2. 2.	Dividends or profit sharing paid	
C. 2. 3.	Effect of other changes in basic capital on cash	11 435
C***	Net cash provided by (used in) financing activities	(1 003 290)
F.	Net increase (decrease) in cash	64 734
P.	Cash and cash equivalents at beginning of year	454 368
R.	Cash and cash equivalents at end of year	519 102

Prepared on:	Signature of accounting entity's statutory body:	
27.5.2016	 Zdeněk Čihák	 Peter Dworak

Report on relations between the controlling person and the controlled person and between the controlled person and other persons controlled by the same controlling person for the period from 1 January 2014 to 31 December 2015

This report on relations between the controlling person and the controlled person and between the controlled person and other persons controlled by the same controlling person (hereinafter the "Report on Relations") was prepared by *ALPIQ ENERGY SE (a European company), with its registered office located at Rohanské nábřeží 670/19, 186 00 Prague 8, Company Identification No. (IČO) 284 77 090, registered in the Commercial Register maintained in Prague under file No. H81* (hereinafter the "Company" or the "Controlled Person") pursuant to Section 82 of Act No. 90/2012 Coll., on Business Corporations (hereinafter the "Business Corporations Act") for the period from 1 January 2014 to 31 December 2015 (hereinafter the "Accounting Period"). In preparing this Report on Relations, the Company's statutory body used the understanding and information available to the members of the statutory body as at the date of preparation of this Report. This Report on Relations constitutes an inseparable part of the Company's Annual Report for the period from 1 January 2014 to 31 December 2015.

1. Structure of relations between related parties

Throughout the Accounting period, the Company was a member of the Alpiq Group. The Company's shareholder holding a 100% interest is Alpiq AG (the "Controlling Person"). The ultimate parent company is Alpiq Holding AG, established under the laws of the Swiss Confederation, with the seat Lausanne, Chemin de Mornex 10, CH 1003, Switzerland, recorded in commercial register of Canton Vaud under identification number CH-400-3923145-9 (hereinafter „Alpiq Holding AG"). Alpiq Holding AG is the sole shareholder of Alpiq AG and indirectly controls the Company.

1.1. Brief description of the Controlled Person and the Controlling Person:

Controlled Person

Business name: ALPIQ ENERGY SE
Registered office: Rohanské nábřeží 670/19, 186 00 Prague 8
Identification No.: 284 77 090
Legal form: European company

Controlling Person

Until 24 June 2014:

Business name: Alpiq Central Europe AG
Registered office: Niedergösgen, Oltnerstrasse 63, post code 5013, the Swiss Confederation
Identification No.: CHE-101.562.749
Legal form: joint-stock company
The company was established under the laws of the Swiss Confederation.

From 24 June 2014:

Business name: Alpiq AG
Registered office: Olten, Bahnhofquai 12, post code 4600, the Swiss Confederation
Identification No.: CH-105.974.401
Legal form: joint-stock company
The company was established under the laws of the Swiss Confederation.

Indirectly controlling Person (ultimate parent company of group Alpiq):

Business name: Alpiq Holding AG
Registered office: Lausanne, Chemin de Mornex 10, post code 1003, the Swiss
Confederation
Identification No.: CH-400.3.923.145-9
Legal form: joint-stock company
The company was established under the laws of the Swiss Confederation.

1.2. Companies controlled by the same Controlling Person and having contractual obligations with the Company in the Accounting Period

Alpiq Energija Bulgaria EOOD, established and existing under the laws of Bulgaria, with its registered office located at Pozitamo Sqr 2, 1303 Sofia, Bulgaria (hereinafter „Alpiq Energija Bulgaria EOOD“), with Alpiq AG being the sole shareholder;

Alpiq Energie France SAS, established and existing under the laws of France, with its registered office located at 127 avenue Charles de Gaule, 92200 Neuilly sur Seine, France (hereinafter „Alpiq Energie France SAS“), with Alpiq AG being the sole shareholder;

Alpiq Energija RS doo Beograd, established and existing under the laws of Serbia, with its registered office located at Bulevar Zorana Djindjica 64, 11070 Beograd, Serbia (hereinafter „Alpiq Energija RS doo Beograd“), with Alpiq AG being the sole shareholder;

Alpiq Energija BH d.o.o., established and existing under the laws of Bosnia and Herzegovina, with its registered office located at Street Kaptol 5/2, 71000 Sarajevo, Bosnia and Herzegovina (hereinafter „Alpiq Energija BH d.o.o.“), with Alpiq AG being the sole shareholder;

Alpiq Energija Hrvatska d.o.o., established and existing under the laws of Croatia, with its registered office located at Vijenac 7, 100 00 Zagreb, Croatia (hereinafter „Alpiq Energija Hrvatska d.o.o.“), with Alpiq AG being the sole shareholder;

Alpiq Energy Albania SHPK, established and existing under the laws of Albania, with its registered office located at str. Deshmoret E4 Shkurtit, Sky Tower BLDG 3/4, 1031 Tirana, Albania (hereinafter „Alpiq Energy Albania SHPK“), with Alpiq AG being the sole shareholder;

Alpiq Energy Hellas SA, established and existing under the laws of Greece, with its registered office located at 179 Sygrou Av., 171 21 Athens, Greece (hereinafter „Alpiq Energy Hellas SA“), with Alpiq AG being the majority shareholder (94.97%) and Panos Zeritis holding the remaining 5.03% interest (a natural person residing in Greece);

Alpiq Energy Ukraine LLC, established and existing under the laws of Ukraine, with its registered office located at 25-B, P. Sagaydachnogo str., 04070 Kiev, Ukraine (hereinafter „Alpiq Energy Ukraine LLC“), with Alpiq AG being the majority shareholder (99%) and Alpiq Energy SE holding the remaining 1% interest;

Alpiq Generation (CZ) s.r.o., established and existing under the laws of the Czech Republic, with its registered office located at Dubská 257, 27203 Kladno – Dubí, the Czech Republic (hereinafter „Alpiq Generation (CZ) s.r.o.“), with Alpiq AG being the sole shareholder;

Alpiq ROMINDUSTRIES S.R.L., established and existing under the laws of Romania, with its registered office located at Str. Washington, Nr.1, Sector 1, Etaj 1, 011792 Bucharest, Romania (hereinafter „Alpiq ROMINDUSTRIES S.R.L.“), with Alpiq AG being the sole owner;

Alpiq RomEnergie S.R.L., established and existing under the laws of Romania, with its registered office located at Str. Washington, nr. 1, Sector 1, Etaj 1, 011792 Bucharest, Romania (hereinafter „Alpiq RomEnergie S.R.L.“), with Alpiq AG being the majority shareholder (99.9%) and Alpiq Energy SE holding the remaining 0.1% interest;

Atel Energy Romania S.R.L., established and existing under the laws of Romania, with its registered office located at Camera nr.1, Etaj 2, Ap.4, Str. Nicolae Caramfil 43, Bucuresti Sectorul 1, Romania (hereinafter „Atel Energy Romania S.R.L.“), with Alpiq AG being the majority shareholder (90%) and Alpiq Energy SE holding the remaining 10% interest;

ALPIQ TURKEY ENERJI TOPTAN SATIŞ LTD. ŞTİ., established and existing under the laws of Turkey, with its registered office located at Valikonağı Cad. No. 70, Ayaz Aptartmani Kat. 4/11, 343 65 Teşvikiye - Şişli İstanbul, Turkey (hereinafter „ALPIQ TURKEY ENERJI TOPTAN SATIŞ LTD. ŞTİ.“), with Alpiq AG being the majority shareholder (93%) and Alpiq Energy SE holding the remaining 7% interest;

Alpiq Energija Skopje d.o.o.e., established and existing under the laws of Macedonia, with its registered office located at Albert Ajnštajn 4/1, 1000 Skopje, Macedonia (hereinafter „Alpiq Energija Skopje d.o.o.e.“), with Alpiq AG being the sole owner;

Alpiq Csepel Kft., established and existing under the laws of Hungary, with its registered office located at Kálvin tér 12, 1085 Budapest, Hungary (hereinafter „Alpiq Csepel Kft.“), with Alpiq AG being the sole owner;

Alpiq Energija Lietuva AB (before the change of legal form Alpiq Energija Lietuva UAB), established under laws of Lithuania, with its registered office located Lvovo 25, Vilnius, Lithuania (hereinafter „Alpiq Energija Lietuva AB“), with Alpiq AG being the sole owner. On 1 February 2015, Alpiq Energija Lietuva AB was dissolved by cross-border merger acquisition and the successor company is Alpiq Energy SE. The effective date of merger was 1 January 2014;

PPC Bulgaria AD, joint venture company, established and existing under the laws of Bulgaria, with its registered office located at Pozitamo Sqr 2, Triaditsa District, Sofia 1000, Bulgaria (hereinafter „PPC Bulgaria“), with Public Power Corporation S.A. being the majority shareholder (85%) and Alpiq AG holding the remaining 15% interest.

The Controlled Person with brief description provided in Article 1.1. is acquainted with the Controlling Person with brief description also provided in Article 1.1. and other persons controlled by the same Controlling Person.

2. The Company's role in the relationships between the Company and other persons controlled by the same Controlling Person (hereinafter the "Related Parties")

The Company is an electricity and gas trader. The Company's licensed activities in line with its business strategy comprise purchases and sales of the above commodities to Related Parties stipulated in Article 1.2 and to the Controlling Person stipulated in Article 1.1.

In addition, the Company is an supporting service provider to Related Parties in various fields (accounting, reporting, risk management, controlling, portfolio management, scheduling, administrative support, invoicing, payments, IT, etc.), and has a significant position in determining the business strategies in Related Parties; see more details under letter a.) below. The Company receives for the provided services the remuneration,; see more details under letter b.) below.

In the period under review, the Controlled Person provided the following supplies to the Controlling Person and/or to other Related Parties (letter a.)) and received the following counter supplies from the Related Parties (letter b.)):

a.) Types of supplies provided by the Controlled Person:

1. Providing of supporting and consulting services in various fields as accounting and taxes, invoicing, payments, risk management, electricity supply scheduling, controlling, reporting, budget and portfolio management.
2. Interest under cash pooling agreement.
3. Electricity and gas supply under power purchase and supply contracts.
4. Resale of capacities for cross border electricity flows.
5. Strategic and local services.
6. IT support and consulting services.
7. Providing of loans.

b.) Counter supplies provided by the Controlling Person or by persons controlled by the same Controlling Person:

1. Remuneration under accounting and tax administration, invoicing, payments, risk management, electricity supply scheduling, controlling, reporting, budget and portfolio management support agreement.

2. Remuneration and electricity and gas supply under power and gas purchase and supply contracts.
3. Remuneration and fees under strategic and local services agreement.
4. Remuneration under IT services agreement.
5. Remuneration in the form of interest under loan agreement.
6. Remuneration in the form of interest under cash pooling agreement.
7. Remuneration for the resale of cross border capacities..

The Company is the ultimate Controlled Person controlled by Alpiq AG; no other legal entities are indirectly controlled or managed through the Company.

3. Method and means of control

The Company is subject to single management by Alpiq AG with which the Company forms a concern pursuant to Section 79 of the Business Corporations Act. Single management is particularly exercised through regular meetings of the Company's statutory body members with Alpiq AG management and the methodologies and guidelines issued by Alpiq AG that are reflected in the Company's internal rules and regulations.

Alpiq AG also asserts the interests of the concern by exercising the rights of the sole shareholder exercising the powers of the General Meeting, particularly by electing and recalling members of the Company's bodies and approving their remuneration. As a result of its control, Alpiq AG is able, to a certain extent, to change the Company's Memorandum of Association. In addition, under the Memorandum of Association, certain explicitly stipulated legal actions that do not constitute regular day-to-day business management require prior consent of the sole shareholder exercising the powers of the General Meeting.

4. Overview of actions taken in the past accounting period at the initiative or in the interest of the Controlling Person or the entities controlled by the Controlling Person, where such actions concerned assets exceeding 10% of the Company's equity

In the Accounting Period, the following actions were taken at the initiative or in the interest of the directly or indirectly controlling person, i.e. Alpiq AG or Alpiq Holding AG, or in the interest of persons controlled by the Controlling Person, that concerned the Company's assets exceeding 10% of equity (determined from the last annual financial statements, i.e. the Financial Statements for 2013):

Types of action	Counterparty	Performance
Repayment of loan (principal) of EUR 37,000,000 pursuant to contract of 27.02.2012	Alpiq Holding Ltd.	Repayment of liability in the form of a loan/principal in 3 installments: EUR 20,000,000 on 30.01.2015 EUR 15,000,000 on 13.05.2015 EUR 2,000,000 on 28.05.2015
Sale of electricity pursuant to frame contract (EFET) of 01.01.2010	Alpiq AG	Sale of electricity in amount of: 45,655,803,375 CZK
Purchase of electricity pursuant to frame contract (EFET) of 01.01.2010	Alpiq AG	Purchase of electricity in amount of: 46,417,990,706 CZK
Sale of gas pursuant to frame contract (EFET) of 01.10.2014	Alpiq AG	Sale of gas in amount of: 959,452,593 CZK

Purchase of electricity pursuant to frame contract (EFET) of 01.10.2014	Alpiq AG	Purchase of electricity in amount of: 993,110,521 CZK
Sale of electricity pursuant to frame contract (EFET) of 01.01.2010	Alpiq Energija Hrvatska d.o.o.	Sale of electricity in amount of: 249,838,554 CZK
Purchase of electricity pursuant to frame contract (EFET) of 01.01.2010	Alpiq Energija Hrvatska d.o.o.	Purchase of electricity in amount of: 1,088,545,573 CZK
Sale of electricity pursuant to frame contract (EFET) of 01.03.2014	Alpiq Energy Hellas SA	Sale of electricity in amount of: 810,812,846 CZK
Sale of electricity pursuant to frame contract of 12.02.2004	Alpiq Generation (CZ) s.r.o.	Sale of electricity in amount of: 942,186,490 CZK
Purchase of electricity pursuant to frame contract of 12.02.2004	Alpiq Generation (CZ) s.r.o.	Purchase of electricity in amount of: 4,669,302,455 CZK
Sale of electricity pursuant to frame contract (EFET) of 01.11.2013	Alpiq ROMINDUSTRIES S.R.L.	Sale of electricity in amount of: 1,044,428,414 CZK
Purchase of electricity pursuant to frame contract (EFET) of 01.11.2013	Alpiq ROMINDUSTRIES S.R.L.	Purchase of electricity in amount of: 450,881,129 CZK
Sale of electricity pursuant to frame contract (EFET) of 05.10.2011	Alpiq Energija Skopje d.o.o.e.	Sale of electricity in amount of: 183,655,710 CZK
Sale of electricity pursuant to frame contract (EFET) of 31.01.2012	ALPIQ TURKEY ENERJI TOPTAN SATIŞ LTD. ŞTI.	Sale of electricity in amount of: 358,988,430 CZK
Sale of electricity pursuant to frame contract (EFET) of 21.09.2007	Alpiq Energija RS doo Beograd	Sale of electricity in amount of: 2,029,327,368 CZK
Purchase of electricity pursuant to frame contract (EFET) of 21.09.2007	Alpiq Energija RS doo Beograd	Purchase of electricity in amount of: 1,937,844,918 CZK
Sale of electricity pursuant to frame contract of 01.03.2015	PPC Bulgaria AD	Sale of electricity in amount of: 170,054,633 CZK

5. Overview of contracts and agreements between Related Parties

The following contracts and agreements between the Controlled Person and the Controlling Person and/or other Related Parties were effective in the Accounting Period:

1. Consulting agreements with related parties on accounting and tax, risk management, electricity supply scheduling, controlling, budget and portfolio management in Alpiq Energija RS d.o.o., Alpiq Energija BH d.o.o. and Alpiq RomIndustries S.R.L. concluded on 15 April 2010 with effect from 1 March 2010 for an indefinite period of time;
2. Consulting agreement on accounting and tax, risk management, electricity supply scheduling, controlling, budget and portfolio management with related party Alpiq Energy Lietuva UAB (after the change of legal form Alpiq Energija Lietuva AB), concluded on 8 April 2011 with effect from 1 January 2011 for an indefinite period of time. This agreement terminated due to merger on 1 February 2015;

3. Consulting agreement on accounting and tax, risk management, electricity supply scheduling, controlling, budget and portfolio management with related party Alpiq Turkey Enerji Toptan Satis Ltd., concluded on 18 March 2013 with effect from 1 January 2012 for an indefinite period of time;
4. Consulting agreement on administrative support and portfolio management with related party Alpiq Energija Hrvatska d . o . o., concluded on 25 April 2013 with effect from 1 January 2012 for an indefinite period of time;
5. Consulting agreement on accounting, reporting, controlling, tax and administrative support with the controlling person Alpiq AG, concluded on 1 October 2014 with effect from 1 July 2014 for an indefinite period of time;
6. Consulting agreement on accounting and tax, risk management, electricity supply scheduling, controlling, budget and portfolio management with related party Alpiq Energija Skopje d.o.o.e., concluded on 13 December 2012 with effect from 1 January 2012 for an indefinite period of time;
7. Consulting agreement on electricity trading concluded with related party Alpiq Energy Hellas A.E. on 30 April 2009 with effect from 1 April 2009 for an indefinite period of time;
8. Consulting agreement on accounting, reporting, and administrative support with the controlling person Alpiq Central Europe AG, concluded on 28 January 2013 with effect from 1 September 2011 for an indefinite period of time;
9. Consulting services agreements on accounting and tax, controlling, risk management and administrative support with related parties Alpiq Energia Bulgaria EOOD and Atel Energy Romania S.R.L.. Contracts were concluded by legal predecessor of the Company on 1 August 2007 and 29 October 2007, respectively, with effect from 1 January 2007 for an indefinite period of time;
10. Consulting services agreement with related party Alpiq Generation (CZ) s.r.o. concluded on 30 June 2010 with effect from 1 January 2010;
11. IT, HR and Facility management services agreement concluded on 16 January 2014 with the controlling person, Alpiq AG, for the period from 1 January 2014 to 31 December 2014;
12. MAXIMO software consulting services agreement concluded with the controlling person, Alpiq AG, with effect from 1 May 2010 for an indefinite period of time;
13. Cash-pooling agreement with Alpiq Holding Ltd. The agreement is effective from 5 March 2012 for an indefinite period of time;
14. Framework contract (EFET) on gas purchase and supply concluded with controlling person Alpiq AG, with effect from 1 October 2014 for an indefinite period of time;
15. Framework contract (EFET) on power purchase and supply concluded with legal predecessor of controlling person Alpiq AG, with effect from 1 January 2010 for an indefinite period of time;
16. Framework contract (EFET) on power purchase and supply concluded with related party Alpiq RomIndustries S.R.L., with effect from 1 November 2013 for an indefinite period of time;
17. Framework contract (EFET) on power purchase and supply concluded with related party Alpiq Turkey Enerji Toptan Satis Ltd., with effect from 31 January 2012 for an indefinite period of time;
18. Framework contract (EFET) on power purchase and supply concluded with related party Alpiq Energia Bulgaria EOOD, with effect from 29 January 2010 for an indefinite period of time;
19. Framework contract (EFET) on power purchase and supply concluded with related party Alpiq Energija BH d.o.o., with effect from 29 January 2010 for an indefinite period of time;
20. Framework contract (EFET) on power purchase and supply concluded with related party Alpiq Energija RS d.o.o., with effect from 29 January 2010 for an indefinite period of time;
21. Framework contract (EFET) on power purchase and supply concluded with related party Alpiq Energija Hrvatska d.o.o, with effect from 1 January 2010 for an indefinite period of time;

22. Framework contract on power purchase and supply concluded between legal predecessors of Alpiq Energy SE and Alpiq Generation (CZ) s.r.o., with effect from 12 February 2004 for an indefinite period of time;
23. Framework contract (EFET) on power purchase and supply concluded with related party Alpiq Energy Hellas S.A., with effect from 1 March 2014 for an indefinite period of time;
24. Framework contract (EFET) on power purchase and supply concluded with related party Alpiq Energija Skopje d.o.o.e., with effect from 5 October 2010 for an indefinite period of time;
25. Framework contract on power purchase and supply concluded with majority shareholder (Public Power Corporation S.A.) of related party PPC Bulgaria AD, with effect from 1 March 2015 for an indefinite period of time;
26. Agreements between related parties on strategic services and local services in Alpiq Energija RS d.o.o., Alpiq Energija BH d.o.o., Alpiq Energija Hrvatska d.o.o., Alpiq Energy Albania SH.P.K. and Alpiq Energija Skopje d.o.o.e.. Agreements are effective from 1 January 2012 for an indefinite period of time;
27. Service agreement for mediating access to the Romanian OPCOM exchange with related party, Alpiq RomIndustries S.R.L., on 1 May 2013 for a period from 1 January 2013 to 31 May 2014;
28. IT service agreement concluded on 26 March 2014 with the controlling person, Alpiq AG. The agreement is effective from 1 January 2012 for an indefinite period of time;
29. IT support agreement concluded with the controlling person, Alpiq AG, on 13 December 2013 for a period from 1 January 2014 to 31 December 2014 and for a period from 1 January 2015 to 31 December 2015. A special addendum applies to each period;
30. Service agreement on consulting and other services connected with access to the Bulgarian electricity market concluded on 18 October 2013 with related party Alpiq Energia Bulgaria EOOD for an indefinite period of time from 1 January 2013;
31. Transfer agreement on a loan provided to the controlled person to be transferred from the original provider, sister company Alpiq Western Europe S.a. r.l., to a new provider, related party Alpiq Holding Ltd. The agreement was concluded on 18 December 2013 with the loan maturity on 31 March 2017. The principal and interest were fully repaid in 2015;
32. IT service agreement concluded on 17 August 2015 with the controlling person, Alpiq AG. The agreement is effective from 1 January 2014 for an indefinite period of time;
33. Consulting agreement on accounting, administrative support and payments concluded on 31 December 2015 with related party Alpiq Energie France S.A.S. for an indefinite period of time from 1 March 2015;
34. Loan agreement with related party Alpiq Energy Albania SH.P.K. concluded on 2 November 2011 with effect from 30 June 2010 for an indefinite period of time;
35. Loan agreement with related party Alpiq Energy Ukraine LLC concluded on 5 November 2012 with effect from 15 May 2013 for an indefinite period of time;
36. Loan agreement with related party Alpiq Energija BH d.o.o. concluded on 3 April 2015 with effect from 7 April 2015 for an indefinite period of time;
37. Commodity hedging contract (gas) with related party Alpiq Csepel Kft. Concluded on 4 August 2015 with effect from 1 September 2015 to 31 March 2016;
38. Consulting agreement on accounting, administrative support, payments, invoicing, controlling, risk management, scheduling, portfolio management and legal support concluded on 3 September 2014 with related party PPC Bulgaria AD for an indefinite period of time from 3 September 2014;
39. Hedging frame contract (ISDA) concluded on 24 August 2014 with ultimate parent company of whole group, Alpiq Holding AG, for an indefinite period of time from 1 September 2014.

6. Assessment of damage or detriment suffered, if any, and its settlement and evaluation of advantages or disadvantages and risks, if any, resulting from the relations between the Related Parties.

a. Assessment of damage or detriment suffered as a result of the relations between Related Parties

The Company declares that in the Accounting Period from 1 January 2014 to 31 December 2015 the Company was not engaged in any transactions with Related Parties other than those described above that would have a significant impact on the Controlled Person or cause damage or detriment to the Controlled Person that might require settlement.

All disclosed transactions with Related Parties were carried out on an arm's length basis.

b. Evaluation of advantages and disadvantages resulting from the relations between Related Parties

The Company's statutory body further declares that the Company's advantages as member of the concern, Alpiq Group, prevail, including, in particular, the Company's financial stability resulting from cash-pooling and diversification of risk thanks to the opportunity to operate, via the concern, in various Central and Eastern European markets. The Company can moreover use the concern brand and logo Alpiq.

c. Evaluation of risks involved in the relations between Related Parties

The Company did not identify any material risks resulting from the relations between Related Parties.


7. Lack of information necessary for the preparation of the Report on Relations

The Company declares that Alpiq Group comprises more than one hundred and seventy related parties incorporated and existing under the laws of various world countries. Pursuant to Section 82(3) of the Business Corporations Act, the Controlled Person declares that given the circumstances and acting with due care, the dominant entity was requested to provide information on the complete structure of relations between related parties, including the ownership interests therein of the dominant entity or indirectly controlling person or other related parties.

This Report on Relations was prepared by the Controlled Person's statutory body as at 31 March 2016.

In Prague, on 31 March 2016


.....
ALPIQ ENERGY SE
Zdeněk Čihák
Chairman of the Board of Directors


.....
ALPIQ ENERGY SE
Peter Dworak
Member of the Board of Directors

(Translation of a report originally issued in Czech - see Note 2 to the financial statements.)

INDEPENDENT AUDITOR'S REPORT

To the Shareholder of ALPIQ ENERGY SE:

We have audited the accompanying financial statements of ALPIQ ENERGY SE, which comprise the balance sheet as at 31 December 2015, and the income statement and statement of cash flows for the period from 1 January 2014 to 31 December 2015, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information. For details of ALPIQ ENERGY SE, see Note 1 to the financial statements.

Management's Responsibilities for the Financial Statements

Management is responsible for the preparation and presentation of financial statements that give a true and fair view in accordance with accounting principles generally accepted in the Czech Republic, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibilities

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including an 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 of financial statements that give a true and fair view 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

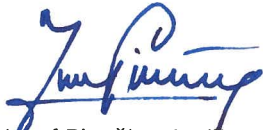
In our opinion, the financial statements give a true and fair view of the financial position of ALPIQ ENERGY SE, as at 31 December 2015, and its financial performance and its cash flows for the period from 1 January 2014 to 31 December 2015 in accordance with accounting principles generally accepted in the Czech Republic.

Other Information

Other information comprises information included in the annual report other than the financial statements and our auditor's report thereon. Management is responsible for the other information.

Our opinion on the financial statements does not cover the other information included and we do not express any form of assurance conclusion thereon. In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated and whether the annual report has been prepared in accordance with applicable law or regulation. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Ernst & Young Audit, s.r.o.
License No. 401



Josef Pivoňka, Auditor
License No. 1963

27 May 2016
Prague, Czech Republic