

UNAUDITED INTERIM FINANCIAL REPORT

**FOR THE REPORTING PERIOD FROM
1 JANUARY 2016 TO 30 JUNE 2016**

OF

ALPIQ ENERGY SE

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

Unaudited Interim Financial Report
prepared based on Alpiq Group Reporting held according to IFRS

ALPIQ ENERGY SE

BALANCE SHEET as of 30.06.2016
in TEUR

	30.06.2016
Tangible Fixed Assets	366
Intangible Assets	13
Financial Investments	275
Deferred tax credits	1,525
Fixed Assets	2,179
Cash	22,517
Receivables and Inventory	213,914
Accrued Assets	24,813
Current Assets	261,244
TOTAL ASSETS	263,423
Basic capital	7,000
Statutory and other funds	521
Retained earnings	41,061
Net income for the current period	-15,039
Currency differences (cons.)	-1,790
Shareholders Equity incl. minority interest	31,753
LONG-TERM PROVISIONS	2,855
Deferred tax debits	777
LONG-TERM LIABILITIES	50
PAYABLES AND OTHER LIABILITIES	188,350
DEFERRED EXPENSES	37,448
SHORT-TERM PROVISIONS	2,190
SHORT-TERM LIABILITIES	227,988
Liabilities and Equity	263,423

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ALPIQ ENERGY SE

INCOME STATEMENT for the period 01.01. - 30.06.2016

in TEUR

	1-6/2016
TOTAL NET TURNOVER	565,908
Other operating income third parties	53
Other operating income	1,313
TOTAL INCOME	567,274
TOTAL PROCUREMENT	-565,398
TOTAL TRANSMISSION COSTS THIRD	-7,809
Wages and salaries	-4,412
Capital and other taxes	-9
Other operating expenses	-3,038
EBITDA	-13,392
Amortisation of fixed&intangible assets	-98
Loss from sale of fixed&intangible assets	-8
EBIT	-13,498
FINANCIAL INCOME/EXPENSES	-598
PROFIT BEFORE TAX	-14,096
INCOME TAX EXPENSE	-943
NET PROFIT After Min. and profit/loss transfer	-15,039

ALPIQ ENERGY SE

Rohanské nábřeží 670/19

186 00 Praha 8

IČ 284 77 090

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ALPIQ ENERGY SE

**CASH FLOW STATEMENT for the period 01.01.-30.06.2016
in TEUR**

	1-6/2016
Profit bef. finance and income tax (EBIT)	-13,498
Depreciation of fixed, intang. & financial assets	98
Increase (+) / decrease (-) provisions	1,638
Gain/Loss from sale of fixed and intangible assets	-2
Non-cash change in fair value of deriv.fin.instr.	5,577
Interest paid	-23
Interest received	42
Other financial expense	-145
Other financial income	159
Income taxes paid	-710
Change in working capital	9,075
CASH FLOW FROM OPERATING ACTIVITIES	2,211
CASH FLOW FROM INVESTMENT ACTIVITIES	-98
CASH FLOW FROM FINANCIAL ACTIVITIES	0
Changes resulting from currency translation	-92
CHANGE IN CASH	2,021
Cash at beginning of year	20,496
Cash at end of reporting period	22,517
Change	2,021

ALPIQ ENERGY SE


Rohanské nábřeží 670/19

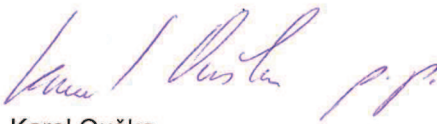
186 00 Praha 8

IČ 284 77 090

②

In Prague, 01 August 2016


Marie Adamová
Procurator


Karel Ouška
Procurator

ALPIQ ENERGY SE
Rohanské nábřeží 670/19
186 00 Praha 8
IČ 284 77 090
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UNAUDITED INTERIM ACTIVITY REPORT

**FOR THE REPORTING PERIOD FROM
1 JANUARY 2016 TO 30 JUNE 2016**

OF

ALPIQ ENERGY SE

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

1. GENERAL INFORMATION

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.).

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 30 June 2016

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
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 Czech 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 Company has foreign branches in Hungary, Poland, Romania and Switzerland. The Company has a permanent establishment in Lithuania.

3. BUSINESS PERFORMANCE

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.

In the first half year of 2016 the Company continues in developing its electricity and gas trading business in the region of Central and East Europe. The Company started 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 in 2015, 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 2016 the Company is facing significant changes in the market prices of electricity and gas. Increased volatility on electricity and gas market on both forward and spot and price movement deviations from fundamental expectations making the prediction and strategies more difficult and were the main factor resulting in the losses in the first half year of 2016.

The Company financial result was also negatively influenced by worsening value of portfolio for the year 2017 and consequent recognition of provision in the amount of EUR 2 million.

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.

4. SIGNIFICANT CHANGES

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.

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.

On 16 June 2016 the Company decided in the closing of its branch ALPIQ ENERGY SE, o. z. in Slovakia.

On 27 July 2016 procurator Karel Ouška was recorded in the Commercial Register. On the same date Nebojsa Bogdanovic was deleted from the Commercial Register.

5. DESCRIPTION OF MAJOR RISKS AND UNCERTAINTIES

The risks the Company is exposed to stem from its primary business activity being forward energy trading with electricity, gas and related commodities.

The Company is exposed to the following risks:

Market risk:

Market risk is the risk that the value of an investment will change due to changes in market factors. Such factors comprise for instance macroeconomic and political instability and volatility on the financial markets, i.e. from fluctuations of market prices, interest rates, exchange rates, commodity prices, and equity.

Energy and gas price fluctuations

The principal activity of the Company is forward trading and distribution of electricity and gas. Thus, it is influenced by the changes in market prices of those commodities. Degree of such impacts depends on the open position of the Company. The risk management is done by setting limits on value at risk and profit at risk, as well as by making business decisions based on the detailed market analysis and thorough knowledge and understanding of fundamental market factors.

Interest rate risk

Interest rate risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in interest rates. The Company is exposed to the interest rate risk due to its loans drawn as well as provided. It is the Company policy to use as much as possible loans with fixed interest rates.

Foreign currency risk

Foreign currency risk is the risk that the fair value of future cash flows of financial instruments will fluctuate because of changes in foreign currency exchange rates. The Company's exposure to the risk of changes in foreign currency exchange rates relates primarily to the Company's operating activities (when revenue or expenses are denominated in a different currency from the Company's functional currency).

The Company manages its foreign currency exposure primarily by a natural hedging, i.e. by matching assets and liabilities in foreign currencies and using its offsetting effect in terms of the foreign exchange risk. The remaining balance is then hedged using primarily derivative instruments like FX forwards and swaps. Those are concluded with the ultimate parent company Alpiq Holding A.G.

Credit risk

Credit risk includes risk that a counterparty will not settle their obligations arising from financial instruments or contracts, leading to financial losses. The level of a credit risk depends on the general credit risk of the relevant party's country as well as the risks directly originating from the relevant party. The Company is exposed to credit risk from operating activities (mainly on the basis of receivables and borrowings) and from financing activities, including deposits with banks and financial institutions, foreign currency transactions and other financial instruments.

The credit risk is managed by setting limits for credit risk exposure. Those limits are maintained per

counterparty and are subject to regular monitoring.

Liquidity risk

Liquidity risk occurs when the Company cannot fulfill its liabilities at maturity. The management of the Company monitors future cash flows and liquidity on a regular basis in order to mitigate this risk. In case of short term shortages of liquidity the Company uses short term loans, mainly provided by the ultimate parent company Alpiq Holding A.G.

The liquidity management approach of the Company is to possess sufficient liquidity at all times, thus to fulfill its liabilities both in normal and challenging conditions without causing any unacceptable losses or any damage on the reputation of the Company in the market.

6. TRANSACTIONS CONCLUDED BETWEEN RELATED PARTIES

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 for 1-6/2016:

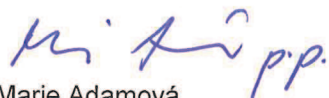
Related party	Amount in TEUR
Alpiq AG	-133,688
Alpiq Csepel Kft.	-7
Alpiq Energija BH d.o.o.	-1,653
Alpiq Energija Bulgaria EOOD	-137
Alpiq Energija Hrvatska d.o.o.	-13,251
Alpiq Energija RS d.o.o.	-22,647
Alpiq Energija Skopje d.o.o.e.	-2,821
Alpiq Generation (CZ) s.r.o.	-25,934
Alpiq Holding AG	-16
Alpiq InTec Ost AG	-3
Alpiq RomIndustries S.R.L.	-3,255
Alpiq Turkey Enerji Toptan Satis Ltd. STI.	-48
Total	-203,460

The Company sells electricity and gas and provides services to related parties in the ordinary course of business.

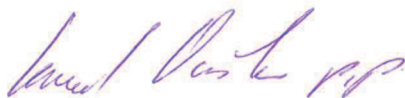
Sales for 1-6/2016:

Related party	Amount in TEUR
Alpiq AG	112,473
Alpiq Csepel Kft.	146
Alpiq Energija BH d.o.o.	64
Alpiq Energija Hrvatska d.o.o.	9,311
Alpiq Energija RS d.o.o.	6,695
Alpiq Energija Skopje d.o.o.e.	1,002
Alpiq Energy Albania SHPK	12
Alpiq Energy Hellas SA	1,343
Alpiq Generation (CZ) s.r.o.	800
Alpiq Holding AG	-153
Alpiq RomIndustries S.R.L.	3,036
Alpiq Turkey Enerji Toptan Satis Ltd. STI.	4,755
Total	139,484

In Prague, 01 August 2016



Marie Adamová
Procurator



Karel Ouška
Procurator

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