

ENERGY TO THE RHYTHM OF A METROPOLIS



SELECTED FINANCIAL INDICATORS FROM THE CONSOLIDATED FINANCIAL STATEMENTS

	Unit	2015	2014
Total assets	CZK (Mill.)	24,351	23,534
Fixed assets	CZK (Mill.)	21,806	20,908
of which: tangible fixed assets	CZK (Mill.)	21,566	20,573
assets for distribution	CZK (Mill.)	18,044	17,408
Depreciation of tangible and intangible fixed assets	%	39	38
Current assets	CZK (Mill.)	2,545	2,626
Total liabilities	CZK (Mill.)	24,351	23,534
Equity	CZK (Mill.)	15,114	14,365
Share capital	CZK (Mill.)	3,869	3,869
Long-term payables	CZK (Mill.)	5,520	5,147
Short-term payables	CZK (Mill.)	3,717	4,022
Total income	CZK (Mill.)	19,126	19,117
of which: income from electricity and gas sales and from electricity generation	CZK (Mill.)	18,772	18,710
Total costs	CZK (Mill.)	(15,947)	(16,069)
of which: costs of electricity and gas sales	CZK (Mill.)	(12,533)	(12,814)
depreciation of tangible and intangible fixed assets	CZK (Mill.)	(1,118)	(1,043)
Net cash flow from investment activity	CZK (Mill.)	(1,647)	(1,806)
Profit from ordinary activity before tax	CZK (Mill.)	3,130	3,006
Profit from ordinary activity after tax	CZK (Mill.)	2,523	2,418
Net profit per share	CZK	652	625
EBIT	CZK (Mill.)	3,180	3,050
EBITDA	CZK (Mill.)	4,297	4,094

OTHER INDICATORS

	Unit	2015	2014	2013	2012	2011	2010
Gross distributed electricity	GWh	6,139	6,090	6,301	6,278	6,310	6,450
Total purchase of electricity	GWh	6,071	5,864	6,241	6,289	6,621	6,828
Average adjusted number of the PRE Group employees (consolidated)	persons	1,403	1,401	1,394	1,375	1,338	1,314

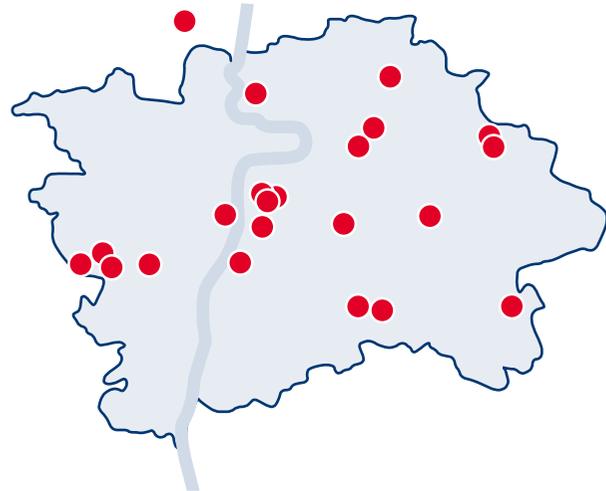
TOTAL LENGTH OF NETWORKS

	Unit	2015	2014	2013	2012	2011	2010
Total length of networks	km	12,014	12,006	11,912	11,921	11,901	11,781
of which: HV	km	207	207	206	206	202	202
MV	km	3,867	3,854	3,872	3,865	3,863	3,829
LV	km	7,940	7,945	7,834	7,850	7,836	7,750

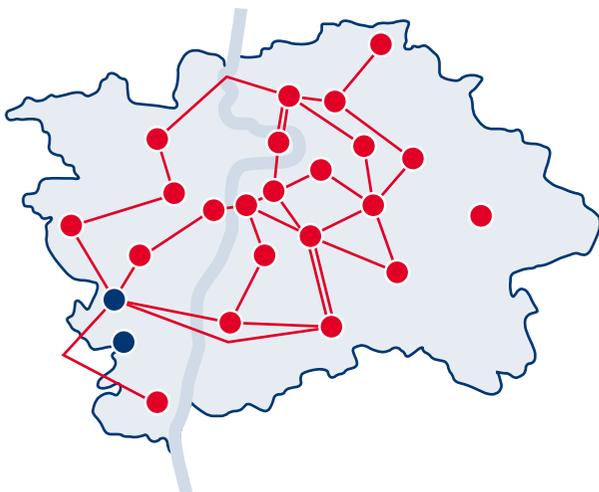
Registered offices of the PRE Group companies



PREpoints – PRE charging stations



110 kV equipment and power lines of PREdi



PRE Customer Centres



Mission, vision, strategy

- The mission of the PRE Group is to be a reliable partner for its customers and to play an active and responsible role in shaping the future of the capital, Prague.
- The strategic vision of the PRE Group is to be a strong energy corporate group, which provides reliable and environmentally friendly energy supplies and modern energy services in the Czech Republic with a special focus on the capital, Prague. In achieving its objectives, the PRE Group fully acknowledges its social responsibility to its surroundings.
- The strategy of the PRE Group is sustainable growth, active development of its business activities and the use of modern and innovative technologies and energy concepts. The key segments of the strategy include electricity distribution, trading in electricity and gas, generation of electricity from renewable sources and energy services.

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The most important energy

Electricity is indispensable in today's world. In many ways it is unrivalled thanks to its physical properties, its means of spreading, and its ability to transform into light, heat or kinetic energy. Modern digital technologies as well as simple everyday devices could not do without it.



electricity in Prague since 1882 / **Electricity Works of the Royal Capital City of Prague founded in 1897** / three-phase current for Prague since 1900

PRE GROUP

The PRE Group is a modern integrated corporate energy group, whose principal activities include the sale of and trading in electricity and gas, distribution of electricity, generation of electricity from renewable sources, and the provision of energy services.

The PRE Group continues an almost one hundred and twenty year long tradition of supplying electricity and developing the electricity system in Prague. Its history dates back to 1897, when the Electricity Works of the Royal Capital City of Prague (Elektrické podniky královského hlavního města Prahy) was founded. Today, with more than 700,000 consumption points, the PRE Group is the third largest electricity supplier in the Czech Republic and operates a high quality and reliable distribution network. As part of its activities, the PRE Group promotes state-of-the-art technological solutions and provides consultancy on the implementation of innovative technologies and achieving energy savings. Last year, the PRE Group distributed more than 6.1 TWh of electricity on all voltage levels to end-users and generated more than 24 GWh of electricity from renewable sources.

In 2015, the **PRE Group** consisted of the parent company, **Pražská energetika, a.s.**, which holds the licence for trading in electricity and gas in the entire Czech Republic, and its subsidiaries. These include **PREdistribuce, a.s.**, the owner and operator of the distribution system in Prague, and in the town of Roztoky; **PREměření, a.s.**, which mainly provides meter installations and meter readings, energy services, service products and the generation of electricity from renewable sources; and **eYello CZ, k.s.**, which under the brand Yello Energy focuses especially on sale of electricity and gas to households and small businesses. The PRE Group also included the companies PRE FVE Dačice, s.r.o., PRE FVE Mikulov, s.r.o., and PRE FVE Pozoříce, s.r.o. All of these 100% subsidiaries of PREměření, a.s., which owned and operated photovoltaic power plants on the basis of relevant licences, ceased to exist on the 1st of January 2016, merging with PREměření, a.s.

Overview of licences in the PRE Group

Pražská energetika, a.s.

- Electricity trading licence from the 17th of January 2007, renewed until the 17th of January 2017
- Gas trading licence from the 12th of January 2011, renewed until the 12th of January 2021

PREdistribuce, a.s.

- Electricity distribution licence from the 1st of January 2006 to the 1st of January 2031

PREměření, a.s.

- Electricity generation licence from the 17th of May 2010 to the 17th of May 2035

eYello CZ, k.s.

- Electricity trading licence from the 27th of September 2012 to the 27th of September 2017
- Gas trading licence from the 27th of September 2012 to the 27th of September 2017

MEMBERS OF THE PRE GROUP

Pražská energetika, a.s. (PRE) – trading in electricity and gas. The complete scope of its business activities is stated in the company’s Articles of Association and in relevant registers.

ID No.: 60193913, Prague 10, Na Hroudě 1492/4

PREdistribuce, a.s. (PREdi) – electricity distribution in Prague and the town of Roztoky, planning the renovation and development of the distribution system, construction, operations, administration and maintenance of the distribution system equipment

ID No.: 27376516, Prague 5, Svornosti 3199/19a

PREměření, a.s. (PREm) – repairs, meter installations and meter readings in the PRE supplied territories, electricity generation, energy services

ID No.: 25677063, Prague 10, Na Hroudě 2149/19

eYello CZ, k.s. (eYello) – trading in electricity and gas, production, trading and services not listed in Appendices No. 1 to 3 of the Trade Licensing Act

ID No.: 25054040, Prague 10, Kubánské náměstí 1391/11

Pražská energetika, a.s. (PRE)



PREdistribuce, a.s. (PREdi)
PREměření, a.s. (PREm)
eYello CZ, k.s. (eYello)

100% subsidiaries of PREm:

PRE FVE Dačice, s.r.o. (FVE Dačice)* – electricity generation, lease of real estate, flats and non-residential premises

ID No.: 28880757, Prague 10, Na Hroudě 2149/19

PRE FVE Mikulov, s.r.o. (FVE Mikulov)* – electricity generation, lease of real estate, flats and non-residential premises

ID No.: 28537319, Prague 10, Na Hroudě 2149/19

PRE FVE Pozořice, s.r.o. (FVE Pozořice)* – electricity generation, production, trading and services not listed in Appendices No. 1 to 3 of the Trade Licensing Act; a PREm subsidiary from the 30th of April 2015, renamed on the 15th of May 2015

ID No.: 29202311, Prague 10, Na Hroudě 2149/19

* As of the 1st of January 2016, the companies ceased to exist, merging with PREm (merger by acquisition).

REPORT OF THE BOARD OF DIRECTORS ON BUSINESS ACTIVITIES

REPORT OF THE BOARD OF DIRECTORS ON BUSINESS ACTIVITIES AND ASSETS FOR 2015

The PRE Group is a stable and prosperous energy group with an almost one hundred and twenty year long tradition. Its main activities include trading in electricity and gas in the whole of the Czech Republic, distribution of electricity in the territory of the capital, Prague, and the town of Roztoky, generation of electricity from renewable sources, and energy services.

The parent company of the PRE Group is Pražská energetika, a.s., (PRE), which purchases and sells energy and gas on the basis of relevant licences and provides corporate services to the members of the Group.

The most important subsidiary is PREdistribuce, a.s., (PREdi), which holds a licence for electricity distribution in the capital, Prague, and the town of Roztoky. In this territory, PREdi ensures the secure and stable operation of the distribution network and guarantees electricity supply at the top European level of quality.

The subsidiary PREměření, a.s., (PREm), provides a wide range of energy services, metering services and operates renewable sources of energy. The subsidiaries of PREm, which owned photovoltaic power plants as project companies, merged with PREm as of the 1st of January 2016.

The subsidiary eYello CZ, k.s., (eYello), offers electricity and gas to households and small businesses in the Czech Republic under the brand Yello Energy. In 2015, it continued in its successful development, increasing the number of electricity customers by 56% and the number of gas customers by 161%. eYello has established itself on the market as a reliable partner for its customers and is gaining a strong position among alternative energy suppliers thanks to its attractive products and services.

The principal shareholders of PRE are Pražská energetika Holding a.s., which is jointly controlled by the Capital City of Prague and EnBW Energie Baden-Württemberg AG (EnBW), and EnBW. Support from its shareholders and cooperation with them play a major role in the PRE success. PRE as the managing entity and PREdi, PREm and eYello as managed entities jointly constitute a corporate group.

In its activities, PRE follows strict ethical standards, which particularly include the responsible treatment of employees, the society and the environment. Its business activities follow the principles of sustainable development. The corporate culture accents the continuous growth of internal efficiency, innovation, and the support of employee initiative and activity in the interest of the growth of the company's value. PRE fully acknowledges its social responsibility and actively supports socially beneficial projects and organisations in the Prague region. In addition to direct donations aiming especially at the field of social services, education and healthcare, the company has for a long time been providing support through Fond PRE (PRE Endowment Fund) established within the Charter 77 Foundation (Nadace Charty 77). In 2015, PRE made more than 100 donations, which amounted to almost CZK 6 million, supporting various organisations and projects



Pavel Elis, Chairperson of the Board of Directors

Macroeconomic situation in 2015

2015 saw a dynamic growth of the Czech economy. Year-on-year GDP growth amounted to more than 4%. This growth was fuelled entirely by domestic demand; as such, the Czech economy was among the fastest growing economies in Europe. The inflation rate amounted to a mere 0.3%, which was the lowest rate since 2003 and the second lowest rate in the history of the independent Czech Republic.

The PRE Group benefited from this favourable development despite the continued competitive pressure in all sale segments, complicated framework conditions, the continued fall of electricity prices on the wholesale market and unfavourable weather trends with a mild winter like the year before. The growth in electricity consumption driven by the economic upturn differed markedly between individual regions. In the capital, growth was considerably more modest than in other regions, as industrial production has only a small representation in Prague, and trade and services as well as household consumption react more slowly to the economic upturn. The energy market also heavily focuses on the issue of increasing energy efficiency. As a part of its activities, PRE promotes sound energy management and supports the implementation and use of modern technologies, which can help customers better control their energy consumption and thus optimise their costs.

In 2015, the transformation process of both the European and Czech energy sectors continued. The positive aspects it brought on the national level included defining the regulatory framework for the next regulatory period and approving the amended State Energy Concept and the National Smart Grid Action Plan (Národní akční plán pro chytré sítě, NAP SG). However, the regulatory and tariff systems have still not undergone any major changes that would make them better reflect the growing decentralisation of generation capacity, and spread the cost of ensuring the secure and stable operation of the electricity system equitably among all users.

The process of integrating renewable sources into the energy system has continued. Even though the Czech Republic did not see a steep growth in generation capacity last year, the electricity system will have to adapt gradually to the increasing share of decentralised generation and respond to significant international influences.

Customers continue to benefit from falling electricity and gas prices on wholesale markets. Therefore, the lower energy prices mask to a certain degree the cost increase in other areas, which is caused particularly by growing charges and contributions as well as the growing costs of network modernisation. The need to make substantial investments in infrastructure arises from network digitalisation and related customer requirements as well as the interest in decentralised energy generation.

Economic results in 2015

Despite the current complicated market environment, the PRE Group managed to achieve great economic results in 2015. The consolidated EBITDA amounted to CZK 4,297 million; the profit from ordinary activity after tax amounted to CZK 2,523 million. Therefore, the total EBITDA in 2015 exceeded the result from the previous year by CZK 203 million, or by 5%.

These results were achieved especially thanks to the increased total volume of sales and revenue: the electricity supply grew by 223 GWh year-on-year, in particular thanks to the increased volume supplied to customers outside Prague. The field of renewable energy also saw a considerable increase in revenue: the production volume almost doubled and the contribution to the PRE Group's EBITDA amounted to almost 7%. The field of distribution remains a significant economic pillar of the PRE Group. It has generated stable revenue in the long term and in 2015 its EBITDA amounted to CZK 2,820 million.

Operating costs were further reduced compared to last year: the total consolidated operating costs decreased by CZK 36 million year-on-year. Thorough implementation of efficiency enhancement programmes, which were carried out in the previous years, creates the conditions for long-term stabilisation of costs and additional costs savings.

The value of the consolidated fixed assets of the PRE Group increased by CZK 898 million (by 4%) year-on-year, reaching CZK 21,806 million. Investments into fixed assets were mainly made in the development and modernisation of the distribution network in order to ensure its continued quality and reliability in the future. Another significant target investment area was the continued development in the field of electricity generation from renewable sources.

Equity attributable to the parent company's shareholders increased to CZK 15,113 million (by 5%) in 2015. Consolidated liabilities remained stable at CZK 9,238 million. The company made use of the favourable situation on the financial market and refinanced its long-term loans and increased their portion. The share of equity exceeding the 60% limit creates good conditions for the PRE Group to implement ambitious growth plans and make related investments in the long term.

Despite the tough competitive environment, the company managed to maintain the return on capital employed (ROCE) at 16%, which proves its long-term high performance.

Pražská energetika, a.s. – business activity

In terms of our business activity in 2015, we focused on further developing our sale activities outside the Prague region as well as enhancing customer retention and reacquisition on the domestic market.

The separate economic result after tax amounted to CZK 1,971 million in 2015; the gross profit from the sale of electricity and gas amounted to CZK 1,502 million, which represents a CZK 180 million year-on-year growth. In 2015, the total electricity supply amounted to 5,841 GWh, which represents a 4% year-on-year growth. This positive development was mainly driven by the territory outside of Prague, where the supply increased by 20% year-on-year. During the year, we managed to increase the volume of gas supply from 113 GWh to 158 GWh.

During the year, we worked intensively on developing new products and preparing offers that bring our customers not only price advantages and cost savings, but also other benefits. To continue improving our customer services, we further increased the scope of services available at the Moje PRE (My PRE) internet portal, where customers can easily deal with all issues related to the supply of electricity and gas. The PRE Group's long-standing endeavour is a balanced and transparent relationship with its customers.

In terms of procurement of electricity, the company maintained a diversified structure of suppliers in 2015. Given sufficient liquidity on the energy market, electricity is not purchased through long-term contracts. In line with the trend in previous years, the supply of electricity from local producers of energy from renewable sources, particularly biogas stations and hydroelectric power plants, has gradually gained in importance.

PREdistribuce, a.s.

PREdi operates the distribution network in Prague and in Roztoky covering the area of 505 km², and thus carries out one of the key activities of the PRE Group. As the operator of the distribution network in the capital, PREdi holds a specific position in the Czech energy industry and has to face extraordinary challenges and demands in terms of quality and reliability of supply.

The net income of PREdi amounted to CZK 1,052 million in 2015. The company's EBITDA amounted to CZK 2,820 million. The volume of electricity distributed by the PREdi distribution network in 2015 amounted to 6,139 GWh, which represents a 0.8% year-on-year increase in supply. However, the value is still considerably lower than the record high volume of supplied electricity in 2010.

The company continued to develop the network to be able to connect new consumption points in both commercial and administrative premises, housing units and other important buildings in the capital. PREdi invested the total of CZK 1,494 million in the distribution system. Therefore, the amount of investments, which were mostly made in the renovation of the existing network as well as new constructions, remained stable and comparable with previous years.

The amount of funds invested in the distribution network is reflected in the high reliability and quality of the electricity supply in Prague. In 2015, like in the previous years, the distribution network operated at a high level of quality and was definitely the most reliable distribution network in the Czech Republic. In terms of the quality and reliability of supply, it is entirely comparable with energy infrastructure in western European capitals.

2015 did not see any systemic failures in the licensed territory or significant disruptions to the electricity supply, which would be caused by the PREdi network. Since the 2002 floods, the operating results of the entire distribution network have proven the trend of a decreasing failure rate.

PREdi also actively engages in the digitalisation of the network operation and the creation of intelligent infrastructure, which will, in the future, simplify its reliable operation, enable the integration of growing decentralised generation as well as meet the customer demand for comfortable administration and use of innovative products. In the initial phase, these efforts also include the installation of smart electricity meters. PREdi actively participates in the development of intelligent network infrastructure through pilot and testing projects.

PREměření, a.s.

PREm experiences a phase of intensive growth. Like last year, it managed to almost double its economic results year-on-year and the company's EBITDA amounted to CZK 325 million in 2015. Like last year, this growth relates to the increasing volume of electricity generated from renewable sources and the increase in revenue from energy services. The total installed capacity of the generation portfolio amounted to more than 23 MW at the end of the year, and the company generated over 24 GWh of "green" electricity in 2015.

PREm provides its sister company, PREdi, with services in the field of purchasing, installation and calibration of electricity meters as well as electricity readings services. The company also continues to provide reading services to other Prague energy companies, its long-standing partners, Pražská plynárenská Distribuce and Pražská teplárenská.

As a result, energy services and the generation of electricity from renewable sources have become another source of income to the company and supplement the traditional fields of distribution and sale of electricity. Already last year, these two new fields of activity contributed a considerable sum of CZK 290 million to the company's EBITDA.

eYello CZ, k.s.

eYello sells electricity and gas to households and small businesses in the Czech Republic under the brand Yello Energy. Year-on-year, the company managed to multiply the revenue from the sale of electricity and gas.

It offers its customers advantageous, simple and transparent products as well as flexible communication without customer centres. Modern and clearly defined products target active customers looking for new possibilities. As for sales channels, the company makes great use of comparison internet portals, which provide customers with transparent overviews of offers available on the market. At the end of 2015, eYello recorded more than 35 thousand concluded contracts. As such, the company placed in the top ten most dynamically developing electricity and gas suppliers in the Czech Republic.

Expected economic situation in 2016

In 2016, the energy sector keeps facing great challenges related to the developments on both the national and European level. The EU sees continuing efforts to establish an energy union and reach ambitious goals in reducing CO₂ emissions and increasing energy efficiency. The integration of renewable sources and growing decentralisation of energy production places greater demands on operators of energy infrastructure and requires considerable investments, much like the advancing digitalisation of the energy sector. In order to tackle these challenges successfully, stable framework conditions are required, which will increase trust in the entire energy sector.

PRE will actively respond to the dynamic developments in the market environment and focus on achieving its growth objectives. The PRE strategic plan draws on the defined, long-term measures and initiatives, which are reviewed and updated every year. In the plan, the PRE Group focuses on the four main segments of activity – distribution, sales, energy services and renewable sources.

Our main strategic objective is to achieve growth of more than 10% in the period of 2014–2020. The achieved economic results and the proactive measures taken in 2015 accord with this aim and prove we are on the right track and able to effectively cope with negative external factors. In 2016, we expect further growth of economic results, driven considerably by the traditional segments of our business activity as well as energy services and renewable sources of energy.

In the future, the PRE Group wants to remain a reliable partner for its customers and to play an active and responsible role in shaping the future of the Prague region. The common goal of all of us, the 1,400 employees of the PRE Group, is to be a strong, modern and innovative energy group, which ensures stable dividends for its shareholders and long-term growth of the company value.

On behalf of the Board of Directors, we would like to thank all our customers, the employees of the PRE Group, our suppliers and our shareholders for their trust and cooperation, their contribution to the great results and their continued loyalty to our company in the years to come. We are looking forward to our continued successful cooperation.

In Prague, 4th of April 2016



Pavel Elis
Chairperson of the Board of Directors



Alexander Sloboda
Vice-chairperson of the Board of Directors

PRE STATUTORY BODIES

Board of Directors as of 31.12.2015

Pavel Elis

Chairperson

Alexander Manfred Sloboda

Vice-chairperson

Marián Čalfa

Vice-chairperson

Marcus Bort

Member

Pavel Pustějovský (since 25.6.2015)

Member

Jaroslav Maroušek, CSc. (until 24.6.2015)

Member

Works Council as of 31.12.2015

Jan Pokorný

Chairperson

Martin Macháček

Vice-chairperson

Miroslava Svobodová

Member

Martin Votava

Member

The Works Council was established as a new body within the company in 2014 by an amendment to the Articles of Association reflecting the private law recodification. The Works Council deals with employees matters and submits recommendations to the Board of Directors based on employee input. The Works Council consists of four employees of the PRE Group, who attend meetings of the PRE Supervisory Board.

Supervisory Board as of 31.12.2015

Franz Retzer

Vice-chairperson

Bernhard Beck

Member

Monika Krobová Hášová

Member

Jan Sixta (since 24.6.2015)

Member

Fabian Spalthoff (since 2.11.2015)

Member

Stefan Theo Webers

Member

Marc Wolpensinger (until 31.12.2015)

Member

Jörg Reichert (since 1.1.2016)

Co-opted member

During the year the Supervisory Board also included the following members:

Radmila Kleslová (from 24.6. to 10.12.2015)

Chairperson

Jiří Baldík (until 24.6.2015)

Chairperson

Michal Štěpán (until 24.6.2015)

Member

Drahomír Ruta (until 1.11.2015)

Member

In 2015, no members of the company bodies were subject to conflict of interest or prohibition of competition.

TOP MANAGEMENT OF THE PRE GROUP COMPANIES

Top management of Pražská energetika, a.s.

Pavel Elis
Chief Executive Officer

Alexander Manfred Sloboda
Sales Director

Top management of PREDistribuce, a.s.

Milan Hampel
Chief Executive Officer

Petr Dražil
Director of the Regulated Assets division (since 1.10.2015)

Top management of PReměření, a.s.

Aleš Staněk
Chief Executive Officer

Rudolf Červenka
Director of the Energy Services division (since 1.10.2015)

Top management of eYello, k.s.

Michal Kulig
Chief Executive Officer





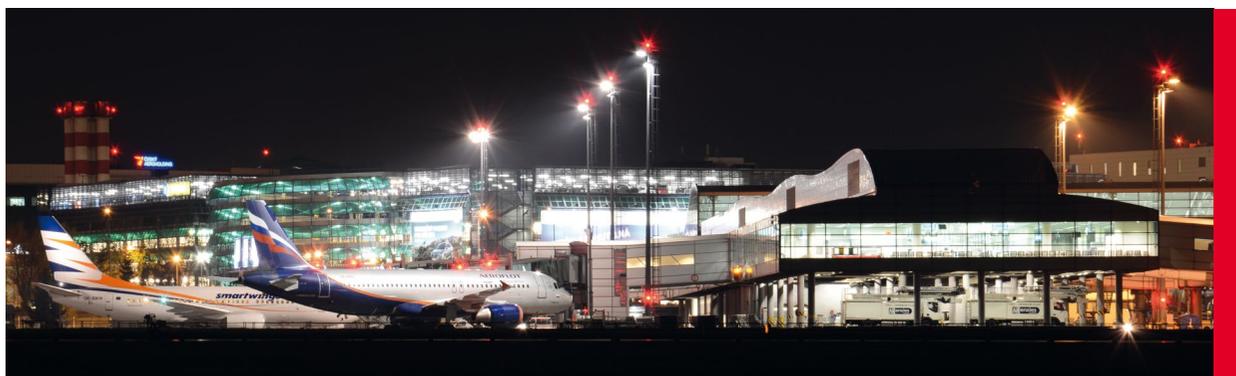
From the left: Milan Hampl, Alexander Sloboda, Pavel Elis, Aleš Staněk

electricity in Prague since 1882 / **Electricity Works of the Royal Capital City of Prague founded in 1897** / three-phase current for Prague since 1900

PRE GROUP HISTORY

- 1897** • On the 1st of September, the Electricity Works of the Royal Capital City of Prague (Elektrické podniky královského hlavního města Prahy) was established.
- 1924** • A government decree declared the Electricity Works (Elektrické podniky) a universally useful utility.
- 1934** • The construction of the Electricity Works Headquarters in Prague was completed; the building design far exceeded its contemporaries and was one of the most modern of that time.
- 1941** • The Electricity Works was incorporated into the Prague Municipal Company (Městské podniky pražské).
- 1945** • The energy industry was nationalised by a presidential decree.
- 1946** • The Transport Company (Dopravní podnik) separated from the Electricity Works; a national enterprise, the Central Bohemian Power Generation Company (Středočeské elektrárny), was established incorporating the former power generation section of the Electricity Works.
- 1959** • The Central Bohemian Electricity Works (Středočeské energetické závody, n. p., STE) and the Prague District Administration (Okresní správa Praha) were established.
- 1965** • The Prague Distribution Enterprise (Rozvodný závod Praha) was established within the STE, n.p.
- 1990** • On the 1st of July, the Prague Electricity Works became a separate state-owned company.
- 1994** • The joint stock company Pražská energetika, a.s., was founded.
- 1996** • A subsidiary, PREleas, a.s., was founded.
 - Construction of the new company administration building started in Na Hroudě street.
- 1997** • The company celebrated the 100th anniversary of its existence. The construction of the new PRE administration building was completed.
- 1998** • A subsidiary, PREměření, a.s., (formerly Cejchovna elektroměrů Praha, a.s.), was founded.
- 2000** • Modernisation of all customer contact points was completed and the Call Centre started operating.
- 2002** • PRE successfully dealt with the effects of the August floods.
- 2004** • In accordance with EU legislation, the process of unbundling regulated and unregulated activities was commenced.
 - The central dispatch started operating in the building in Nitranská street.
 - As a part of the Together for Prague (Spolu pro Prahu) project, a joint PRE and PP Customer Centre was opened in the Adria Palace.
- 2006** • On the 1st of January, the distribution system operator was transformed into a separate entity – a 100% subsidiary, PREdistribuce, a.s., established in 2005.
- 2007** • PRE became a member of the Prague Energy Exchange (PXE).
- 2009** • The Energy Advisory Centre (CEP) started operating in Jungmannova 28 (TeTa).
 - The Technical and Documentary Museum of Prague Power Engineering (Technické a dokumentační muzeum pražské energetiky) moved into new premises.
 - The construction of the Pankrác medium-voltage distribution station was completed.
- 2010** • The structure of shareholders changed – the shares held by Honor Invest, a.s., were bought by the existing shareholder EnBW Energie Baden-Württemberg AG, which thus became the majority shareholder.
 - In accordance with the new long-term strategy of the PRE Group, five photovoltaic power plants (Jinonice, Lhotka, Na Hroudě 19, Pražačka and Sever) started operating. PREm is the licence holder.
 - The highest peak load of the distribution system in history (1,209 MW) was recorded on the 1st of December at 2 p.m.
- 2011** • Based on the decision of the General Meeting effective from the 1st of December, the PRE shares were delisted from trading on the regulated market; the delisting process was formally concluded on the 28th of December.

- 2012**
 - The Hořovice photovoltaic power plant and the Kondrac photovoltaic power plant were acquired, each with the installed capacity of 1 MWp.
 - The subsidiary PREměření, a.s., launched a new product, Servis FVE (Services for Photovoltaic Power Plants), which offers clients comprehensive care of photovoltaic power plants.
 - The 100% subsidiary, PREleas, a.s., was renamed to eYello CZ, a.s., and it branched out into trading in electricity and gas (a limited partnership company since the 1st of May 2014).
- 2013**
 - In the field of philanthropy, cooperation commenced with the Charter 77 Foundation (Nadace Charty 77).
 - The PREkolo project, the biggest specialised electric bike rental service in the Czech Republic, was launched.
 - The Pozorka photovoltaic power plant with the installed capacity of 3.99 MWp and the Syrovice photovoltaic power plant with the installed capacity of 6.3 MWp were acquired.
 - A Call Centre was launched in the Garden 11 building (Kubánském náměstí).
 - The PRE Group won the jury award in the Patron category of the Czech Goodwill project. The award is annually granted to a company considerate of its business, economic-social and natural environment.
- 2014**
 - On the 27th of March, the Articles of Association were amended and the Works Council was established.
 - In April, a new PRE website (www.pre.cz) was launched offering a broad range of possibilities of internet administration to customers; later the website won the first place in the prestigious WebTop100 competition.
 - On the 1st of May, the PRE Service Centre (CES) started operating in the TeTa passage succeeding the CEP; the CES mainly offers the services of PREm and also serves as a specialised shop and an electric bike rental service offering more than 100 types of bikes of different brands.
 - In September, a mobile virtual operator, PREmobil, started operating. Its offer is primarily aimed at PRE customers, who can thus benefit from combined electricity and gas supply and telecommunication services provided by PRE.
 - On the 1st of December, the Dačice photovoltaic power plant and the Mikulov photovoltaic power plant were acquired with the total installed capacity of 5.79 MWp.



Prague airports dispatch over one hundred thousand flights every year. Whether you are a tourist at the Ruzyně airport, a soldier at the Kbely military airport, or a sport aviator at the Točná or Letňany airports, electricity from the PRE network will dispatch you safely on your way.

IMPORTANT EVENTS OF 2015

- The CES successfully hosted the 5th annual e-mobility exhibition, one the greatest exhibitions of its kind in the Czech Republic, which boasted dozens of electric vehicles on display.
- Online customer services were enhanced and optimised by launching a customer portal, Moje PRE (My PRE), combined with telephone support.
- A new website of PREDi (www.predistribuce.cz) was launched and later won the first place in the Industry and Power Engineering category of the WebTop100 following in the footsteps of the PRE website, which won the year before and placed among the best websites again in 2015.
- On the 30th of April, the Pozořice photovoltaic power plant was acquired with the installed capacity of 4.59 MWp.
- The Energy Regulatory Office published regulatory decrees and methodology relating to price regulation in the fourth regulatory period in the power engineering sector and the gas industry.
- PREDistribuce, a.s., celebrated the 10th anniversary of the establishment of the company.
- The Blanka tunnel was opened in Prague, supplied by electricity from the PREDi network. The load amounts to 2.5 MW.
- A separate division, Energy Services, was established in PREm aiming to further develop energy services including, for example: energy analysis and audits; the design of energy efficient lighting; the design, construction and servicing of small photovoltaic power plants; the construction of transformer stations; and the provision of decentralised energy supplies solutions.
- On the 1st of November, an intensive campaign was launched called Spektrum 2015 (Spectrum 2015) targeting households and small businesses who do not use any of the PRE special offer products; due to its popularity, the campaign was prolonged until the end of January 2016.
- eYello (the brand Yello Energy) placed among the top ten most dynamically developing electricity and gas suppliers in the Czech Republic.
- A new collective agreement was concluded for the period of 2016–2018.



In seven dozen Prague concert halls, electricity from the PRE network illuminates the musicians' sheet music and powers their microphones, mixing desks and amplifiers.

OVERVIEW OF ENERGY SECTOR LEGISLATION

On the 18th of May 2015, the Government of the Czech Republic approved by its resolution the amended State Energy Concept for the next 25 years. The main reason for approving the State Energy Concept was the need to clearly define the state's priorities and strategic plans in the energy sector and provide investors, citizens and state authorities with stability in the current turbulent and dynamic times.

In 2015, the public consultation process continued regarding the draft regulation methodology for the fourth regulatory period. The process was concluded by the Energy Regulatory Office publishing a report on the regulation methodology in the fourth regulatory period for the power engineering sector and the gas industry, including related appendixes detailing the manner of price regulation and pricing procedures in the power engineering sector and the gas industry, and for the provision of the market operator services in the power engineering sector and the gas industry. A Methodology of Economically Justifiable Costs to Ensure Secure, Reliable and Efficient Execution of a Licensed Activity was also published.

The three-year fourth regulatory period (1.1.2016 – 31.12.2018) follows the same principles established in the previous period and reflects the latest amendments to the energy legislation of the Czech Republic and the European Union. The main aim of the fourth regulatory period is to prepare objective inputs for the fifth regulatory period, which, the Energy Regulatory Office plans, will last for 7–10 years.

OVERVIEW OF RELEVANT LEGISLATION

In 2015, the Energy Act and the Act on Energy Management were amended.

Act No. 458/2000 Coll., the Act on Energy, was amended on the 4th of May 2015 by Act No. 104/2015 Coll., which came into effect on the 1st of January 2016, and then on the 5th of June 2015 by Act No. 131/2015 Coll., which came into effect on the 1st of January 2016, except for certain provisions, which will come into effect on the 1st of August 2017, the 1st of January 2019 and the 1st of January 2020, respectively.

On the 4th of May 2015, Act No. 103/2015 Coll., was published, which amends Act No. 406/2000 Coll., on Energy Management, with effect from the 1st of July 2015.

In 2015, the following decrees were published:

Decree of ERÚ No. 194/2015 Coll., from the 3rd of August 2015, on Price Regulation and Procedures of Regulating Prices in the Power Engineering Sector and the Heating Industry, came into effect on the 1st of January 2016.

Decree of the Ministry of Industry and Trade No. 230/2015 Coll., from the 26th of August 2015, which amends Decree No. 78/2013 Coll., on Energy Performance of Buildings, came into effect on the 1st of December 2015.

Decree of the Ministry of Industry and Trade No. 234/2015 Coll., from the 31st of August 2015, which amends Decree No. 118/2013 Coll., on Energy Specialists, came into effect on the 29th of September 2015.

Decree of ERÚ No. 262/2015 Coll., from the 1st of October 2015, on Regulation Reporting, came into effect on the 1st of January 2016.

Decree of the Ministry of Regional Development No. 296/2015 Coll., from the 26th of October 2015, on Technical-economic Parameters of Setting Purchase Prices of Electricity Generation and Green Bonuses for Heat and on Determination of Service Life of Electricity Generation Plants and Heat Generation Plants Using Renewable Sources (the Decree on Technical-economic Parameters), came into effect on the 1st of January 2016.

Decree of the Ministry of Regional Development No. 403/2015 Coll., from the 23rd of December 2015, on Guarantees of Origin of Electricity from Renewable Sources and Electricity from High-efficiency Cogeneration of Electricity and Heat, came into effect on the 1st of January 2016.

Decree of the Ministry of Regional Development No. 404/2015 Coll., from the 23rd of December 2015, on Compensation for Price of Electricity Generated from Renewable Sources in Another EU Member State (the Decree on Compensation), came into effect on the 1st of January 2016.

Decree of ERÚ No. 408/2015 Coll., from the 23rd of December 2015, on Electricity Market Rules, came into effect on the 1st of January 2016.

ERÚ price decisions published in 2015

On the 1st of January 2015, ERÚ Price Decision No. 1/2014, from the 12th of November 2014, which determines support for the supported energy sources, came into effect. Regarding these prices in 2016, Price Decision No. 5/2015 was published on the 19th of November 2015 and Price Decision No. 9/2015 was published on the 29th of December 2015.

On the 1st of January 2015, ERÚ Price Decision No. 2/2014, from the 25th of November 2014, which sets regulated prices related to electricity supply, came into effect; and on the 7th of October 2015 its amendment No. 1/2015 came into effect. Regarding these prices in 2016, Price Decision No. 7/2015 was published on the 26th of November 2015, which sets prices for related services in the power engineering sector and other regulated prices.

On the 1st of January 2015, ERÚ Price Decision No. 3/2014, from the 25th of November 2014, which sets regulated prices related to electricity supply to consumers from low voltage networks, came into effect. Regarding these prices in 2016, Price Decision No. 8/2015 was published on the 26th of November 2015, which sets prices for related services in the power engineering sector to consumers from low voltage networks.

In 2015, the following government regulations were published:

Government Regulation No. 232/2015 Coll., from the 20th of August 2015, on State Energy Concept and Regional Energy Concept, came into effect on the 29th of September 2015.

Government Regulation No. 283/2015 Coll., from the 26th of October 2015, on Allocation of State Budget Funds Pursuant to Section 28 (3) of the Act on Promoted Energy Sources in 2016, came into effect on the 1st of January 2016.

Government Regulation No. 402/2015 Coll., from the 21st of December 2015, on Support of Electricity and Heat Generated from Supported Energy Sources, came into effect on the 28th of December 2015.

RISK MANAGEMENT SYSTEM IN THE PRE GROUP

Risk management in all the companies of the PRE Group is a unified process drawing on a shared common methodical framework.

The key body of the risk management system is the Risk Management Committee, which thoroughly examines the summary report on risk management and formulates the management strategy for the most important risks in view of the company's risk exposures. The Risk Management Committee approves limits for the management of individual relevant risks and continuously evaluates the possible impact of risks on the PRE Group management.

The main objective of the risk management system is to increase the value of the PRE Group companies by undertaking only acceptable risks. It also serves to ensure an early warning, and to evaluate the effectiveness of corrective measures. The main focus are the most important risks, which, according to the evaluation of potential impact, are deemed to present the potentially biggest threat. A continuous process of identification of current risks takes place; the risks are recorded in a list of risks.

The monitored risks are evaluated in terms of their expected impact and probability in three scenarios to ensure their comparability. Other specific methods and indicators are employed to quantify financial and market risks, such as value at risk, maximum impending losses, etc. Binding limits are set for selected indicators.

Individual types of risks are systematically monitored in the categories of strategic risks, operational risks, financial risks and risks in the field of compliance.

In the financial risks category, market and credit risks are deemed the most relevant by the company. Market risks are in particular related to electricity and gas prices and to the development of exchange rates.

Legislative-regulatory risks are the most significant among the strategic risks and the risks in the field of compliance. They have the most profound effect on the regulated activities of the company. In the medium term, these risks are particularly closely linked to key regulatory parameters, the extent of renewable sources support and other regulations applicable in the fourth regulatory period.

Operational risks are, depending on their nature, managed in a decentralised way in special organisational units. Subsequently, their management is systematically evaluated during internal audits.

The risk management system and its methodology is based on the methods and procedures implemented in the EnBW Group. The monitored risks are reported according to the EnBW corporate group standards using a unified report structure and at regular intervals stipulated by the risk management standards of the corporate group.



Dancing Prague

Every night, Prague dances with the whirl of street lights, headlamps, tram lights and silvery rays illuminating the treasures of modern architecture. Ginger and Fred, the two characters constituting the Dancing House, dance every day bringing pleasure to all passers-by.

electricity in Prague since 1882 / **Electricity Works of the Royal Capital City of Prague** founded in 1897 / three-phase current for Prague since 1900

INTERNAL AUDIT, COMPLIANCE, OMBUDSMAN

INTERNAL AUDIT

The main tasks of the PRE Group internal audit include independent and expert assessment of the company internal control and management systems and evaluation of compliance with the set rules and best practices. When developing a plan for internal audits, the risk level of individual processes, the extent to which a particular field has already been audited and suggestions from the PRE Group management are taken into consideration.

The outcome of an internal audit is a final report on internal audit, which is debated by the PRE Group top management. Once a year, an internal audit activity report is submitted to the Board of Directors. Implementation of the corrective measures is monitored through the Audit Tracker web application.

When executing the planned or requested audits in 2015, the Internal Audit and Risk Management department focused on selected key processes across the entire PRE Group including measures to strengthen the internal control system. The findings related not only to the design of processes and strengthening control mechanisms, but also to compliance.

In 2015, the Internal Audit and Risk Management department continued to cooperate on conducting internal audits with the Ernst & Young consultancy in the form of co-sourcing. As in previous years, the internal audit team conducted an internal audit of the environmental management system according to ISO 14 001 and an internal audit of the Safe Enterprise (Bezpečný podnik) occupational health and safety at work system.

In 2015, the Internal Audit and Risk Management department was involved in the fulfilment of tasks in other fields; for example, compliance or personal data protection. It also took part in the investigation of so called specific complaints arising mainly from the requirements of the Energy Regulatory Office.



Our electricity illuminates about three dozen Prague bridges arching over the Vltava river and its tributaries making them sparkle on the darkened water surface like strings of pearls.

COMPLIANCE

The PRE Group takes great care not only to comply with legal and ethical rules of business conduct, but also applies these rules to standardised procedures and internal standards. It follows the PRE Group's Code of Ethics and respects the rules of the Code of Ethics for Traders in the Energy Industries. The PRE Group fully recognises its social responsibility, which is reflected in its other activities.

Binding compliance rules adopted in 2014 apply within the PRE Group. All the PRE Group employees are regularly educated about these matters and are required to act in compliance with the adopted rules, which accent honesty and fairness. We expect the same attitude from our contractual partners.

In 2015, the key management documents were revised with the aim to make them more concise and intelligible for employees. Thanks to the changes, it is now easier for employees to get to know the rules while maintaining the quality of the content. A new Compliance tab has been published on the PRE Group intranet, including contact email addresses compliance@pre.cz and interni.audit@pre.cz, which can be used by employees to report suspected violations of law, the Code of Ethics or other internal standards.

OMBUDSMAN

For two years, the PRE Group has had an ombudsman, an impartial figure dealing with issues related to contractual relations between customers and a company from the PRE Group. The ombudsman deals with a wide range of issues, suggestions and questions from customers, including complaints in cases when a special organisational unit has reached a complete and final decision, but the customer is still not satisfied with the result of the investigation.

In 2015, the PRE Group ombudsman dealt with the total of 30 such cases, helping to find an optimal solution and ensure customer satisfaction, and processed dozens of other issues and questions from customers. Introducing the position of ombudsman is, therefore, fulfilling its purpose and contributes to improving the quality of the provided services, to protecting the good reputation of the PRE Group, and to emphasising its social responsibility.

TRADING IN ELECTRICITY AND GAS

In 2015, electricity and gas for PRE customers were procured both on futures markets and intraday markets in the Czech Republic and Germany. Thanks to its flexibility and ability to procure both of the commodities from multiple markets, the company ensures better purchase prices and as a result better sale prices for end customers.

Given the constantly changing conditions on energy markets, the company keeps monitoring the current trends and best practices to manage the credit risk of its counterparties. As a result, the company can do business only with trustworthy, stable and transparent business partners.

The main suppliers of the PRE Group in 2015 included the traditional business partners: EnBW Energie Baden-Württemberg AG, ČEZ, a.s., Alpiq Energy SE, E.ON Global Commodities SE, Vattenfall Energy Trading GmbH and RWE Supply & Trading GmbH. A considerable portion of electricity was purchased from local producers of electricity from renewable sources in the Czech Republic, especially from biogas stations, biomass and hydroelectric power plants. Povodí Vltavy, s.p., which operates small hydroelectric power plants on the Vltava river, has been a long-term partner of the PRE Group supplying it with energy generated from renewable sources.

As a participant in the wholesale energy market, the company complies with all the obligations of a market participant imposed by Regulation (EU) No. 1227/2011 of the European Parliament and the Council on wholesale energy market integrity and transparency (the REMIT regulation) and Regulation (EU) No. 648/2012 of the European Parliament and the Council on OTC derivatives, central counterparties and trade repositories (the EMIR regulation).

SALES (B2B SEGMENT)

In terms of electricity sales, 2015, like the previous year, was characterised by a further decline in prices on the energy exchange. In the B2B segment, the trend of tenders continued; almost all state authorities and regional government entities invited tenders in the form of electronic auctions in accordance with the Public Procurement Act. Throughout the year, the Czech Moravian Energy Exchange Kladno (Českomoravská energetická burza Kladno) saw a high level of activity and the number of auctions at the Prague Energy Exchange (PXE) also increased.

Big customers display a greater tendency to choose the model of procuring electricity in parts at various moments in time. In these cases, either individual procurements follow a prearranged time scheme, or, more often, customers choose independently when to procure the agreed amount of electricity.

The steady decline in electricity prices on the energy exchange causes the customers to be less inclined to conclude multiannual contracts. The volume of contracts concluded for the period after 2016 decreased by 10% year-on-year. Because of the activities of alternative suppliers, consultancies and organisers of electronic auctions, there has been a noticeable increase in customer pressure on sale prices.

Last year, the PRE Group continued to focus on the development of individual sales channels and new methods of selling energy. The total volume of electricity the company sold to its customers on the MV and HV levels increased by 6.2% year-on-year. This increase reflects the development of our sales activities as well as the overall growth of the Czech economy. The volume supplied outside of the PREdi supply territory exceeded 1.5 TWh.

In line with the new segmentation of customers, small businesses have been provided services in the individual mode, which makes it more comfortable for them to deal with issues related to energy supplies from PRE.

SALES (B2C SEGMENT)

In the B2C segment, we focused mainly on the development of sales retention activities aimed at stabilising the whole portfolio. The retention measures included a passive campaign targeting customers with products expiring in 2015. Another important activity was an active campaign, Spektrum 2015 (Spectrum 2015), offering customers advantageous sale prices and fixation of the electricity prices until the end of 2017. At the same time, the campaign served as a retention measure against competing offers by other suppliers.

In 2015, our activities in the B2C segment also included organisational measures, which made the process of preparing and communicating sales activities more efficient. New terms and conditions have been introduced for the B2C segment products.

Thanks to our sales activities and the overall growth of the Czech economy, we managed to increase the volume of supplies on the LV level by 1.8% year-on-year. This development was, however, counteracted by the effects of the warm winter weather as well as the noticeable effect of austerity measures taken by customers in the previous years.



The PREmobil mobile virtual operator also further developed its activities in 2015, offering customers mobile telephone services under attractive conditions. Last year, PREmobil increased the offered number of tariffs and introduced a number of special products that bring additional benefits to the customers.

2015 was the fourth year when PRE also supplied its B2B and B2C customers with natural gas. Currently, we offer our customers gas supplies together with electricity supplies, so they can profit from the combined supply of both types of energy from a single supplier. The volume of supplied natural gas increased by 10% year-on-year and we plan to expand our sales activities in this area even further.

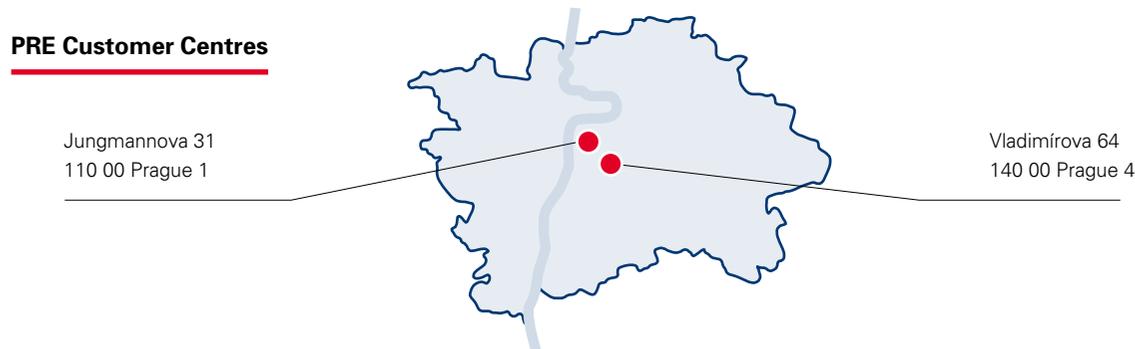
SALES (eYello CZ, k.s.)

In line with its strategy, eYello focuses on the supply of electricity and gas to households and small businesses. Under the brand Yello Energy, it offers simple and clearly defined products at advantageous prices, flexible and smooth communication and comfortable administration through the Moje Yello (My Yello) online portal. Thanks to these qualities, the Yello Energy brand has quickly established itself as a reliable partner for its customers and gained a strong position among alternative energy suppliers.

The company's successful development continued in 2015: at the end of the year, it supplied electricity and gas to more than 15,000 consumption points. Thanks to the stable growth of its customer portfolio and constant development of its products, the company placed in the top ten most dynamically developing electricity and gas suppliers in the Czech Republic.

CUSTOMER SERVICES

PRE provides its customers with a high standard of services and enables them to use modern and comfortable means of communication. The customers can use two customer centres at easily accessible locations in the centre of Prague. To increase their comfort, PRE enables its customers to arrange a meeting in advance and thus avoid waiting. Since 2015, free Wi-Fi Internet connection has been available to the customers at both centres.



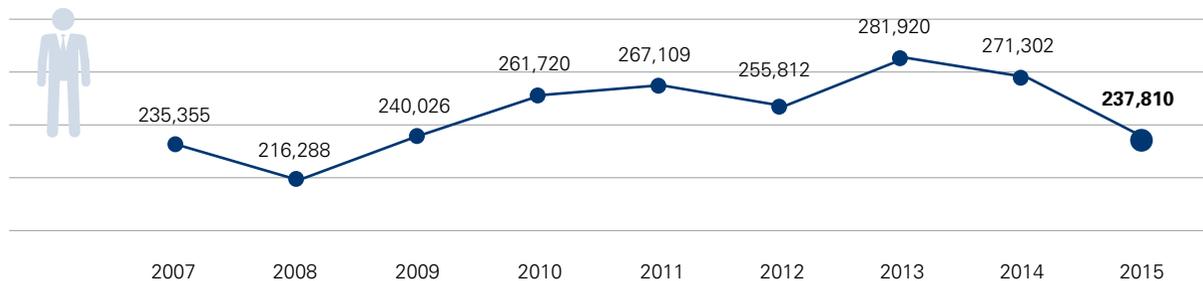
In addition, customers can contact the PRE call centre with their requests and suggestions; it is available at the phone number **840 550 055** and since April 2015 also at the phone number **267 055 555**. Customers can also contact the company by e-mail pre@pre.cz.

As the customers' interest in online means of communication continues to grow, PRE has been adjusting its services to reflect this trend. Therefore, in 2014 it launched a new website, which was later adjusted based on suggestions and reactions of customers. The effort resulted in a clearly structured and user-friendly website, which provides not only information about all the products and services, but also many possibilities for customer administration. For example in 2015, a new functionality was introduced, which enables new customers who change their supplier to conclude a contract on the supply of electricity or gas and includes support for choosing an optimal product. Another new service is a "tailor-made contract", when PRE prepares and delivers to the customer a draft contract based on the information filled in the contact form and offers the most advantageous PRE price. The discreet customer section of the website, **Moje PRE** (My PRE), offers a wide range of administration possibilities; and now it also supports new payment methods, such as QR codes and payment cards. In 2015, more than 42,000 customers registered in the Moje PRE portal and more than 70,000 online customer enquiries were processed.

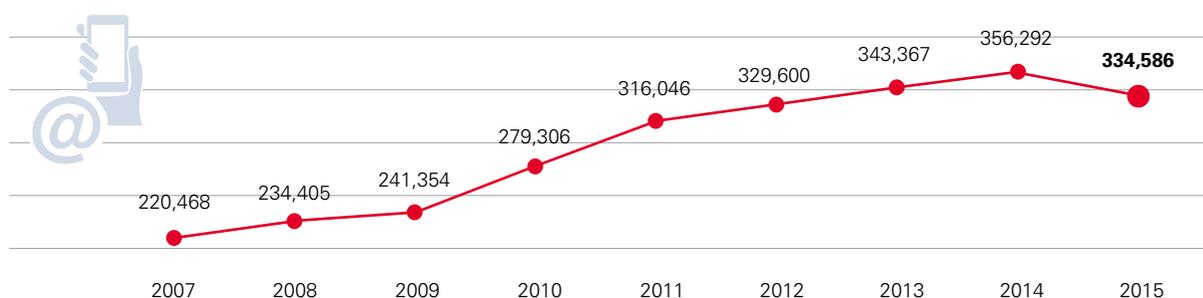
A number of projects was launched in 2015 in order to increase the quality and efficiency of customer services. One of the most important ones is establishing the company's own messenger service in February 2015, which enables reliable and comfortable communication with customers. The messenger service reacts swiftly, for example, to arrangements made via telephone between the call centre and a customer; it can now process up to 100 deliveries a week.

The indicators of the quality of customer services deem 2015 to be a successful year. Thanks to the optimisation measures carried out, stable good results are achieved both by the customer centres and the call centre. The following tables show the number of interactions with customers divided into categories based on the communication channel. The data show a shift in the customer interest from personal interactions to online communication. Communication through the call centre (including e-mails) amounted to 60% of the total number of interactions.

Number of visits at the customer centres



Number of interactions with the PRE call centre*



Number of calls answered by the PRE call centre*

Year	2015	2014	2013	2012	2011	2010	2009	2008	2007
Total	239,650	261,930	239,444	249,877	252,683	230,472	210,985	204,212	202,254

Number of e-mails processed by the PRE call centre*

Year	2015	2014	2013	2012	2011	2010	2009	2008	2007
Total	94,936	94,362	103,923	79,723	63,363	48,834	30,369	30,193	18,214

* The number of incoming calls and emails, respectively.

PREmobilita



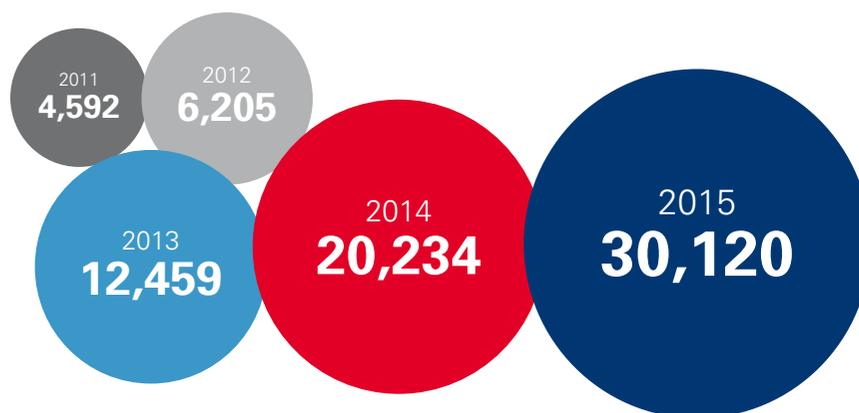
Throughout the year, the PRE Group continued to intensively develop the PREmobilita project, aiming to support the development of electric vehicles in line with global trends. Electric vehicles have been increasingly competing with classic combustion engine vehicles, particularly in large cities, where the resulting benefit to the environment is the most apparent thanks to zero local emissions in the place of operation. The PREmobilita project is divided into several interrelated parts, which have one common denominator – electricity.

Charging stations

In 2015, four public charging stations (called PREpoints) started operating. After the charging station in the Fénix Vysočanská shopping gallery in Prague, the stations at OC Nová Karolina in Ostrava, BD Superof in Prague – Smíchov and IKEA in Prague – Černý Most are now in operation. As a result, the PRE Group operated a total of **34 charging stations** in the Czech Republic. The stations are equipped both with the standard Schuko 1x16 A sockets and the Mennekes 3x32 A sockets, which are becoming increasingly popular as they enable much faster charging of electric cars. The demand for charging electric vehicles grew also in 2015 and till the 31st of December 2015 we recorded more than 100 active users of public charging from PREpoints. In the field of public charging, the PRE Group continues to cooperate with the BMW car manufacturer; customers can charge their electric cars using an RFID card they acquire with their new cars. In 2015, the consumption again increased considerably – customers “refuelled” more than 30 MWh of electricity.

In addition to the installation, operation and maintenance of public charging stations, PREm provides comprehensive services in the field of non-public charging infrastructure (so called wallboxes), which are used for charging by households and businesses. The demand for these services has been growing gradually as the number of registered electric cars and plug-in hybrids has been increasing. In the field of non-public charging, we continue to cooperate with the Volvo car manufacturer providing checks of electric sockets and wiring to customers.

Cumulative electricity consumption from PREpoints in 2011–2015 (kWh)



Map of PREpoints



Electric cars

The PRE Group currently operates 15 electric cars. The car fleet for business purposes includes seven Citroën C-Zero electric cars, one Mercedes-Benz Vito E-CELL electric van and seven Volkswagen eUp electric cars. Electric cars in the car fleet are being gradually replaced.

Electric motorcycles

The vehicle fleet of the PRE Group also includes two GOVECS electric scooters and three ELMOTO electric mopeds, which are used as a standard means of transport. Besides zero local emissions and minimum operating costs, their greatest advantage is the speed of transport, especially in the infamous Prague traffic jams.

Electric bikes



The PREkolo project (www.prekolo.cz) focuses on the sale and rental of electric bikes. In the PRE Service Centre in the TeTa passage in Jungmannova street 747/28, customers can choose from more than 100 types of electric bikes or rent one. Customers, who have chosen to buy an electric bike which is not in stock, are offered the so called guarantee of mobility: they can rent one of the twenty types of electric bikes for free and use it until the ordered bike is delivered.

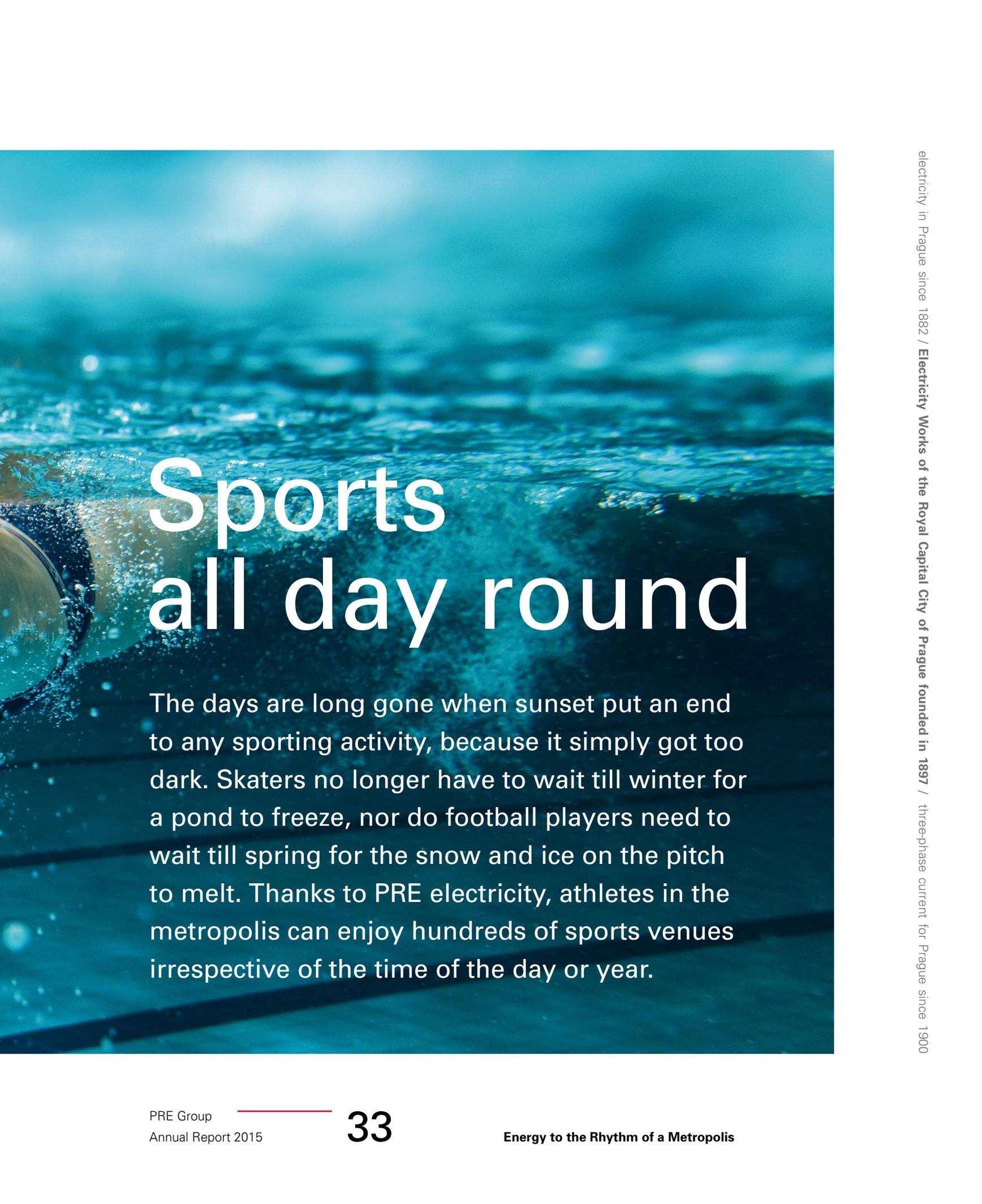
Dozens of sold bikes of all prices and hundreds of rented bikes in 2015 are proof of our customers' satisfaction. The range of products also includes electric kick scooters, children's electric motorcycles and electric carts for seniors. PRE customers are offered discounts and other advantages when buying or renting electric vehicles.

Exhibitions and events

In 2015, the PRE Service Centre hosted the 5th annual e-mobility exhibition. It is one the greatest exhibitions of its kind in the Czech Republic, boasting dozens of electric vehicles on display. For the first time, it was a sales exhibition, so customers could buy electric bikes for discounted prices directly on site. We plan to hold this successful event again next year. Throughout the year, we participated in a number of events promoting environmentally-friendly transport, such as the European Week of Mobility (Evropský týden mobility), the Day without Cars (Den bez aut) or the Prague cycling event Pražské cyklozvonění.

Latest information about electromobility is available at www.premobilita.cz.





Sports all day round

The days are long gone when sunset put an end to any sporting activity, because it simply got too dark. Skaters no longer have to wait till winter for a pond to freeze, nor do football players need to wait till spring for the snow and ice on the pitch to melt. Thanks to PRE electricity, athletes in the metropolis can enjoy hundreds of sports venues irrespective of the time of the day or year.

STRATEGIC DEVELOPMENT AND INVESTMENTS

STRATEGY OF THE PRE GROUP

The general strategic objective of the PRE Group is to increase the economic results in terms of EBITDA by more than 10% in the period of 2014–2020. To achieve this objective, specific strategic initiatives and measures were introduced as a part of an extensive review of the strategy carried out in 2014. The review of the strategy in 2015 then focused mainly on evaluating how they had been fulfilled so far. Next year, the planning period will be extended to 2025 to enable the company to better adapt its business activities to the long-term strategic objectives.

The business model of the PRE Group consists of four main segments: distribution of electricity, trading in electricity, energy services and the generation of electricity from renewable sources. In addition, the operation of the distribution network in the capital, Prague, and energy sale remain essential pillars of the PRE Group activity. Apart from these traditional activities, new segments of energy services and generation of electricity from renewable sources are gaining in importance.

Strategic growth measures take the form of additional investments into the new areas of business activity. In line with the existing practices, the PRE Group will, therefore, continue investing into sustainable production technologies and thus contribute to the fulfilment of the EU emission requirements. Another important part of the strategy is to invest into the distribution network, which will support the development of decentralised sources and the introduction of intelligent technologies into the distribution infrastructure. In the area of unregulated activities, we will continue focusing on the needs of our customers and developing innovative products and services bringing them an added value. We will actively support the use of modern technologies in everyday life and thus enable our customers to use energy in a simpler and more efficient way.

PREdistribuce, a.s.

The main task of PREdi is to constantly maintain the high operational reliability and security of networks and at the same time increase the value of the company for the shareholders. Every year, PREdi, therefore, develops and implements a long-term and medium-term investment plan. It is based on the analyses of the technical condition, the transmission ability and the reliability of network operation, the real physical lifetime of individual network components and the possibilities of their efficient maintenance. The plan also takes into account the expected development in consumed output at the already existing connection points as well as the development of customer demand for new connection points in both built-up and developing areas of the city.

The investment plan, which is subject to checks by ERÚ, is structured around the individual categories of distribution equipment. Based on the data available, it deals with the extended reproduction of network systems taking into account the expected customer requirements and the corresponding development of the load in individual localities. In addition, the investment plan includes the simple reproduction and adequate modernisation of the distribution equipment. The main objective of the modernisation and the planned repairs is to ensure the set operational reliability and the required quality of distribution services expected by the customers in Prague. The level of quality of the supply and the related services is provided for by the ERÚ secondary legislation. Unlike in previous periods, non-compliance with the guaranteed standards has been penalised since the 1st of July 2006 by payment obligation in accordance with Decree of ERÚ No. 540/2005 Coll., as amended.

Strategic investments

Strategic investments are an important part of the investment plan. Strategic investments include primarily construction of new 110/22 kV transformer points and their systemic connection on the 110 kV level. Strategic investments also include acquiring additional infrastructure and increasing the capacity of these stations if required by the load development in the supplied areas. Therefore, it also includes building new connecting lines, which ensure optimum leading of the output to lower levels of the network.

In accordance with the approved investment plan, PREdi continued in 2015 with the necessary and careful renovations to the existing 110 kV and 22 kV networks and the equipment which also forms a part of the city's critical infrastructure. Additionally, systematic renovation of the low voltage networks was being carried out, including renovation of almost one hundred distribution transformer stations.

Maintaining the 110 kV backbone network, ensuring its adequate technical performance and keeping it in a working and secure condition is an essential means of preventing large failures, which could cause supply disruptions across a large territory.

All constructions in Prague are in the long term coordinated with the planning departments of the Prague City Council and respect the urban plan.

The biggest strategic constructions in 2015 include:

- the continued modernisation of the standard 110/22 kV distribution station in Třeboradice;
- the continued construction of cable tunnels from the future Karlín distribution station towards Rohanský island in the district of Libeň for leading out the 22 kV output and also for looping the 110 kV cable TR Holešovice – TR Střed;
- the continued renovation of the 110 kV overhead power line from the TR Malešice in the direction of the TR Běchovice to the new TR in Uhříněves;
- the continued construction of the Uhříněves cable tunnel for connecting the TR Uhříněves with 110kV cables and leading the 22 kV output out of it;



More than 110 Prague theatres offer culture and entertainment in the metropolis. Thanks to our electricity, curtains are rung up and actors can shine in the limelight.

- the finalisation of the implementation of the new SCADA dispatcher control system;
- the commencement of the construction work on the 110/22 kV distribution stations Karlín and Uhříněves;
- the renovation of the 110 kV overhead power line between the Červený vrch and the Sever distribution stations.

Besides the main strategic constructions in the backbone 110 kV networks and the 110/22 kV distribution stations, the renovation continued in 2015 of 22/0.4 kV switching and distribution stations and MV and LV lines.

The main strategic constructions in 2016, which will continue in the coming years because of both the necessity to assess their admissibility and their complexity, include:

- the continued construction of the 110/22 kV encapsulated distribution station in Karlín and leading out the output using 22 kV cables to supply new areas around Rohanský island, parts of the district of Libeň (Švábky) and also to strengthen the supplied part of the district of Karlín;
- the completion of the construction of the outdoor TR Uhříněves to meet the output needs of the south-east of the city, where the most failures to the overhead 22 kV power lines in the ČEZ Distribuce, a.s., power supply area are recorded, and where new development projects need to be connected;
- the completion of the modernisation of the 110/22 kV outdoor distribution station in Třeboradice;
- the completion of the expansion of the TR Chodov by four 110 kV fields including a control system and renovation of the mass remote control transmitter;
- the commencement of the replacement of the 110 kV overhead power lines between the TR Malešice and the TR Jih, which are nearing the end of their lifetime, by 110 kV cable lines;
- the full implementation of the SCADA dispatcher control system.

In terms of the already completed automation of the operation of 110/22 kV transformation stations and 22/0.4 kV switching stations, the primary focus is on the continuity of supply with the possibility to use automatic standbys, mainly in case of important wholesale customers, thanks to modern control and telemetric (telemechanisation) systems in the distribution network stations.

In line with the adopted strategy, PREdi has been intensively involved in preparing the networks and the equipment for the gradual implementation of smart grids including intelligent AMM metering, in case it is adequately provided for in the Czech legislation. These trends present a significant challenge for the company, mainly in terms of economy, maximum contribution to energy savings and customer servicing extending to asset management. Foreign studies show that an appropriate combination of strengthening the distribution system and implementing new technologies significantly decreases demands on the distribution network, which ensue from integration of decentralised generation, charging stations for electric cars, and other elements. New technologies continue to be tested through pilot projects in representatively chosen localities in the PREdi supplied area; the findings are taken into account when developing network concepts.

The main objective of PREdi, as a distribution network operator, is to continue with renovation and adequate development of the distribution infrastructure including the timely modernisation of equipment nearing the end of its lifetime. This will ensure a high level of reliability and security of the networks.

PREměření, a.s.

In 2015, PREm continued to expand its activities in the field of generating electricity from renewable sources. Thanks to the investments into this segment, it acquired the Pozořice photovoltaic power plant with the installed capacity of 4.6 MWp. As a result, the total installed capacity of the PREm generation portfolio amounted to more than 23.5 MWp at the end of the year and the company generated over 24 GWh of “green” electricity in 2015.

In October 2015, there was a change to the structure of the company and a separate division, Energy Services, was established. It aims to further develop activities in energy services including, for example, energy analysis and audits, the design of energy efficient lighting, the design, construction and servicing of small photovoltaic power plants, the construction of transformer stations, and the provision of decentralised energy supplies solutions.

Selected financial indicators of the PRE Group

	Unit	2015	2014	Calculation formula
Level of liquidity				
Total revenue	CZK (Mill.)	19,094	19,076	Revenues from sales of electricity, distribution, services and connection contributions received
Sales margin	CZK (Mill.)	6,239	5,896	Sales margin from income statement
Profit after tax	CZK (Mill.)	2,523	2,418	Profit after tax from income statement
Level of profit from revenue				
Sales margin from sales of electricity and distribution per CZK 1 of revenue	%	33.2	31.5	Sales margin from sales of electricity and distribution / sales of electricity x 100
Profit before tax per CZK 1 of total revenue	%	16.4	15.8	Profit/loss from ordinary activity before tax / total revenue x 100
Other indicators				
Regular liquidity	%	68.5	65.3	Short-term assets / short-term payables x 100
Equity interest in total invested capital	%	62.1	61.0	Equity / total invested capital x 100
Return on capital employed – ROCE	%	15.7	15.9	ROCE = EBIT / (total assets – short-term payables)
Total revenue labour productivity	CZK (Thous.) / employee	13,609	13,616	Total revenue / average adjusted number of employees
EBIT – operating profit/loss before interest and tax	CZK (Mill.)	3,180	3,050	Operating profit/loss before interest and tax
EBITDA – profit before tax, interest and depreciation	CZK (Mill.)	4,297	4,094	EBITDA = EBIT + depreciation
Net cash flow after tax	CZK (Mill.)	1,773	1,636	NCF from operating activity decreased by NCF from investments

We touch the skies

The air traffic control at the international airport in Prague – Ruzyně could not do without our electricity supply. The Václav Havel Airport, one of the biggest airports in Europe, dispatches between 11 and 12 million passengers every year.



electricity in Prague since 1882 / **Electricity Works of the Royal Capital City of Prague founded in 1897** / three-phase current for Prague since 1900

HUMAN RESOURCES

HUMAN RESOURCES MANAGEMENT

All personnel administration and wage calculations for the PRE Group, including services relating to safety at work and environment protection, are carried out centrally by the parent company. Remuneration, healthcare and social policy in the PRE Group are provided for by the collective agreement (with the exception of eYello, which has not signed the agreement). In December 2015, a new collective agreement was concluded for the period of 2016–2018, which succeeds the previous agreement in force in 2013–2015. Both tariff and non-tariff wages are used in the PRE Group; specific applications of the remuneration system are provided for by the relevant company standards. The SAP HR module is used for personnel administration.

Average adjusted number of employees

	2015	2014	2013	2012	2011	2010
PRE	641	643	643	636	620	615
PREdi	513	514	515	511	507	504
PREm	244	239	231	226	209	193
PRE Group*	1,403	1,401	1,394	1,375	1,338	1,314

* In 2015, other members of the PRE Group had the following average adjusted number of employees – eYello: 5 persons.

The PRE Group has always made it its priority to provide effective support to employees being made redundant, particularly those of pre-retirement age and single parents. A system of social and financial compensation measures is in place in the company in order to alleviate the negative consequences of organisational changes.

HEALTHCARE

The employees are provided with comprehensive medical and dental care. The PRE Group runs a programme of preventive healthcare, which meets the requirements of the National Health Promotion Programme. Additionally, the company runs the following programmes for its employees: breast cancer prevention and treatment programme, preventive thyroid check-ups, preventive urological programme, and vaccination against influenza, tick-borne encephalitis and hepatitis A. Managers are provided with a managerial healthcare programme at the Na Homolce hospital.

SOCIAL POLICY

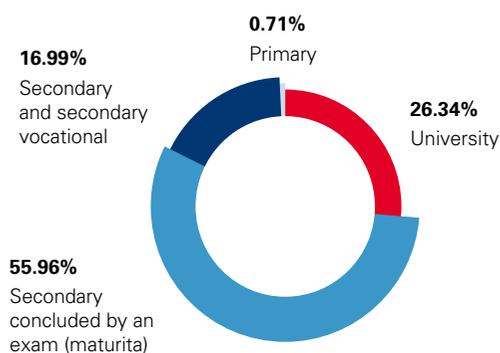
The employer's social policy draws on the long-standing endeavour to take high quality care of its employees; it is enshrined in the collective agreement in the form of a strong social programme. The programme focuses on employee benefits, bonuses, financial contributions and other forms of employee appreciation and as such clearly contributes to the employees' motivation and integrity. The employee benefit system mainly aims to improve the working and living conditions of the employees, and focuses on housing, catering, occupational medical care, preventive healthcare programmes and other social benefits, such as interest-free loans, recreation, cultural and sports events, etc.

TRAINING

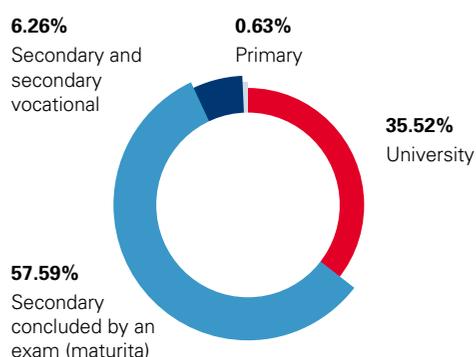
The PRE Group also actively supports systematic development and training of employees focusing on their key fields of expertise and required competences. The development of employees includes professional trainings in the field of power engineering, which is legally required and is essential for performing highly specialised jobs, as well as the continuous improvement of expert knowledge and interpersonal skills, and acquiring knowledge of new regulations in economics, law and human resources. Through its recruitment programme, the PRE Group supports recruitment of graduates of secondary and tertiary vocational schools. PRE has enjoyed a long-term cooperation on provision of professional internships and recruitment of new employees with the Faculty of Electrical Engineering of the Czech Technical University in Prague (FEL ČVUT) and with Prague vocational schools, such as the František Křížík Secondary Vocational School and Vocational College of Electrical Engineering (VOŠ a SPŠ elektrotechnická Františka Křížíka), Prague 1, Na Příkopě 16; the Secondary Vocational School of Power Engineering (SOU energetické), Prague 9, Poděbradská 12; the Technical Business Vocational Training Centre (SŠ – Centrum odborné přípravy technickohospodářské), Prague 9, Poděbradská 1; and the Secondary Vocational School and Vocational College of Transport (SPŠ a VOŠ dopravní), Prague 1, Masná 18.

At its own costs, the parent company operates the training and educational centre Polygon, which is used for training of in-house employees, employees of cooperating companies and also during the course of professional internships of pupils and students of electrical engineering at all educational levels. In 2015, a total of 1,266 persons, of whom 203 were students, did a professional internship there.

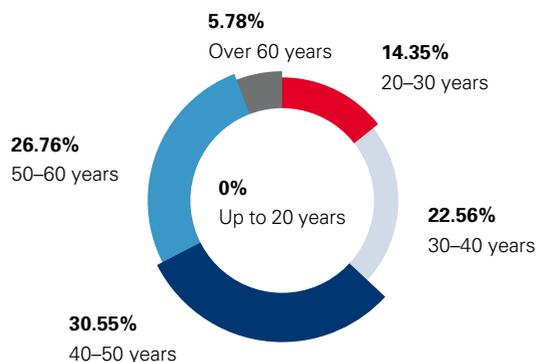
PRE Group qualification structure



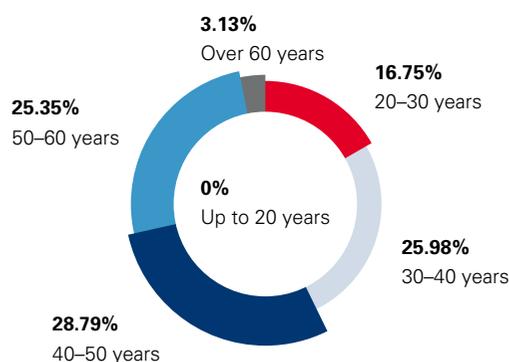
PRE qualification structure



PRE Group age structure



PRE age structure



ENVIRONMENTAL PROTECTION AND OHS

Responsibility for the environment, ensuring safe working conditions and employee healthcare are among the top priorities of the PRE Group. Therefore, all the companies in the PRE Group strive for continuous improvement in all these areas through their activities. Protection of the environment and employee health is a significant part of the corporate culture.

More detailed information about environment protection and occupational health and safety guidelines is available in educational presentations or electronic applications on the intranet, which are used for regular employee trainings. The system of trainings and information sharing increases awareness among the employees about the need to protect the environment and about occupational health and safety resulting in their continuous improvement.

ENVIRONMENTAL PROTECTION POLICY

Following the environmental protection policy, considerable funds are invested in the modernisation of distribution network technical equipment, which for example contributes to protection of wild birds. In order to reduce the risk of contamination of surface and ground water, older oil transformers are being replaced by hermetically sealed transformers or dry transformers (without oil tanks). Modernisation and renovation of 110/22 kV distribution stations reduces noise pollution and also improves safety in case of an accident.

The PRE Group has established particularly the following principles of environmental protection. A working system of sorting waste and packaging, collecting dangerous and other waste and returning products has been set up at all the PRE Group workplaces. Employees are being educated about environmental protection; selected employees are further trained in the management of dangerous chemical substances and mixtures. Since 2006, ISO 14 001 – EMS system has been in place in PRE and PREdi and every three years it is submitted for recertification. In March 2015, both the companies were awarded the certificate for the third time.

OCCUPATIONAL HEALTH AND SAFETY POLICY

The company has been awarded the Safe Enterprise (Bezpečný podnik) certificate. The objectives of the Safe Enterprise programme have become an inseparable part of the occupational health and safety policy not only in the parent company but in the entire PRE Group. In 2016, the Safe Enterprise system in PRE and PREdi will be submitted for recertification. The programme and its objectives target all employees and improve the approach to health protection.

The Safe Enterprise certificate and the title Third Level Health Supporting Enterprise (Podnik podporující zdraví 3. stupně) guarantee a professional approach. A high level of safety at work is ensured in particular by mutual communication between the PRE Group management and the employees and by solving all important issues together. A system of corporate standards is in place in the PRE Group relating to health protection, preventive check-ups, personal protective equipment and risk analysis of individual work activities; the system ensures that both the employer and the employees meet their duties. The accent is on full compliance with occupational safety guidelines and on prevention of risk situations and emergencies.

PUBLIC RELATIONS

The PRE Group considers good relationships with customers, business partners and the general public to be one of its core values. This attitude is reflected in its business activities and customer care as well as in its external communication and donor activities. Therefore, the PRE Group has always strove to be a reliable partner, providing high quality services to its customers, guaranteeing transparent and fair treatment to its business partners, and contributing to the development of its surroundings.

Supporting the Prague region and helping socially beneficial projects and organisations is an inseparable part of the PRE Group values and activities. Four years ago, we, therefore, expanded our donor activities by launching cooperation with the Charter 77 Foundation (Nadace Charty 77) and established within it **Fond PRE** (PRE Endowment Fund), which serves to support chosen entities and projects.

WEBSITES

The PRE Group continuously strives to improve the quality of its customer services and tailor them to the needs and preferences of its customers. Taking into account the growing importance of the Internet as a standard means of both communication and customer services, we continued modernising our websites in 2015. After the PRE website (www.pre.cz), which was redesigned in 2014, the websites of the subsidiaries, PREdi (www.predistribuce.cz) and PREm (www.premereni.cz), were redesigned as well. The PREdi website was awarded the Expert Jury Price at the 14th annual WebTop100 competition and won the first place in the Industry and Power Engineering category following in the footsteps of the PRE website, which won the year before and placed among the best websites again in 2015.

The jury mainly praised the user-friendliness of the websites, which, given the complicated, but well thought-out structure of the websites, is a great achievement. Therefore we hope that not only the experts but also regular users are satisfied with our websites, which is our main goal.



Every day, hundreds of thousands of people visit both small and big shopping centres all around Prague to do their shopping and have fun. Their excellent services would not be possible without a reliable supply of electricity.

PRE SERVICE CENTRE

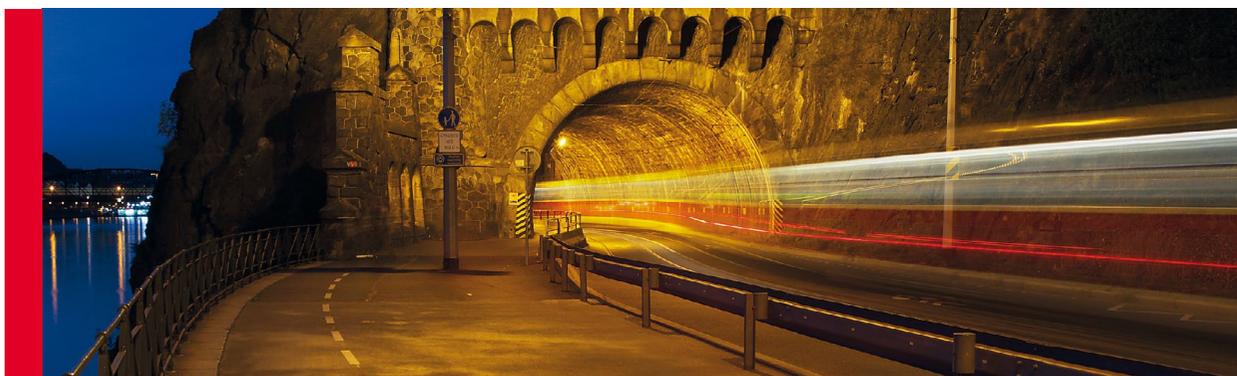
In 2015, the PRE Service Centre (CES), which succeeded the PRE Energy Advisory Centre founded in 2009, further developed its activities. The Centre offers customers among households and small businesses **energy services from the PREm portfolio**, which accent the use of modern technologies and efficient energy use. The CES experts provide detailed consulting and services in the reconstruction of gas boiler rooms and wiring, comprehensive preparation, construction and servicing of small photovoltaic power plants, installation of heat pumps, and lighting replacement services, etc. CES also offers customers rentals of equipment for measuring consumption, detection sets and thermal cameras and sells electrical thermal devices and energy saving light sources at reduced prices.

CES also rents and sells electric bikes (www.PREkolo.cz). With 22 of the latest 2016 models, it is a rental service boasting the widest range of products in the Czech Republic. It also offers more than 100 types of electric bikes for sale. Hundreds of sold and rented bikes are proof of the customer satisfaction and advantages presented to cyclists by electric bikes not only for cycling in a city. PRE customers are offered discounts and other advantages when buying or renting bikes.

PHILANTHROPY

Sponsorship and donor activities, which are an integral part of the PRE Group activities, are run by the parent company on behalf of the whole Group. The involvement of the PRE Group in such activities proves its openness, dynamism and attitude towards the public and its surroundings. The donor activities guidelines require targeting the Prague region and focusing on a social aspect of providing donations by supporting charities and projects in the field of healthcare, social services, education, the environment, culture and sports.

PRE strives to help mainly in the region where it operates due to its city character and close ties to the city of Prague. We have enjoyed long-term cooperation with schools, such as the František Křížík Secondary Vocational School and Vocational College of Electrical Engineering in Prague (VOŠ a SPŠ elektrotechnická Františka Křížíka v Praze), hospitals, foundations and civic associations, such as the Endangered Children Foundation (Fond ohrožených dětí),



The Prague public transport is the imaginary artery of the life of the metropolis. Every day, it is used by more than 3 million people to travel to work, to visit the tourist sights or to go have fun with friends. It is the electricity from PRE that powers the metro and the trams.

Babybox, the Sulická Children's Centre (Dětské centrum Sulická), the Drop of Hope Endowment Fund (Nadační fond Kapka naděje), the Association of the SOS Children's Villages (Sdružení dětských SOS vesniček), Life 90 (Život 90), POINT 50+, the Šance Project (Projekt Šance), the Blind Sport Club Prague, Quiet World (Tichý svět), the General University Hospital in Prague (Všeobecná fakultní nemocnice v Praze) or the Burn Clinic of the Královské Vinohrady University Hospital (Klinika popáleninové medicíny FNKV).

In 2015, PRE made donations amounting to CZK 5.5 million. The amount was used for 25 direct donations and further 83 donations from Fond PRE (PRE Endowment Fund) established within the Charter 77 Foundation in 2012. Every year, PRE contributes CZK 3 million into the endowment fund; the sum is distributed among individual applicants, with whom the Charter 77 Foundation concludes deeds of donation. The maximum possible financial contribution to one project is CZK 200,000; the average contribution to a supported project in 2015 was CZK 35,000.

The aim of the cooperation with the Charter 77 Foundation is to use the funds to help address health and social needs of individuals with disabilities and support organisations working with the disabled. The cooperation with the Charter 77 Foundation increases efficiency of the donor activities, because its staff has a perfect knowledge of the needs of the disabled, cooperates with doctors and other professionals, and can see specific real-life stories behind every application. Therefore, the Charter 77 Foundation is a guarantee to PRE that the financial support will really get to those who need it the most at the time.

MEMBERSHIP IN NATIONAL AND MULTINATIONAL ORGANISATIONS AND ASSOCIATIONS

The Companies of the PRE Group are members of the Czech Association of Regulated Power Supply Companies (České sdružení regulovaných energetických společností, ČSRES), the World Energy Council – CR Energy Committee, ČK CIRED, the Czech Company Lawyers Association (Unie podnikových právníků ČR), the Czech-German Chamber of Commerce and Industry (Česko německá obchodní a průmyslová komora), the Czech Institute of Internal Auditors (Český institut interních auditorů), the Chamber of Commerce of the Capital City of Prague (Hospodářská komora hlavního města Prahy), the Czech Association of Energy Sector Employers (Český svaz zaměstnavatelů v energetice), the Association of Electronic Commerce (Asociace pro elektronickou komerci), the Association of High Voltage Test Facilities (Asociace zkušeben vysokého napětí), the Club of Friends of the National Technical Museum in Prague (Klub přátel Národního technického muzea v Praze), ASEP – Association of the Electric Vehicle Industry (Asociace elektromobilního průmyslu) and ANDE – Association of Independent Energy Suppliers (ANDE – Asociace nezávislých dodavatelů energií).

Around-the-clock fun in the metropolis

Prague does not boast only historical sights, but also numerous cultural and entertainment opportunities. Some are available virtually around-the-clock, just like the energy supply from PRE.



electricity in Prague since 1882 / **Electricity Works of the Royal Capital City of Prague founded in 1897** / three-phase current for Prague since 1900

SUBSIDIARIES

PREdistribuce, a.s.

The establishment of PREdistribuce, a.s., relates to the changes brought about by the amendment to the energy legislation aimed at harmonising the legislation of the EU member states. In 2004, Directive 2003/54/ES of the European Parliament and the Council concerning common rules for the internal market in electricity was transposed to the Czech legislation through an amendment to the Energy Act. In accordance with the amendment, the process of unbundling regulated and unregulated activities was commenced aiming to separate the distribution of electricity from trading in electricity, and to ensure that the licence for electricity distribution is held by a separate company. Consequently, Pražská energetika, a.s., founded a 100% subsidiary, PREdistribuce, a.s., on the 7th of September 2005, where it transferred a part of its business (the Distribution division, i.e., the distribution network).

PREdi started operating on the 1st of January 2006 and assumed all the rights and obligations of Pražská energetika, a.s., related to securing and operating the distribution system in the capital, Prague, in Roztoky and in Žalov and became the owner of the technical equipment and a part of the immovable assets used for electricity distribution in this territory.

The subsidiary undertakes the following activities:

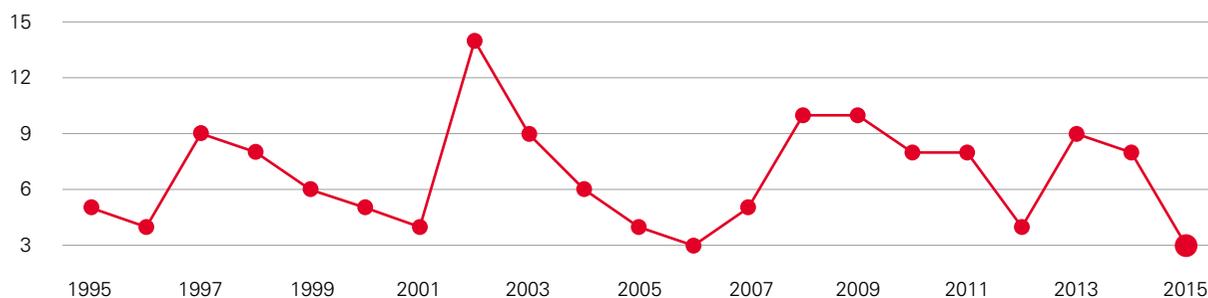
- provision of distribution services, management of contractual relations with customers, network connection management;
- planning, concept development, development and maintenance of the distribution network, distribution stations and cable tunnels;
- construction of the distribution network, management of contractual relations with contractors;
- management and record keeping of assets used for electricity distribution;
- archiving technical and operational documentation;
- inspections and continuous checks of the existing equipment and the equipment under construction;
- real-time management of the network operation, management of power flows and loss optimisation, and mass remote control management;
- management of planned shut-downs, resolution of failures, management of emergency services;
- preparation of frequency and disconnection plans and medium-term and short-term disconnection plans;
- diagnostics and measurements of the technical properties of the distribution network;
- administration and operation of communication metallic cables;
- administration and operation of the network control systems;
- measurements in the distribution network and their assessment and submission of the measured and assessed data to the electricity market operator;
- comprehensive economic administration for all organisational units of the company and regulatory reporting;
- technical controlling;
- execution of constructions, their alterations and demolitions.

Distribution network

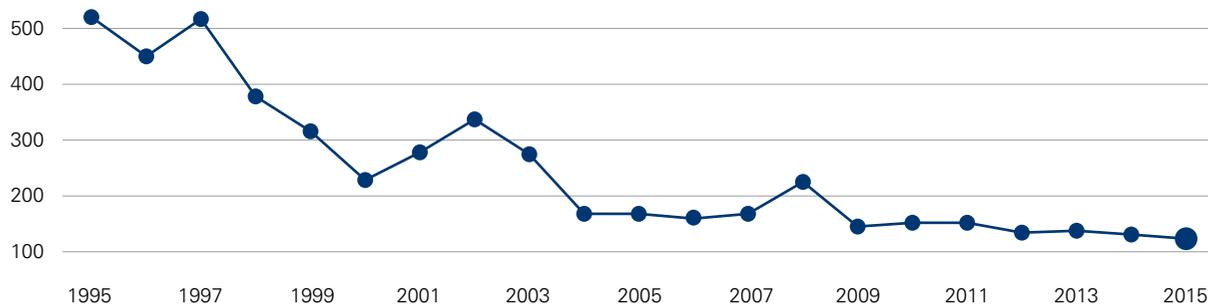
Distribution of electricity means all of the processes and activities related to ensuring the transmission of electricity from generation points or transfer points with the transmission system to transfer points or consumption points of individual customers through the distribution system. It consists of a system of 110 kV, 22 kV and 0.4 kV lines and cable lines, distribution stations with 110/22 kV transformation and 22/0.4 kV network transformer stations. The key processes and activities ensuring distribution include development and renovation of network assets, connection of new customers, buildings and structural units, optimum control of the operation and resolving failures, maintenance and repairs of the network, and measurements and transfer of data for the purpose of settlement of supplies in the distribution system. Distribution of electricity is subject to price and quality regulation by ERÚ, which aims to optimise costs and prices for the networks use while ensuring adequate quality of electricity distribution and the related user and customer services.

The highest total load in the distribution network in history amounting to 1,209 MW was recorded on the 1st of December 2010. In 2015, the network distributed more than 6 TWh on all voltage levels and all output and energy demands of existing and new customers and investors of development projects on the licensed territory were met. Throughout the year, quality standards of the electricity supply and the related services were met with regard to the customers connected to the distribution system in accordance with Decree of ERÚ No. 540/2005 Coll., as amended.

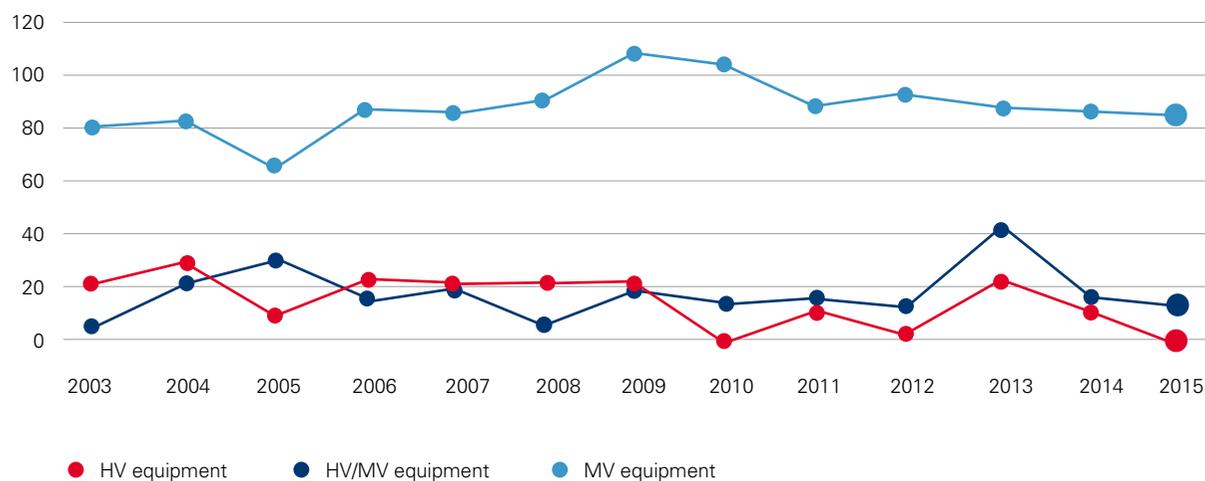
Number of HV failures



Number of MV failures



Average length of electricity supply disruption on HV, HV/MV and MV equipment (min.)



Comparison of the development of selected network indicators (as of 31.12. of the given year)

	Units	2015	2014	2013	2012	2011	2010
Maximum network load	MW	1,093	1,149	1,156	1,198	1,205	1,209
Length of the HV network	km	207	207	206	206	202	202
Number of HV/MV stations	pieces	22/23	22/24	22/24	22/24	22/24	22/24
Length of the MV lines	km	3,867	3,854	3,872	3,865	3,863	3,829
Number of MV stations	pieces	4,843	4,835	4,834	4,833	4,839	4,778
Number of MV/LV distribution stations	pieces	3,229	3,246	3,261	3,274	3,295	3,254
Length of the LV network	km	7,940	7,945	7,834	7,850	7,836	7,750

Number of enquiries answered by the Distribution Emergency Line

Year	2015	2014	2013	2012	2011	2010
Total	42,210	41,371	52,789	41,782	38,484	32,860
of which were failures	11,726	13,900	22,943	15,935	17,364	22,160

Number of e-mails answered by the Distribution Emergency Line

Year	2015	2014	2013	2012	2011	2010
Total	5,470	5,722	4,916	2,860	1,156	1,577

PREměření, a.s.

The company was founded in 1998 under the name Cejchovna elektroměrů Praha, a.s. At the time, its business activities centred on the production, installation and repair of electrical machinery and devices, repair and installation of metering equipment, the operation of the state metrological centre for checking metering equipment, and the organisation of trainings and qualification courses.

On the 24th of November 2005, the decision was made to change the name of the company to PREměření, a.s. After annual electricity readings were introduced, PREměření assumed all the PRE Group activities associated with energy metering on the LV level. On the 1st of January 2008, the organisational structure was adjusted to ensure the optimum functioning of processes associated with electricity meters (administration of metering instruments, readings services and installation), including the provision of these services to external entities.

The scope of PREm activities has been gradually expanding and currently includes several different fields. In the traditional field of metering, the company is responsible for purchasing metering equipment, its testing and installation for the sister company PREdi and to a smaller extent it engages in sales of metering equipment and selected electrical appliances to external customers. Readings are carried out both for the PRE Group, and for external customers – Pražská plynárenská Distribuce and Pražská teplárenská.

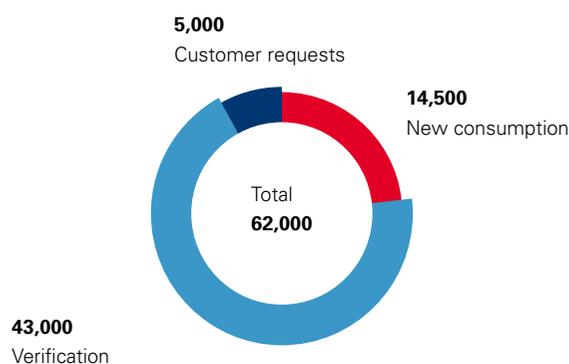
Energy services form a significant part of the PREm business activities. In this area, PREm offers a wide range of services including energy audits, lighting and heating solutions, rental of metering equipment, electroinstallation and inspection works, services for photovoltaic power plants, construction and inspection of transformer stations, comprehensive decentralised solutions for energy supply and a wide range of services in electromobility (for more information see the section “PREmobilita”). The development of energy services is one of the strategic objectives of the PRE Group. That is also the reason why a new division, Energy Services, was established within PREm in October 2015; it is led by a new division director and consists of all the former sections responsible for services and readings. PREm offers energy services primarily through the PRE Service Centre, having taken over the responsibility for the centre from the PRE parent company in 2014. The centre also rents and sells electric bikes (www.PREkolo.cz).



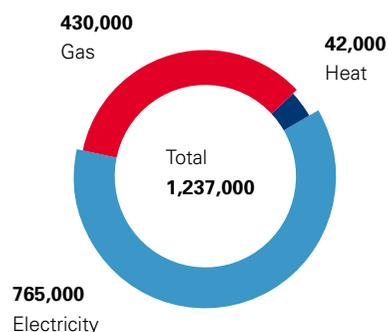
With more than 3 million square meters of office space, Prague is an administrative as well as an economic capital of the Czech Republic. Electricity from PRE fuels lights, air-conditioning and computers in the offices of entrepreneurs, administrative workers as well as civil servants.

Since 2010, the company has also been active in the field of renewable sources of energy. The PReM photovoltaic power plants generation portfolio has grown considerably, especially in the last few years. Currently it consists of 15 photovoltaic power plants with the total installed capacity of 23.5 MWp. Besides electricity generation, the company energy services also include planning, construction and servicing of small photovoltaic power plants for customers.

Number of electricity meters installations carried out in 2015



Number of readings in 2015



Photovoltaic power plants operated by PReM

Photovoltaic power plant	Capacity (kWp)
Jinonice	173
Lhotka	60
Hrouda	28
Prahačka TO02	90
Prahačka TO03	18
Prahačka TO04	30
Sever	204
Kondrac	1,109
Hořovice	1,087
Pozorka	3,998
Syrovce – Rajhradská	3,168
Syrovce – Ořechovská	3,168
Dačice	4,848
Mikulov	941
Požořice	4,596
TOTAL	23,518

eYello CZ, k.s.

eYello CZ, k.s., is the legal successor of PREleas, a.s., which was established in 1996. Since the 1st of May 2014, it has had the legal form of a limited partnership company (with PRE being the general partner with 90% and PREm the limited partner with 10%). The company engages in trading in electricity and gas, and under the brand Yello Energy provides electricity and gas supply in the Czech Republic. The company provides financial leases of technologies to the members of the PRE Group.

Last year, the company operating under the brand Yello Energy achieved a considerable growth and placed in the top ten most dynamically developing electricity and gas suppliers in the Czech Republic. It is set apart from other suppliers on the market by the simplicity and clarity of its product portfolio, attractive prices and flexible and smooth communication without customer centres. As such, the Yello Energy brand expands the successful range of PRE products.

eYello draws on the experience of Yello Strom GmbH, an EnBW subsidiary, which has been a successful alternative supplier of electricity and gas in neighbouring Germany since 1999 and currently services around a million customers.



For 125 years, the cable car to the Petřín hill has been among the most sought-after Prague attractions. Its original water drive was replaced by electricity in 1932, which has been powering it since.

STRUCTURE OF SHAREHOLDERS

SHAREHOLDERS

All shareholders have access to important information about the company, which is available either directly on the company website or upon request from the Shareholder Administration department (the Strategic Development and Relations with Shareholders section).

Throughout the year, there were no significant changes to the structure of shareholders.

Thanks to information being published on the company website, shareholders have virtually immediate access to information on important changes in the company.

Main PRE shareholders (%)

As of 31.12.	2015	2014	2013	2012	2011
Pražská energetika Holding a.s.	58.05	58.05	58.05	58.05	58.05
EnBW Energie Baden-Württemberg AG	41.4	41.4	41.4	41.4	41.4
Other persons	0.55	0.55	0.55	0.55	0.55

Structure of PRE shareholders (%)

As of 31.12.	2015		2014		2013		2012	
	Number of shareholders	Nominal value (CZK Thous.)	Number of shareholders	Nominal value (CZK Thous.)	Number of shareholders	Nominal value (CZK Thous.)	Number of shareholders	Nominal value (CZK Thous.)
Domestic shareholders	5,504	2,266,204	5,523	2,266,204	5,583	2,266,205	5,599	2,266,221
Foreign shareholders	13	1,603,239	10	1,603,239	10	1,603,238	9	1,603,222
Shareholders total	5,517	3,869,443	5,533	3,869,443	5,593	3,869,443	5,608	3,869,443
Natural persons	5,500	21,428	5,514	21,408	5,576	21,414	5,590	21,412
Legal persons	17	3,848,015	19	3,848,035	17	3,848,029	18	3,848,031

INFORMATION FROM THE GENERAL MEETING HELD IN 2015

The Annual General Meeting of Pražská energetika, a.s., held on the 24th of June 2015

debated:

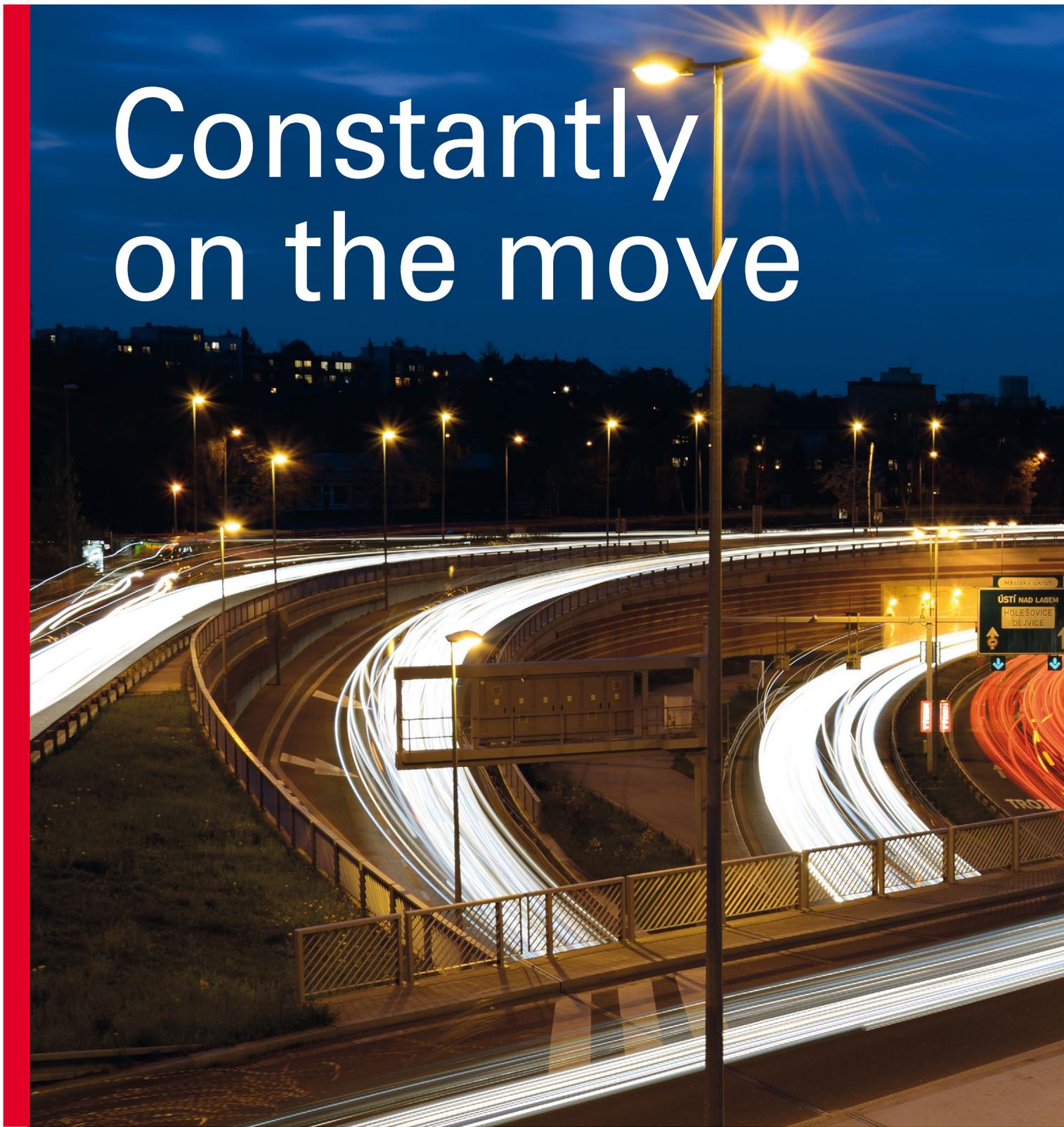
- the report of the Supervisory Board including the statement on the Report on Relations;

approved:

- the Report of the Board of Directors on Business Activities and Assets for 2014, as presented by the Board of Directors of the company;
- the consolidated financial statements for 2014, as presented by the Board of Directors of the company;
- the separate financial statements for 2014, as presented by the Board of Directors of the company;
- the proposal on the distribution of profit for 2014, including determination of the amount of dividends and directors' fees for 2014 and the method of paying them out;
- contracts on the performance of the duties of the newly elected members of the Supervisory Board including remuneration;
- the presented proposal of the total amount of gifts in 2016;

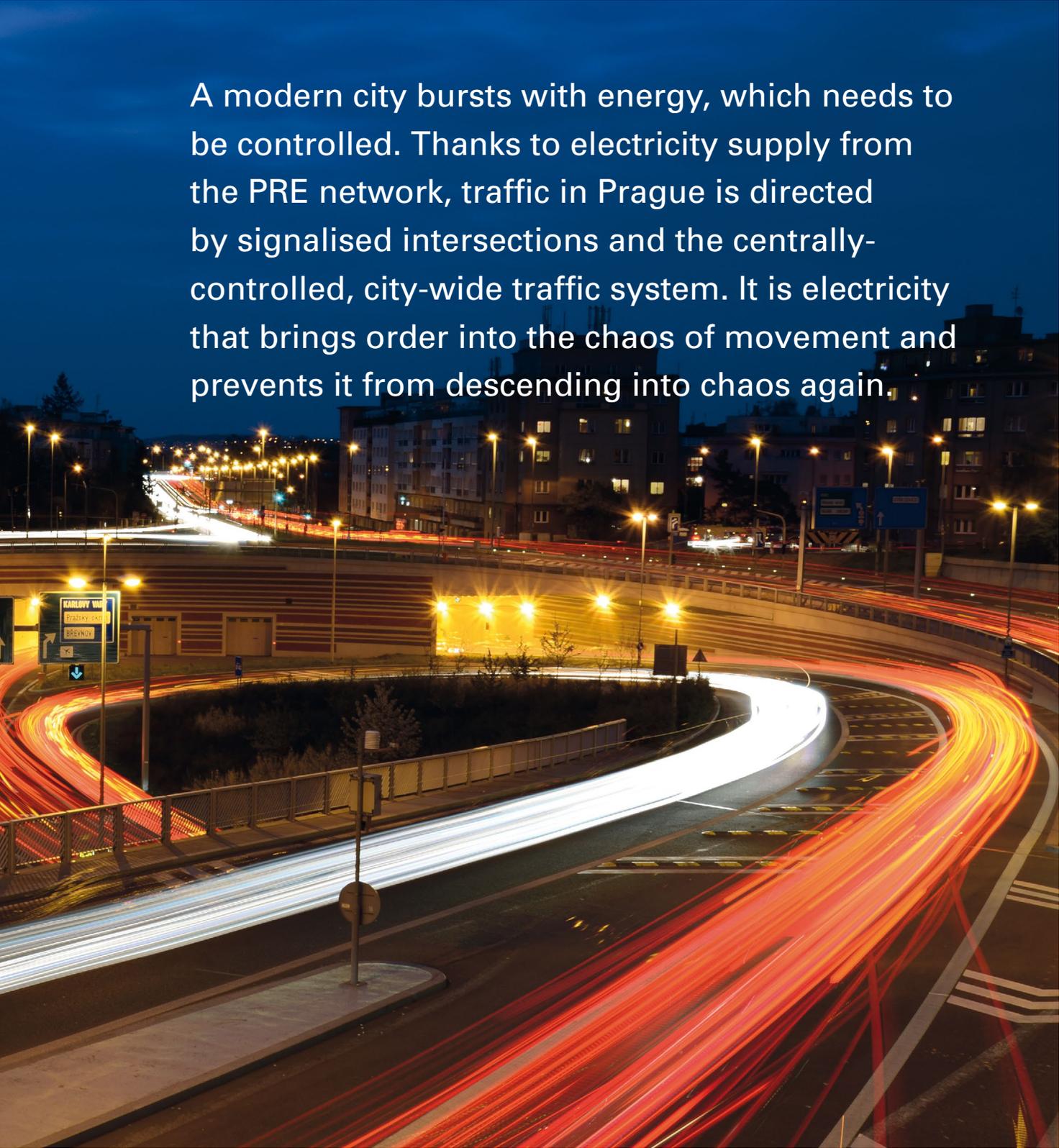
The Annual General Meeting also elected new members of the Supervisory Board: Radmila Kleslová and Jan Sixta were elected for the positions originally held by Jiří Baldík and Michal Štěpán; Bernhard Beck appointed by the Supervisory Board as a substitute member of the Supervisory Board was approved in the position; all with effect from the 24th of June 2015. Fabian Spalthoff was elected for the position originally held by Drahomír Ruta with effect from the 2nd of November 2015.

The Annual General Meeting granted to the new members of the Supervisory Board, Radmila Kleslová and Jan Sixta, the required approval to engage in activities subject to the prohibition of competition according to Section 451 of Act No. 90/2012 Coll.



Constantly on the move

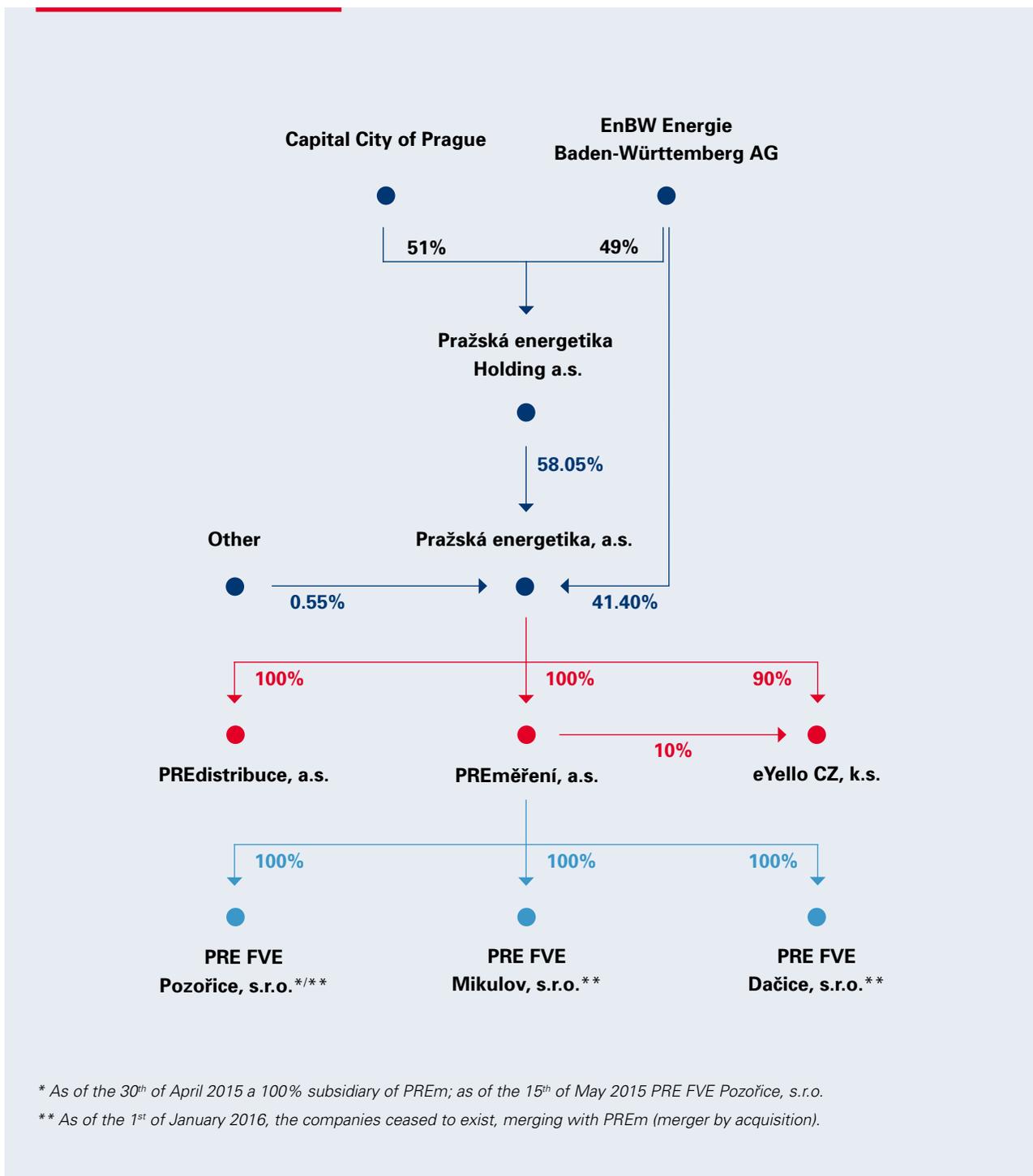
A modern city bursts with energy, which needs to be controlled. Thanks to electricity supply from the PRE network, traffic in Prague is directed by signalised intersections and the centrally-controlled, city-wide traffic system. It is electricity that brings order into the chaos of movement and prevents it from descending into chaos again.



electricity in Prague since 1882 / Electricity Works of the Royal Capital City of Prague founded in 1897 / three-phase current for Prague since 1900

REPORT ON RELATIONS

Chart of the PRE Group structure



REPORT ON RELATIONS

of Pražská energetika, a.s., for 2015

(hereinafter referred to as the Report on Relations) drawn up in accordance with Section 82 of Act No. 90/2012 Coll., on Business Corporations and Cooperatives (hereinafter referred to as ZOK) for the accounting period of 1.1.2015 – 31.12.2015. The relations are described in a manner which takes account of the need to respect the provisions of Section 504 of Act No. 89/2012 Coll., the Civil Code, concerning trade secrets, and by analogy with the provisions of Section 359 of ZOK concerning restrictions of information provision.

1. Structure of the relations between the controlled entity and the controlling entity, the role of the controlled entity and the manner and means of control

I. Structure of the relations

Controlling entities:

Pražská energetika Holding a.s., registered office Na Hroudě 1492/4, 100 05 Prague 10, ID No.: 26428059, registered in the Commercial Register kept at the Municipal Register in Prague, File ref. B 7020, **(PREH)**

EnBW Energie Baden-Württemberg AG, registered office Durlacher Allee 93, 76131 Karlsruhe, the Federal Republic of Germany, registered in the Commercial Register kept at the District Court in Mannheim, File ref. 107956, **(EnBW)**, at the same time the managing entity in accordance with Section 79 (1) of ZOK

Controlled/Managed entity:

Pražská energetika Holding a.s., registered office Na Hroudě 1492/4, Prague 10, 100 05, ID No.: 60193913, registered in the Commercial Register kept at the Municipal Register in Prague, File ref. B 2405, **(PRE)**

II. Role of PRE; method and means of control

PRE ensures a stable, environmentally friendly, and efficient supply of electric power to the capital, Prague, and contributes to the development and improvement of energy infrastructure. The main PRE and PRE Group activities include trading in electricity and gas in the Czech Republic, distribution of electricity, its generation from renewable sources, and complementary energy services.

PREH is jointly controlled by the Capital City of Prague (with a 51% share) and EnBW (with a 49% share). PREH holds PRE shares amounting to a 58.05% share of the PRE registered capital and exercises decisive influence over PRE according to Section 74 (1) of ZOK.

EnBW holds a 41.40% share of the PRE registered capital and exercises decisive influence over PRE according to Section 74 (1) and (3) of ZOK. In compliance with the provisions of Section 79 of ZOK, PRE is a part of the EnBW corporate group and operates on the Czech energy market as such. EnBW controls and manages PRE through its representatives on the Board of Directors and the Supervisory Board.

Pursuant to the shareholders' contracts, the controlling companies PREH and EnBW exercise their control at the level of PRE and the control involves primarily PRE activities. The unified management does not apply to the activities of PRE subsidiaries, which are managed only by PRE as their majority partner. The sole management of the subsidiary and second-tier subsidiary companies falls under the remit of the PRE Board of Directors.

2. Overview of the actions carried out in the last accounting period at the instigation or in the interest of the controlling entity or its controlled entities if such actions concerned property exceeding 10% of equity of the controlled entity as identified in the last financial statement

In 2015 no actions concerning property exceeding 10% of the equity of PRE were carried out at the instigation or in the interest of the controlling entities or their controlled entities.

3. Overview of the mutual contracts between the controlled entity and the controlling entity or between the controlled entities

The overview of the mutual contracts between the controlled entities has been prepared based on the list of the controlled entities provided to PRE by the controlling entities.

I. Contracts concluded by PRE with PREH or with the entities controlled by PREH

- - Contract on Lease of Non-residential Premises with PREH – in effect from 1.4.2001 to 31.3.2015, as amended
- - Contract on the Location of the Registered Office and Provision of the Related Services NG3530/05/2015/05 – in effect from 1.4.2015 for an indefinite period of time
- - Contract on Financial and Personnel Agenda with PREH – in effect from 15.8.2001 for an indefinite period of time, as amended
- - Contract on Provision of Short-term Loan No. 1/2014 with PREH – in effect from 27.6.2014 to 31.7.2015
- - Contract on Provision of Short-term Loan No. 2015 with PREH – in effect from 8.7.2015 to 3.8.2018

II. Contracts concluded by PRE with EnBW or with the entities controlled by EnBW

- - General Contract on Exchange of Employees between PRE and EnBW Energie Baden-Württemberg AG – in effect from 23.10.2012 for an indefinite period of time
- - Contract on Handling of Matters Related to Health Insurance and Social Security Contributions and Calculating Prepayment of Natural Persons Income Tax from Wage-earning Income and All Emoluments – in effect from 1.8.2012 for an indefinite period of time
- - Contract on Handling of Matters and Provision of Services with EnBW CZ, spol. s r.o. – in effect from 1.2.2012 for an indefinite period of time
- - Contract on Handling of Matters and Provision of Advisory and Administrative Services with EnBW CZ, spol. s r.o. – in effect from 1.2.2012 to 31.12.2017, as amended
- - Licence Contract with Yello Strom GmbH – in effect from 5.11.2012 to 5.11.2017
- - Contract on Providing Access to the Market through IMC No. G4400/2012/0003 with EnBW Trading GmbH (as of 1.5.2014 EnBW) – in effect from 20.12.2012 for an indefinite period of time
- - Contract on Providing Access to OTE No. G4400/2013/0002 with EnBW Trading GmbH (as of 1.5.2014 EnBW) – in effect from 25.4.2013 for an indefinite period of time
- - Contract on the Creation of a Supply Consortium with PREdi and EnBW Regional AG (as of 1.2.2014 Netze BW GmbH) – in effect from 23.8.2013 until the execution of a potential public contract
- - Contract on the Creation of a Supply Consortium with PREdi and EnBW Regional AG (as of 1.2.2014 Netze BW GmbH) – in effect from 23.8.2013 until the execution of a potential public contract, as amended

- Contract on Cooperation in Provision of Transaction Reporting EMIR No. G4400/2014/0001 with EnBW Trading GmbH (as of 1.5.2014 EnBW) – in effect from 23.4.2014 for an indefinite period of time

- Contract EFET Electricity with EnBW Trading GmbH (as of 1.5.2014 EnBW) – in effect from 20.1.2005 for an indefinite period of time

- Contract EFET Gas with GasVersorgung Süddeutschland GmbH – in effect from 13.9.2013 for an indefinite period of time

- Contract EFET Gas with EnBW – in effect from 1.1.2015 for an indefinite period of time

III. Contracts with subsidiaries and second-tier subsidiaries

1. Contracts with subsidiaries

i) Contracts between PRE and PREdi

- Contract on Provision of Services No. P200006/01 – in effect from 1.1.2006 for an indefinite period of time, as amended

- Lease Contract No. PS20000007/003 – in effect from 1.1.2007 for an indefinite period of time, as amended

- Lease Contract No. PS20000007/004 – in effect from 1.1.2007 for an indefinite period of time, as amended

- Lease Contract No. P200006/05 – in effect from 1.1.2006 for an indefinite period of time, as amended

- Lease Contract No. P200006/06 – in effect from 1.1.2006 for an indefinite period of time, as amended

- Contract on Lease of Non-residential Premises No. P200006/09 – in effect from 1.1.2006 for an indefinite period of time, as amended

- Contract on Lease of Garage Parking Lot No. P200006/10 – in effect from 1.1.2006 for an indefinite period of time, as amended

- Contract on Lease of Non-residential Premises No. P200006/11 – in effect from 1.1.2006 for an indefinite period of time, as amended

- Contract on Electricity Supply to Cover Losses in the Distribution System and for the Internal Needs of the Distribution System Operator No. P200006/14 – in effect from 1.1.2006 for an indefinite period of time

- General Contract on Electricity Distribution to Customer Consumption Points of the Electricity Trader No. PS20000011/011 – in effect from 1.1.2011 for an indefinite period of time

- Contract on Provision of Short-term Loans No. P200006/22 – in effect from 30.11.2005 for an indefinite period of time, as amended

- Contract No. ZBA/2005/36 on Provision of Factual Unidirectional Cash Pooling (C00188/05) – in effect from 1.12.2005 for an indefinite period of time, as amended

- General Mandate Contract on Construction of Telecommunication Facilities No. P200006/27 – in effect from 2.5.2006 for an indefinite period of time

- Licence Contract No. PS20000011/029 – in effect from 3.1.2011 for an indefinite period of time

- Lease Contract No. NO21106/015 – in effect from 2.1.2006 for an indefinite period of time, as amended

- Lease Contract – Plastic Advertisement Billboards No. NO21106/001 – in effect from 30.12.2005 for an indefinite period of time, as amended

- Contract for Work – Administration, Operation and Maintenance of Optical Networks No. PS21000111/079 – in effect from 1.7.2011 for an indefinite period of time

- Lease Contract No. PG3530/07/2008/22 – in effect from 1.8.2008 for an indefinite period of time, as amended

- Lease Contract No. NO21109/001 – in effect from 1.3.2009 to 31.12.2020, as amended

- Lease Contract No. NO21109/006 – in effect from 1.4.2009 for an indefinite period of time

- Contract on Establishment of Easement No. VV/G33/03236/07/3065 – in effect from 22.1.2007 for an indefinite period of time

- Contract on Establishment of Easement No. VV/G33/03502/07/4849 – in effect from 22.1.2007 for an indefinite period of time

- Contract on Establishment of Easement No. VV/G33/03665/07/4394 – in effect from 16.11.2007 for an indefinite period of time

- Contract on Establishment of Easement No. VV/G33/03938/08/5562 – in effect from 31.3.2008 for an indefinite period of time

- Contract on Establishment of Easement No. VV/G33/04067/07/6065 – in effect from 9.11.2007 for an indefinite period of time

- Contract on Establishment of Easement No. VV/G33/04295/08 – in effect from 4.2.2008 for an indefinite period of time

- Contract on Establishment of Easement No. VV/G33/04449/08/5877 – in effect from 10.10.2008 for an indefinite period of time

- Contract on Establishment of Easement No. VV/G33/04457/08 – in effect from 31.3.2008 to 2.4.2048

- Contract on Establishment of Easement No. 33200/4793/08/5678 – in effect from 19.1.2009 for an indefinite period of time
- Contract on Establishment of Easement No. 33200/5001/08 – in effect from 12.12.2008 for an indefinite period of time
- Agreement on a Future Contract on Establishment of Easement No. VB/S24/1320548 – in effect from 8.3.2013 to 16.9.2015
- Contract on Establishment of Easement No. VV/G33/06487/1006936 – in effect from 21.5.2010 for an indefinite period of time
- Contract on Establishment of Easement No. VV/G33/07210/1110903 – in effect from 12.5.2011 for an indefinite period of time
- Contract on Establishment of Easement No. VV/G33/08100/1215718 – in effect from 6.6.2012 for an indefinite period of time
- Contract on Establishment of Easement No. VV/G33/08212/1216021 – in effect from 20.4.2012 for an indefinite period of time
- Contract on Establishment of Easement No. VV/G33/09086/1321312 – in effect from 13.5.2013 for an indefinite period of time
- Contract on Establishment of Easement No. VV/G33/10271/1427740 – in effect from 25.2.2015 for an indefinite period of time
- Contract on Establishment of Easement No. VV/G33/10492/1528758 – in effect from 16.9.2015 for an indefinite period of time
- Lease Contract No. NO21111/011 – in effect from 1.4.2011 for an indefinite period of time
- General Contract on Provision of GPRS Module Installation Services No. PS20000013/033 – in effect from 25.10.2013 for an indefinite period of time
- Contract on Sub-lease of the Distribution System No. N21112/012 – in effect from 1.2.2012 to 31.12.2016, as amended
- Contract on Loan No. 1/2012 No. PS20000012/032 – in effect from 28.6.2012 to 29.6.2015, as amended
- Contract on Long-term Loan No. 1/2014, PS20000014/021 – in effect from 18.6.2014 to 18.6.2026
- Contract on Long-term Loan No. 2/2014, PS20000014/030 – in effect from 26.11.2014 to 28.11.2026
- Contract on Long-term Loan No. 1/2015, PS20000015/021 – in effect from 29.6.2015 to 29.6.2027
- Contract on Combined Services of Gas Supply No. PS21001015/015 – in effect from 1.11.2014 to 31.5.2016
- Contract on Purchase of a Movable Asset No. KV/S21/1530524 – in effect from 24.6.2015

ii) Contracts between PRE and PREm

- Lease Contract (C00242/06) – in effect from 1.9.2006 for an indefinite period of time, as amended
- Lease Contract (C00310/08) – in effect from 1.1.2008 for an indefinite period of time, as amended
- Contract on Lease of Garage Parking Lot 62/35300/07/Ni (C00312/08) – in effect from 1.1.2008 for an indefinite period of time
- Contract on Lease of a Part of Real Estate (C00441/10) – in effect from 1.10.2010 to 31.12.2035, as amended
- Contract on Lease of a Part of Real Estate (C00453/10) – in effect from 1.11.2010 to 31.12.2035, as amended
- Contract on Lease of Non-residential Premises, PG3530/05/2013/04 (C00621/13) – in effect from 1.1.2008 for an indefinite period of time
- Contract on Lease of Non-residential Premises for Business, NG3530/05/2014/14 (M5000/N/2014/0001) – in effect from 1.6.2014 for an indefinite period of time
- Contract on Provision of Short-term Loans (C00186/05) – in effect from 30.11.2005 for an indefinite period of time, as amended
- Contract No. ZBA/2005/36 on Provision of Factual Unidirectional Cash Pooling (C00188/05) – in effect from 1.12.2005 for an indefinite period of time, as amended
- Contract on Use of Telephone Equipment and Re-charging the Costs Related to the Use of Telephone Lines No. 1226 (C00240/06) – in effect from 1.8.2006 for an indefinite period of time
- Contract on Provision of Services (C00267/06) – in effect from 1.1.2007 for an indefinite period of time, as amended
- Contract on Take-over of Rights and Obligations Arising from the Forwarding Contract dated 30.6.2000, No. P4212005/5 (C00311/08) – in effect from 1.1.2008 for an indefinite period of time
- General Contract on Assembly of Storage Heaters (C00384/09) – in effect from 3.9.2009 for an indefinite period of time, as amended
- Contract on Personal Data Processing (C00426/10) – in effect from 22.6.2010 for an indefinite period of time
- Licence Agreement on Using Trademark (C00470/11) – in effect from 3.1.2011 for an indefinite period of time
- Contract on Combined Services of Electricity Supply – type MO No. SoSSE/6254022 (C00503/11) – in effect from 14.6.2011 for an indefinite period of time, as amended

- Contract on Combined Services of Electricity Supply – type MO No. SoSSE/6250517 (C00504/11) – in effect from 14.6.2011 for an indefinite period of time, as amended

- Contract on Combined Services of Electricity Supply – type MO No. SoSSE/6282725 (C00505/11) – in effect from 14.6.2011 for an indefinite period of time, as amended

- Contract on Combined Services of Electricity Supply – type MO No. SoSSE/6279473 (C00506/11) – in effect from 14.6.2011 for an indefinite period of time, as amended

- Contract on Combined Services of Electricity Supply – type MO No. SoSSE/6283505 (C00507/11) – in effect from 14.6.2011 for an indefinite period of time, as amended

- Contract on Combined Services of Electricity Supply – type MO No. SoSSE/6207319 (C00508/11) – in effect from 14.6.2011 for an indefinite period of time, as amended

- Contract on Combined Services of Electricity Supply – type MO No. SoSSE/6253998 (C00509/11) – in effect from 14.6.2011 for an indefinite period of time, as amended

- Contract on Combined Services of Electricity Supply, 3510530720, No. M5100/E/2014/0042 – in effect from 1.1.2015 to 31.12.2015

- General Contract for Work (C00519/11) – in effect from 29.9.2011 for an indefinite period of time

- Mandate Contract (C00542/11) – in effect from 5.12.2011 for an indefinite period of time, as amended

- Contract on Electricity Supply from Supported Sources (C00605/12) – in effect from 1.1.2013 for an indefinite period of time

- General Contract for Work (C00788/14) – in effect from 15.1.2014 for an indefinite period of time

- Contract on Provision of Services (C00803/14) – in effect from 1.1.2014 to 31.12.2015, as amended

- Contract on Long-term Loan No. 1/2014 (C00806/14) – in effect from 28.2.2014 to 28.2.2022

- Contract on Long-term Loan No. 2/2014 (C00807/14) – in effect from 28.2.2014 to 28.2.2023

- Contract on Long-term Loan No. 3/2014 (C00808/14) – in effect from 28.2.2014 to 29.2.2024

- Contract on Long-term Loan No. 4/2014 (C00809/14) – in effect from 28.2.2014 to 29.2.2024

- Contract on Long-term Loan No. 5/2014, (M5000/O/2015/0004) – in effect from 8.12.2014 to 31.12.2021

- Contract on Long-term Loan No. 1/2015, 1/2015, G1020/PREM /2015/07, M5000/O/2015/0010 – in effect from 27.10.2015 to 29.10.2023

- Contract on Long-term Loan No. 2/2015, G1020/PREM/2015/08, M5000/O/2015/0011 – in effect from 27.10.2015 to 29.10.2023

- Brokerage Contract (M5100/SL/2014/0053) – in effect from 24.10.2014 to 30.4.2015

- Contract on Mutual Marketing Support (M5100/SL/2015/0007/G4109/2015/0001) – in effect from 10.12.2014 to 31.12.2016

- Contract for Work with PREm as Contractor G3540/I/01/2015/034, M6100/P/2015/0105 – in effect from 26.10.2015 to 17.12.2015

- Contract for Work with PREm as Contractor G3540/I/01/2015/024, M5100/P/2015/0078 – in effect from 18.8.2015 to 9.10.2015

iii) Contracts between PRE and eYello

- Contract No. ZBA/2005/36 on Provision of Factual Unidirectional Cash Pooling – in effect from 1.12.2005 for an indefinite period of time, as amended

- Contract on Provision of Services (C00267/06) – in effect from 19.12.2012 for an indefinite period of time, as amended

- Sub-licence Contract – in effect from 19.12.2012 to 5.11.2017

- Contract on Sub-lease – in effect from 1.6.2013 to 31.3.2021

- General Contract on Electricity Supply – in effect from 1.2.2014 for an indefinite period of time

- General Contract on Gas Supply – in effect from 1.7.2013 to 30.9.2015

- General Contract on Gas Supply – in effect from 1.10.2015 for an indefinite period of time

- Contract on Marketing Costs Allocation – in effect from 1.7.2014 for an indefinite period of time, as amended

2. Contracts with second-tier subsidiaries – PRE FVE Dačice, PRE FVE Mikulov and PRE FVE Pozořice

- Contract on Long-term Loan No. 1/2014 (PRE with PRE FVE Dačice) – in effect from 8.12.2014 to 18.12.2024
- Contract on Long-term Loan No. 1/2015 (PRE with PRE FVE Dačice) – in effect from 27.10.2015 to 29.10.2024
- Contract on Long-term Loan No. 1/2015 (PRE with PRE FVE Mikulov) – in effect from 27.10.2015 to 29.10.2024
- Contract on Long-term Loan No. 1/2015 (PRE with PRE FVE Pozořice) – in effect from 27.10.2015 to 29.10.2024
- Contract on Provision of Short-term Loans (PRE with PRE FVE Dačice) – in effect from 29.4.2015 for an indefinite period of time
- Contract on Provision of Short-term Loans (PRE with PRE FVE Mikulov) – in effect from 29.4.2015 for an indefinite period of time
- Contract No. ZBA/2005/36 on Provision of Factual Unidirectional Cash Pooling (C00188/05) – in effect from 1.12.2005 for an indefinite period of time (for the second-tier subsidiaries from 29.4.2015), as amended

3. Contracts between subsidiaries and second-tier subsidiaries

i) Contracts between PREdi and PREm

- Contract on Provision of Services No. S252007/002, C00270/07 – in effect from 1.1.2007 for an indefinite period of time, as amended
- Contract on Supply of Defunct Metering Equipment No. S252007/003, C00261/06 – in effect from 30.12.2006 for an indefinite period of time
- Contract on Supply of Used Metering Equipment No. S252007/004, C00260/06 – in effect from 30.12.2006 for an indefinite period of time
- Contract for Work No. P20006/19, C00203/06 – in effect from 1.3.2006 for an indefinite period of time, as amended
- Contract on Lease of Land No. N21110/016, C00418/10 – in effect from 1.4.2010 to 31.12.2030
- Contract on Lease of Land No. NO21110/004, C00438/10 – in effect from 1.9.2010 to 31.12.2030
- Contract on Lease of Land No. N21110/039, C00436/10 – in effect from 1.10.2010 to 31.12.2035, as amended
- Contract on Lease of a Part of Real Estate No. NO21110/005, C00439/10 – in effect from 1.10.2010 to 31.12.2035, as amended
- Contract on Supply of Metering Equipment No. KV/S21/1528699, M5100/RS/2014/0052 – in effect from 1.1.2015 to 31.12.2015
- Contract on Connection to Distribution System on LV Level No. 6149169/2010 (C00422/10) – in effect from 26.5.2010 for an indefinite period of time
- Contract on Connection to Distribution System on LV Level No. 6168552/2010 (C00442/10) – in effect from 4.8.2010 for an indefinite period of time
- Contract on Cooperation to Perform Work on Unmeasured Parts of Electricity Consumption Equipment No. PS20200013/002, C00632/13 – in effect from 1.3.2013 to 3.12.2015
- Contract on Cooperation to Perform Work on Unmeasured Parts of Electricity Consumption Equipment No. PS20200013/004, C00623/13 – in effect from 18.2.2013 to 28.2.2016
- Contract on Cooperation to Perform Work on Unmeasured Parts of Electricity Consumption Equipment No. PS20200013/005, C00629/13 – in effect from 1.3.2013 to 28.2.2016
- Contract on Cooperation to Perform Work on Unmeasured Parts of Electricity Consumption Equipment No. PS20200013/006, C00630/13 – in effect from 1.3.2013 to 28.2.2016
- Contract on Cooperation to Perform Work on Unmeasured Parts of Electricity Consumption Equipment No. PS20200013/007, C00631/13 – in effect from 1.3.2013 to 28.2.2016
- Contract on Personal Data Processing No. PS20000013/038, C00627/13 – in effect from 1.3.2013 for the time of the effect of the contracts of cooperation
- Contract on Cooperation to Perform Work on Unmeasured Parts of Electricity Consumption Equipment No. PS20200014/001, C00785/14 – in effect from 14.1.2014 to 28.2.2016
- Contract on Cooperation to Perform Work on Unmeasured Parts of Electricity Consumption Equipment No. PS20200014/002, M5100/O/2014/0005 – in effect from 2.5.2014 to 28.2.2016

- Contract on Cooperation to Perform Work on Unmeasured Parts of Electricity Consumption Equipment No. PS20200014/003, M5100/O/2014/0006 – in effect from 2.5.2014 to 28.2.2015

- Contract on Personal Data Processing No. PS20000014/031, C00783/14 – in effect from 14.1.2014 to 28.2.2016

- Contract for Work on Adaptation of Consumption Points No. PS21005015/082, eMR-111326 – in effect from 3.12.2015 to 31.12.2015

- Contract on Purchase of Movable Property No. IS/S24/1532017, 59070648 – in effect from 6.11.2015

- Contract for Work No. PS25002215/002, M6100/DOD/OBJ/2015/0074 – in effect from 6.10.2015

ii) Contracts between PREdi and eYello

- Leasing Contracts No. 0500001 to 0500003 – in effect from 1.2.2005 to 1.2.2015

- General Contract on Electricity Distribution to Customer Consumption Points of the Electricity Trader No. SOD/10390 – in effect from 16.11.2012 for an indefinite period of time

iii) Contracts between PREm and eYello

- Brokerage Contract No. Y9101/2015/0008, M5100/SL/2015/0045 – in effect from 7.7.2015 to 31.12.2015

- Contract on Mutual Marketing Support No. Y9101/2015/0007, M5100/SL/2015/0046 – in effect from 7.7.2015 to 31.12.2016

iv) Contracts between PREm and FVE Mikulov

- Contract on Provision of Services No. M5000/SL/2015/0001 – in effect from 1.1.2015 to 31.12.2015

v) Contracts between PREm and FVE Dačice

- Contract on Provision of Services No. M5000/SL/2015/0002 – in effect from 1.1.2015 to 31.12.2015

- Contract on Cession and Transfer of Rights, Commitments and Obligations Arising from Contract (SB Patrol) No. M5100/O/2015/0021 – in effect from 1.4.2015

- Contract on Cession and Transfer of Rights, Commitments and Obligations Arising from Contract (NetSERV) No. M5100/O/2015/0037 – in effect from 1.5.2015

4. Review of whether damage has been incurred by the controlled entity and a review of its settlement

Neither PRE nor its controlled entities have incurred any damage from the relations with the controlling entities or the entities controlled by any of the controlling entities or from the above mentioned contractual relationships. Transactions arising from the above mentioned contractual relationships are agreed in prices usual for the given contract type at the place and time and no preferential treatment was provided to one party or the other.

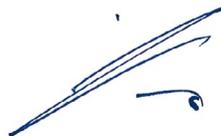
5. Advantages and disadvantages arising from relations between the controlled entity and the controlling entity and between the controlled entity and the entities controlled by the controlling entity, and the risks that arise from them. Information on the potential settlement of damages.

PRE has not incurred any damage or faced any risks beyond the degree usual in business relations between independent entities resulting from the relations with the controlling entities or the entities controlled by any of the controlling entities, or from the above mentioned contracts.

Cooperation between PRE and the controlling entities or their controlled entities brings considerable advantages to PRE thanks to the acquired know-how and numerous synergy effects, which PRE can also achieve. In particular, PRE has access to the knowledge and experience that the EnBW corporate group has at its disposal, as well as to the technology used and the advantages it brings. There are no disadvantages arising for PRE from cooperation within the corporate group.

The Board of Directors, as the statutory body of PRE, declares that the data contained in this Report on Relations are correct and complete and that the procedure of drawing up the Report on Relations according to Section 82 et seq. of ZOK has made full use of all the information and data which the statutory body has at its disposal and which it has ascertained acting with due managerial care.

In Prague, 24th of February 2016



Pavel Elis
Chairperson of the Board of Directors



Alexander Sloboda
Vice-chairperson of the Board of Directors

APPENDIX NO. 1 TO THE REPORT ON RELATIONS PRE 2015

CONTROLLED AND RELATED ENTITIES of EnBW

Production and trade

Fully consolidated companies	Company registered office
AWISTA Logistik GmbH, Düsseldorf	Höherweg 222, 40233 Düsseldorf
EnBW Biomasse GmbH, Karlsruhe	Am Erlengraben 5, 76275 Ettlingen
EnBW Etzel Speicher GmbH, Karlsruhe	Durlacher Allee 93, 76131 Karlsruhe
EnBW Grundstücksverwaltung Rheinhafen GmbH, Karlsruhe	Durlacher Allee 93, 76131 Karlsruhe
EnBW Kraftwerk Lippendorf Beteiligungsgesellschaft mbH, Stuttgart	Schelmenwasenstr. 15, 70567 Stuttgart
EnBW Rückbauservice GmbH, Stuttgart	Schelmenwasenstr. 15, 70567 Stuttgart
EnBW Speicher GmbH, Stuttgart	Schelmenwasenstr. 15, 70567 Stuttgart
Gemeinschaftsheizkraftwerk Fortuna GmbH, Düsseldorf	Höherweg 100, 40233 Düsseldorf
Gesellschaft für nukleares Reststoffrecycling mbH, Neckarwestheim	Im Steinbruch, 74382 Neckarwestheim
Heizkraftwerk Stuttgart GmbH, Stuttgart	Schelmenwasenstr. 15, 70567 Stuttgart
Kernkraftwerk Obrigheim GmbH, Obrigheim	Kraftwerkstr. 1, 74847 Obrigheim
KMS Kraftwerke Grundbesitzmanagement und -service GmbH & Co. KG, Karlsruhe	Durlacher Allee 93, 76131 Karlsruhe
MSE Mobile Schlammwässerungs GmbH, Karlsbad-Ittersbach	Auf der Hub 35-39, 76307 Karlsbad
NWS Energiehandel GmbH, Stuttgart	Schelmenwasenstr. 15, 70567 Stuttgart
TAE Thermische Abfallentsorgung Ansbach GmbH, Ansbach	Durlacher Allee 93, 76131 Karlsruhe
TPLUS GmbH, Karlsruhe	Am Erlengraben 5, 76275 Ettlingen
TWS Kernkraft GmbH, Gemmrigheim	Schelmenwasenstr. 15, 70567 Stuttgart
U-plus Umweltservice AG, Karlsruhe	Am Erlengraben 5, 76275 Ettlingen
EnBW Kernkraft GmbH, Obrigheim	Kraftwerkstr. 1, 74847 Obrigheim
AWISTA Gesellschaft für Abfallwirtschaft und Stadtreinigung mbH, Düsseldorf	Höherweg 100, 40233 Düsseldorf
KNG Kraftwerks- und Netzgesellschaft mbH, Rostock	Am Kühlturm 1, 18147 Rostock
Related but unconsolidated companies	
Company registered office	
Südwestdeutsche Nuklear-Entsorgungsgesellschaft mbH, Stuttgart	Schelmenwasenstr. 15, 70567 Stuttgart
Zentraldeponie Hubbelrath GmbH, Düsseldorf	Höherweg 100, 40233 Düsseldorf
Nahwärme Düsseldorf GmbH, Düsseldorf	Höherweg 100, 40233 Düsseldorf

Renewable sources

Fully consolidated companies	Company registered office
Aletsch AG, Mörel/Switzerland	c/o EnAlpin AG, Litternaring 2, CH-3930 Visp
EnAlpin AG, Visp/Switzerland	Litternaring 2, CH-3930 Visp
EnBW Biogas GmbH, Stuttgart	Kronenstrasse 26, 70173 Stuttgart
EnBW He Dreiht GmbH, Varel	Kronenstrasse 26, 70173 Stuttgart
EnBW Hohe See GmbH, Stuttgart	Kronenstrasse 26, 70173 Stuttgart
EnBW NAG-Beteiligungsgesellschaft mbH	Schelmenwasenstr. 15, 70567 Stuttgart
EnBW Offshore 1 GmbH, Stuttgart (formerly EnBW)	Schelmenwasenstr. 15, 70567 Stuttgart
Omega Siebzehnte Verwaltungsgesellschaft mbH, Karlsruhe)	

EnBW Offshore 2 GmbH, Stuttgart	Schelmenwasenstr. 15, 70567 Stuttgart
EnBW Offshore Service GmbH, Klausdorf-Barhöft	Kronenstrasse 26, 70173 Stuttgart
EnBW Solar GmbH, Stuttgart	Kronenstr. 26, 70173 Stuttgart
EnBW Wind Onshore 1 GmbH, Stuttgart	Schelmenwasenstr. 15, 70567 Stuttgart
EnBW Wind Onshore 2 GmbH, Stuttgart	Schelmenwasenstr. 15, 70567 Stuttgart
EnBW Windkraftprojekte GmbH, Stuttgart	Kronenstrasse 26, 70173 Stuttgart
EnBW Windpark Eisenach II GmbH, Stuttgart	Kronenstrasse 26, 70173 Stuttgart
Energiedienst AG, Rheinfelden	Schönenbergerstraße 10, 79618 Rheinfelden
Grünwerke GmbH, Düsseldorf	Höherweg 200, 40233 Düsseldorf
Northern Energy OWP Albatros GmbH, Aurich	Reeperbahn 1, 20359 Hamburg
PRE FVE Mikulov, s.r.o., Prague/Czech Republic	Na Hroudě 2149/19, 100 00 Prague 10
PRE FVE Dacice, s.r.o., Prague/Czech Republic	Na Hroudě 2149/19, 100 00 Prague 10
PRE FVE Pozořice, s.r.o., Prague/Czech Republic	Na Hroudě 2149/19, 100 00 Prague 10
Windkraft FiT GmbH, Hamburg	Reeperbahn 1, 20359 Hamburg
Windpark Niederlinxweiler GmbH & Co. KG, Leinfelden-Echterdingen	Kronenstrasse 26, 70173 Stuttgart
EnBW Holding A.S., Gümüssuyu-Istanbul/Turkey	Inonu Cad. 53/9 Gümüssuyu, TR-34437 Istanbul
Bürgerenergie Widdern GmbH & Co. KG	Rathausplatz 7, 74259 Widdern
EE BürgerEnergie Forchtenberg GmbH & Co. KG	Hauptstraße 14, 74670 Forchtenberg
EE BürgerEnergie Jagsthausen GmbH & Co. KG	Hauptstraße 3, 74249 Jagsthausen
EE BürgerEnergie Möckmühl GmbH & Co. KG	Hauptstraße 23, 74219 Möckmühl
EE Bürgerenergie Hardthausen GmbH & Co. KG	Lampoldshauer Straße 8, 74239 Hardthausen am Kocher
Neckar Aktiengesellschaft, Stuttgart	Schelmenwasenstr. 15, 70567 Stuttgart
Geothermie-Gesellschaft Bruchsal GmbH, Bruchsal	Schnabel-Henning-Str. 1a, 76646 Bruchsal
JatroSolutions GmbH, Stuttgart	Echterdinger Str. 30, 70599 Stuttgart
Energiedienst Holding AG, Laufenburg/Switzerland	Baselerstr. 44, CH-5080 Laufenburg
Rheinkraftwerk Neuhausen AG, Neuhausen/Switzerland	Laufengasse, CH-8212 Neuhausen
EnBW Baltic 1 GmbH & Co. KG, Stuttgart	Schelmenwasenstr. 15, 70567 Stuttgart
EnBW Baltic 2 S.C.S., Luxembourg/Luxembourg	7A, Rue Robert Stümper, L-2557 Luxembourg
EnBW Onshore Portfolio GmbH, Stuttgart	Kronenstrasse 26, 70173 Stuttgart
Kraftwerk Lötschen AG, Steg/Switzerland	Litternaring 2, CH-3940 Steg VS

Related but unconsolidated companies

Company registered office

Baltic 2 Windpark Beteiligungen GmbH & Co. KG, Stuttgart	Schelmenwasenstr. 15, 70567 Stuttgart
BürgerEnergie Beteiligung Berghülen/Schopfloch GmbH & Co. KG	Schelmenwasenstr. 15, 70567 Stuttgart
CarbonBW (Thailand) Ltd., Bangkok/Thailand	Bangkok/Thailand
dge wind Brenz eins GmbH & Co. KG	Schelmenwasenstr. 15, 70567 Stuttgart
EnBW Baltic 1 Verwaltungsgesellschaft mbH, Stuttgart (formerly EnBW Baltic 1 Verwaltungsgesellschaft mbH, Karlsruhe)	Schelmenwasenstr. 15, 70567 Stuttgart
EnBW Baltic 2 Management S.a r.l., Luxembourg/Luxembourg	7A, Rue Robert Stümper, L-2557 Luxembourg
EnBW Baltic 2 Windpark Verwaltungsgesellschaft mbH, Stuttgart	Schelmenwasenstr. 15, 70567 Stuttgart
EnBW Baltic Windpark Verwaltungsgesellschaft mbH, Stuttgart	Schelmenwasenstr. 15, 70567 Stuttgart
EnBW Wind Onshore Verwaltungsgesellschaft mbH, Stuttgart	Schelmenwasenstr. 15, 70567 Stuttgart
EnBW Windkraft Beteiligungsgesellschaft mbH	Durlacher Allee 93, 76131 Karlsruhe
Grünwerke Verwaltungs GmbH	Höherweg 200, 40233 Düsseldorf
Kemberg Windpark Management GmbH & Co. Betriebsgesellschaft KG	Höherweg 200, 40233 Düsseldorf

Kriegers Flak ApS, Copenhagen/Denmark	Amerika Plads 37, DK-2100 Copenhagen
ZEAG Erneuerbare Energien GmbH, Heilbronn	Weipertstraße 41, 74076 Heilbronn
JATROSELECT-Paraguay Sociedad de Responsabilidad Limitada, Volendam/Paraguay	Paraguay
BürgerEnergie Königheim GmbH & Co. KG, Königheim	Kirchplatz 2, 97953 Königheim
EE BürgerEnergie Boxberg GmbH & Co. KG, Boxberg	Kurpfalzstraße 29, 97944 Boxberg
EE Bürgerenergie Braunsbach GmbH & Co. KG, Braunsbach	Geislinger Straße 11, 74542 Braunsbach
EE Bürgerenergie Bühlerzell GmbH & Co. KG, Bühlerzell	Heilberger Straße 4, 74426 Bühlerzell
EE Bürgerenergie Frankenhardt GmbH & Co. KG, Frankenhardt	Crailsheimer Straße 3, 74586 Frankenhardt
EE Bürgerenergie Hardheim GmbH & Co. KG	Schlossplatz 6, 74736 Hardheim
EE Bürgerenergie Höpfigen GmbH & Co. KG	Heidelberger Straße 23, 74746 Höpfigen
EE Bürgerenergie Ilshofen GmbH & Co. KG	Haller Straße 1, 74532 Ilshofen
EE BürgerEnergie Krautheim GmbH & Co. KG, Krautheim	Burgweg 5, 74238 Krautheim
EE BürgerEnergie Neudenuau GmbH & Co. KG, Neudenuau	Hauptstraße 27, 74861 Neudenuau
EE Bürgerenergie Sulzbach-Laufen GmbH & Co. KG, Sulzbach-Laufen	Eisbachstraße 24, 74429 Sulzbach-Laufen
Holzkraft Plus GmbH, Düsseldorf	Höherweg 100, 40233 Düsseldorf
JatroGreen S.A.R.L., Antananarivo/Madagascar	Antananarivo/Madagascar
Solarpark Leutkirch GmbH & Co. KG, Leutkirch im Allgäu	Markstraße 26, 88299 Leutkirch im Allgäu
Solarpark Leutkirch Verwaltungsgesellschaft mbH, Leutkirch im Allgäu	Markstraße 26, 88299 Leutkirch im Allgäu
Alb-Windkraft Verwaltungs GmbH, Geislingen/Steige	Eybstr. 98-100, 73312 Geislingen

Networks

Fully consolidated companies	Company registered office
ED Netze GmbH, Rheinfelden (formerly Energiedienst Netze GmbH, Rheinfelden)	Schildgasse 20, 79618 Rheinfelden Baden
EnBW Kommunale Beteiligungen GmbH, Stuttgart	Schelmenwasenstr. 15, 70567 Stuttgart
EnBW REG Beteiligungsgesellschaft mbH, Stuttgart	Schelmenwasenstr. 15, 70567 Stuttgart
EVGA Grundstücks- und Gebäudemanagement GmbH & Co. KG, Obrigheim	Kraftwerkstr. 1, 74847 Obrigheim
NeckarCom Telekommunikation GmbH, Stuttgart	Stöckachstr.48, 70190 Stuttgart
Netze BW GmbH, Stuttgart (formerly EnBW Regional AG, Stuttgart)	Schelmenwasenstr. 15, 70567 Stuttgart
Netze BW Wasser GmbH	Schelmenwasenstr. 15, 70567 Stuttgart
Netze-Gesellschaft Südwest mbH, Karlsruhe (formerly Erdgas Südwest Netz GmbH, Karlsruhe)	Nobelstraße 18, 76275 Ettlingen
Netzgesellschaft Düsseldorf mbH, Düsseldorf (formerly Stadtwerke Düsseldorf Netz GmbH, Düsseldorf)	Höherweg 200, 40233 Düsseldorf
Netzgesellschaft Ostwürttemberg DonauRies GmbH, Ellwangen Jagst (formerly Netzgesellschaft Ostwürttemberg GmbH, Ellwangen Jagst)	Unterer Brühl 2, 73479 Ellwangen
NHF Netzgesellschaft Heilbronn-Franken mbH, Heilbronn	Weipertstr. 39, 74076 Heilbronn
NWS Grundstücksmanagement GmbH & Co. KG, Obrigheim	Kraftwerkstr. 1, 74847 Obrigheim
NWS REG Beteiligungsgesellschaft mbH, Stuttgart	Schelmenwasenstr. 15, 70567 Stuttgart
PREdistribuce, a.s., Prague, Czech Republic	Svornosti 3199/19a, 150 00 Prague 5
PREměřeni, a.s., Prague, Czech Republic	Na Hroudě 2149/19, 100 05 Prague 10
RBS wave GmbH, Stuttgart	Kronenstr. 24, 70173 Stuttgart
terranets bw GmbH, Stuttgart	Am Wallgraben 135, 70565 Stuttgart
TransnetBW GmbH, Stuttgart	Pariser Platz, Osloer Str. 15-17, 70173 Stuttgart

EnBW Ostwürttemberg DonauRies AG, Ellwangen	Unterer Brühl 2, 73479 Ellwangen
ZEAG Energie AG, Heilbronn	Weipertstraße 41, 74076 Heilbronn
Erdgas Südwest GmbH, Karlsruhe	Siemensstraße 9, 76275 Ettlingen
NetCom BW GmbH, Ellwangen (formerly ODR Technologie Services GmbH, Ellwangen)	Unterer Brühl 2, 73479 Ellwangen
Stadtwerke Düsseldorf AG, Düsseldorf	Höherweg 100, 40233 Düsseldorf
Stromnetzgesellschaft Heilbronn GmbH & Co. KG, Heilbronn	Weipertstraße 41, 74076 Heilbronn
Neckar Netze GmbH & Co. KG, Esslingen am Neckar	Rennstraße 6, 73728 Esslingen am Neckar

Related but unconsolidated companies	Company registered office
Elektrizitätswerk Aach GmbH, Aach	Eltastr. 1-5, 78532 Tuttlingen
Energieversorgung Gaildorf OHG der EnBW Kommunale Beteiligungen GmbH und NWS REG Beteiligungsgesellschaft mbH, Gaildorf	Burg 2, 74405 Gaildorf
Energieversorgung Raum Friedrichshafen GmbH & Co. KG, Stuttgart	Schelmenwasenstr. 15, 70567 Stuttgart
Energieversorgung Raum Friedrichshafen Verwaltungsgesellschaft mbH, Stuttgart	Schelmenwasenstr. 15, 70567 Stuttgart
HEV Hohenloher Energie Versorgung GmbH, Ilshofen-Obersteinach (formerly EBT Elektrizitätswerk Braunsbach-Tullau GmbH, Ilshofen-Obersteinach)	Orlacher Str. 1, 74532 Ilshofen
Konverter Ultramet GmbH & Co. KG	Osloer Straße 15-17, 70173 Stuttgart
Konverter Ultramet Verwaltungsgesellschaft mbH	Osloer Straße 15-17, 70173 Stuttgart
Neckar Netze Verwaltungsgesellschaft mbH, Esslingen am Neckar	Rennstraße 6, 73728 Esslingen am Neckar
Netze Pforzheim-Region Verwaltungs GmbH	Sandweg 22, 75179 Pforzheim
Taubernetze GmbH & Co. KG	Marktplatz 8, 97941 Tauberbischofsheim
Taubernetze Verwaltungs-GmbH	Marktplatz 8, 97941 Tauberbischofsheim
Stuttgart Netze Betrieb GmbH, Stuttgart (formerly SWS Netzbetreiber GmbH, Stuttgart)	Stöckachstraße 48, 70190 Stuttgart
Rieger GmbH & Co. KG, Lichtenstein Kreis Reutlingen	Friedrichstr. 16, 72805 Lichteinstein
Rieger Beteiligungs-GmbH, Lichtenstein Kreis Reutlingen	Friedrichstr. 16, 72805 Lichteinstein
Elektrizitätswerk Weißenhorn AG, Weißenhorn	Illberberger Str. 6a, 89264 Weißenhorn
Gasnetzgesellschaft Laupheim GmbH & Co. KG, Laupheim	Marktplatz 1, 88471 Laupheim
Gasnetzgesellschaft Laupheim Verwaltungs GmbH, Laupheim	Marktplatz 1, 88471 Laupheim
Netzgesellschaft Elz-Neckar GmbH & Co. KG, Obrigheim	Hauptstraße 7, 74847 Obrigheim
Netzgesellschaft Elz-Neckar Verwaltungs GmbH, Obrigheim	Hauptstraße 7, 74847 Obrigheim
Stromnetzgesellschaft Albershausen GmbH & Co. KG, Albershausen	Kirchstraße 1, 73095 Albershausen
Stromnetzgesellschaft Albershausen Verwaltungs GmbH, Albershausen	Kirchstraße 1, 73095 Albershausen
Stromnetzgesellschaft Heilbronn Verwaltungs-GmbH, Heilbronn (formerly EnBW Omega Dreiundvierzigste Verwaltungsgesellschaft mbH, Stuttgart)	Weipertstr. 41, 74076 Heilbronn
Stromnetzgesellschaft Laupheim GmbH & Co. KG, Laupheim	Marktplatz 1, 88471 Laupheim
Stromnetzgesellschaft Laupheim Verwaltungs GmbH, Laupheim	Marktplatz 1, 88471 Laupheim

Sales

Fully consolidated companies	Company registered office
ED GrünSelect GmbH, Rheinfelden	Rheinbrückstr. 5/7, 79618 Rheinfelden Baden
EnBW Mainfrankenpark GmbH, Dettelbach	Mainfrankenpark 2, 97337 Dettelbach
EnBW Vertriebsbeteiligungen GmbH, Stuttgart (formerly SüdBest GmbH, Stuttgart)	Schelmenwasenstr. 15, 70567 Stuttgart
energieNRW GmbH, Düsseldorf	Höherweg 100, 40233 Düsseldorf
ESD Energie Service Deutschland AG, Offenburg	Zeller Straße 38, 77654 Offenburg

eYello CZ, k.s., Prague/Czech Republic	Kubánské náměstí 1391/11, 100 00 Prague 10
Gasversorgung Süddeutschland GmbH, Stuttgart	Schulze-Delitzsch-Straße 7, 70565 Stuttgart
Gasversorgung Unterland GmbH, Heilbronn	Weipertstraße 41, 74076 Heilbronn
NaturEnergie AG, Grenzach-Whylen	Am Wasserkraftwerk 49, 79639 Grenzach-Whylen
NaturEnergie+ Deutschland GmbH, Rheinfelden	Schönenbergerstraße 10, 79618 Rheinfelden Baden
Sales & Solutions GmbH, Frankfurt am Main	Lyoner Str. 44-48, 60528 Frankfurt am Main
Thermogas Gas- und Gerätevertriebs-GmbH, Stuttgart	Talstr. 117, 70188 Stuttgart
Watt Synergia GmbH, Frankfurt am Main	Lyoner Str. 44-48, 60528 Frankfurt am Main
Yello Strom GmbH, Köln	Am Grauen Stein 27, 51105 Köln
ZEAG Immobilien GmbH & Co. KG, Heilbronn	Weipertstr. 41, 74076 Heilbronn
TRITEC AG, Aarberg/Schweiz	Heckenweg 29, CH-3270 Aarberg
grünES GmbH, Esslingen am Neckar	Fleischmannstr. 50, 73728 Esslingen am Neckar
Energiedienstleistungen Rhein-Neckar GmbH, Ludwigshafen	Donnersbergweg 2, 67059 Ludwigshafen am Rhein
Energie- und Medienversorgung Sandhofer Straße GmbH & Co. KG, Mannheim	Sandhofer Str. 116, 68305 Mannheim
Pražská energetika, a.s., Prague, Czech Republic	Na Hroudě 1492/4, 100 05 Prague 10

Related but unconsolidated companies

Company registered office

EZG Operations GmbH, Wismar	Am Haffeld 2, 23970 Wismar
NatürlichEnergie Swiss NES GmbH, Laufenburg/Switzerland	Baslerstrasse 44, CH-5080 Laufenburg
WECO Flüssiggas Verwaltungsgesellschaft mbH, Stuttgart	Talstraße 117, 70188 Stuttgart
ZEAG Immobilien Verwaltungsgesellschaft mbH, Heilbronn	Weipertstr. 41, 74076 Heilbronn
WECO Flüssiggas GmbH & Co. KG, Stuttgart	Talstraße 117, 70188 Stuttgart
Stromvertrieb Backnang Verwaltungs GmbH, Backnang	Schlachthofstraße 6-10, 71522 Backnang
Energie- und Medienversorgung Sandhofer Straße Verwaltungs GmbH, Mannheim	Sandhofer Str. 116, 68305 Mannheim

Other

Fully consolidated companies

Company registered office

ED Immobilien GmbH & Co. KG, Rheinfelden	Rheinbrückstr. 5/7, 79618 Rheinfelden Baden
ED Immobilien Verwaltungsgesellschaft mbH, Rheinfelden	Rheinbrückstr. 5/7, 79618 Rheinfelden Baden
EnBW City GmbH & Co. KG, Obrigheim	Kraftwerkstr. 1, 74847 Obrigheim
EnBW Immobilienbeteiligungen GmbH, Stuttgart	Eichwiesenring 14, 70567 Stuttgart
EnBW International Finance B.V., Rotterdam/Netherlands	Schouwburgplein 30-34, NL-3012CL Rotterdam
EnBW New Ventures GmbH, Stuttgart	Schelmenwasenstr. 15, 70567 Stuttgart
EnBW Perspektiven GmbH, Karlsruhe	Durlacher Allee 93, 76131 Karlsruhe
Energiedienst Support GmbH, Rheinfelden	Rheinbrückstr. 5-7, 79618 Rheinfelden Baden
Facilma Grundbesitzmanagement und -service GmbH & Co. KG, Obrigheim	Kraftwerkstr. 1, 74847 Obrigheim
Neckarwerke Stuttgart GmbH, Stuttgart	Schelmenwasenstr. 15, 70567 Stuttgart
NWS Finanzierung GmbH, Karlsruhe	Durlacher Allee 93, 76131 Karlsruhe
SBZ Beteiligungen GmbH, Karlsruhe	Durlacher Allee 93, 76131 Karlsruhe
symbiotic services GmbH, Karlsruhe	Durlacher Allee 93, 76131 Karlsruhe
MURVA Grundstücks-Verwaltungsgesellschaft mbH & Co. KG, Grünwald	Tölzer Str. 15, 82031 Grünwald
EnBW Versicherungsvermittlung GmbH, Stuttgart	Calwer Straße 7, 0173 Stuttgart

Related but unconsolidated companies	Company registered office
EBAG Omega Dritte Verwaltungsgesellschaft mbH, Stuttgart	Schelmenwasenstr. 15, 70567 Stuttgart
EnBW CZ, spol. s r.o., Prague, Czech Republic	Na Hroudě 1492/4, 100 00 Prague 10
EnBW Omega Achtundsechzigste Verwaltungsgesellschaft mbH, Karlsruhe	Durlacher Allee 93, 76131 Karlsruhe
EnBW Omega Dreiundsiebzigste Verwaltungsgesellschaft mbH, Karlsruhe	Durlacher Allee 93, 76131 Karlsruhe
EnBW Omega Einundsiebzigste Verwaltungsgesellschaft mbH, Stuttgart	Schelmenwasenstr. 15, 70567 Stuttgart
EnBW Omega Fünfundfünfzigste Verwaltungsgesellschaft mbH, Stuttgart	Schelmenwasenstr. 15, 70567 Stuttgart
EnBW Omega Fünfundsechzigste Verwaltungsgesellschaft mbH, Stuttgart	Schelmenwasenstr. 15, 70567 Stuttgart
EnBW Omega Fünfundsiebzigste Verwaltungsgesellschaft mbH, Stuttgart	Schelmenwasenstr. 15, 70567 Stuttgart
EnBW Omega Neunundsechzigste Verwaltungsgesellschaft mbH, Stuttgart	Schelmenwasenstr. 15, 70567 Stuttgart
EnBW Omega Sechsunndsechzigste Verwaltungsgesellschaft mbH, Karlsruhe	Durlacher Allee 93, 76131 Karlsruhe
EnBW Omega Siebenundsechzigste Verwaltungsgesellschaft mbH, Karlsruhe	Durlacher Allee 93, 76131 Karlsruhe
EnBW Omega Siebzigste Verwaltungsgesellschaft mbH, Stuttgart	Schelmenwasenstr. 15, 70567 Stuttgart
EnBW Omega Vierundfünfzigste Verwaltungsgesellschaft mbH, Stuttgart	Schelmenwasenstr. 15, 70567 Stuttgart
EnBW Omega Vierundsechzigste Verwaltungsgesellschaft mbH, Stuttgart	Schelmenwasenstr. 15, 70567 Stuttgart
EnBW Omega Vierundsiebzigste Verwaltungsgesellschaft mbH, Stuttgart	Schelmenwasenstr. 15, 70567 Stuttgart
EnBW Omega Zweiundfünfzigste Verwaltungsgesellschaft mbH, Karlsruhe	Durlacher Allee 93, 76131 Karlsruhe
EnBW Omega Zweiundsiebzigste Verwaltungsgesellschaft mbH, Karlsruhe	Durlacher Allee 93, 76131 Karlsruhe
EnBW Real Estate GmbH, Obrigheim	Kraftwerkstraße 1, 74847 Obrigheim
EnBW Senergi Immobilien GmbH, Karlsruhe	Durlacher Allee 93, 76131 Karlsruhe
KMS Verwaltungsgesellschaft mbH, Stuttgart	Schelmenwasenstr. 15, 70567 Stuttgart
SSG Verwaltungsgesellschaft mbH i.L., Kornwestheim	Stammheiner Str. 10, 70806 Kornwestheim
Pražská energetika Holding a.s., Prague/Czech Republic	Na Hroudě 1492/100, 100 05 Prague 10

INFORMATION REQUIRED BY LAW

Information about facts which occurred after the balance sheet day

As of the 14th of March 2016, the following companies became new members of the PRE Group: KORMAK Praha, a.s., Prague 10 – Uhříněves, K Sokolovně 667, ID No. 485 92 307, and KORMAK nemovitosti, s.r.o., Prague 10 – Uhříněves, K Sokolovně 667/9, ID No. 020 65 801, both 100% subsidiaries of PRE.

Other information is available in the text of the Annual Report.

Information about the projected activity development of the accounting unit

The information is presented in the chapter “Report of the Board of Directors on Business Activities” and “Strategic development and investments”.

Information about activities in research and development

The company does not systematically conduct activities in these fields.

Information about whether the accounting unit has an organisational unit abroad

The company has an organisational unit in Slovakia, whose contribution to the total turnover accounts for less than 10%.

Information about activities in the field of environmental protection and labour law relations

The information is presented in the chapter “Environmental protection and OHS” and “Human resources”.

Information about objectives and risk management methods in the company

The information is presented in the chapter “Risk management system in the PRE Group”.

Information about price risks, credit risks, liquidity risks and cash flow risks the accounting unit is exposed to

The information is presented in the financial statements.

Information about interruption of business

The company did not interrupt its business during the year.

SUPERVISORY BOARD REPORT ON ACTIVITIES IN 2015

In accordance with the Articles of Association, the Supervisory Board consists of eight members, who are elected by the General Meeting of the company. As a supervisory body, the Supervisory Board oversees the performance of business management of the company by the Board of Directors according to the law, the Articles of Association and resolutions of the General Meeting. The Supervisory Board is also responsible for elections and removals of members of the Board of Directors, for approving contracts on performance of duties of a member of the Board of Directors and for determining their remuneration and other benefits.

In 2015, five meetings of the Supervisory Board were held in the registered office of the company and once a voting took place outside of a meeting. The meetings of the Supervisory Board were regularly attended by the Chairperson and the Vice-chairperson of the Board of Directors and in accordance with the Articles of Association also by the members of the Works Council elected by the company employees.

The Supervisory Board continuously monitored the activities of the company and key decisions taken by the Board of Directors. The Board of Directors regularly informed the Supervisory Board about the current developments in the company, the economic results and the financial situation of the company. To this end, the Board of Directors submitted written materials and the members of the Board of Directors commented on them when they were debated by the Supervisory Board.

In 2015, the Supervisory Board, amongst others:

- debated and reviewed the proposal for distribution of profit for 2014 as well as the submitted drafts of the consolidated and separate financial statements; and became acquainted with the auditor's reports on these statements;
- oversaw the developments in the operational activities of the company, in particular the developments in sales and turnover and the developments in receivables and liabilities;
- assessed the fulfilment of the top management objectives for 2014;
- debated and reviewed the Report on Relations for 2014;
- debated the Annual Report for 2014;
- debated the materials to be debated by the General Meeting of the company on the 24th of June 2015;
- approved the economic plan for 2016 and took account of the medium-term plan until 2018;
- approved a long term development strategy of the PRE Group for 2015–2020;
- approved the top management objectives for 2016;
- took account of the concept of long-term funding of PRE;
- debated the resignation of the member of the Board of Directors, Jaroslav Maroušek; and elected Pavel Pustějovský as a new member of the Board of Directors;
- debated the resignation of the Supervisory Board members Radmila Kleslová and Marc Wolpensinger and appointed Jörg Reichert to be a substitute member of the Supervisory Board.

The Supervisory Board declares that the company's economic results in 2015 were very good and expresses its thanks to the Board of Directors and the company employees.

In Prague, 9th of March 2016



Franz Retzer

Vice-chairperson of the Supervisory Board

AUDITOR'S REPORTS



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Karolinská 654/2
186 00 Prague 8 - Karlín
Czech Republic

Tel: +420 246 042 500
Fax: +420 246 042 555
DeloitteCZ@deloitteCE.com
www.deloitte.cz

Registered at the Municipal Court in
Prague, Section C, File 24349
Id. No.: 49620592
Tax Id. No.: CZ49620592

INDEPENDENT AUDITOR'S REPORT

To the Shareholders of Pražská energetika, a. s.

Having its registered office at: Na Hroudě 1492/4, 100 05 Praha 10
Identification number: 601 93 913

Report on the Separate Financial Statements

We have audited the accompanying financial statements of Pražská energetika, a. s. prepared on the basis of International Financial Reporting Standards as adopted by the EU, which comprise the statement of financial position as of 31 December 2015, and the income statement, statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory notes.

Statutory Body's Responsibility for the Financial Statements

The Statutory Body is responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards as adopted by the EU, 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 Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with the Act on Auditors and International Standards on Auditing and the related application guidelines issued by 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.

Deloitte refers to one or more of Deloitte Touche Tohmatsu Limited, a UK private company limited by guarantee ("DTTL"), its network of member firms, and their related entities. DTTL and each of its member firms are legally separate and independent entities. DTTL (also referred to as "Deloitte Global") does not provide services to clients. Please see www.deloitte.com/cz/about for a more detailed description of DTTL and its member firms.

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

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

Opinion

In our opinion, the financial statements give a true and fair view of the financial position of Pražská energetika, a. s. as of 31 December 2015, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the EU.

Report on the Consolidated Financial Statements

We have audited the accompanying consolidated financial statements of Pražská energetika, a. s. and its subsidiaries prepared on the basis of International Financial Reporting Standards as adopted by the EU, which comprise the statement of financial position as of 31 December 2015, and the income statement, statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory notes.

Statutory Body's Responsibility for the Financial Statements

The Statutory Body is responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards as adopted by the EU, 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 Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose

of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinion

In our opinion, the consolidated financial statements give a true and fair view of the financial position of Pražská energetika, a. s. and its subsidiaries as of 31 December 2015, and of their financial performance and their cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the EU.

Other Information

The other information comprises the information included in the consolidated annual report, but does not include the separate and consolidated financial statements and our auditor's report thereon. Management is responsible for the other information.

Our opinion on the separate and consolidated financial statements does not cover the other information and we do not express any form of opinion thereon. However, in connection with our audit of the separate and consolidated financial statements, our responsibility is to read the other information and consider whether the other information in the annual report is not materially inconsistent with the financial statements or our knowledge obtained in the audit, the annual report has been prepared in accordance with the applicable legal requirements, or the other information does not otherwise appear to be materially misstated. If, based on the work we have performed, we conclude that the above is not true, we are required to report such facts.

Based on the work we have performed, we have nothing to report in this regard.

In Prague on 20 April 2016

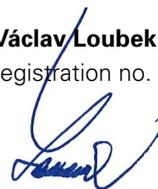
Audit firm:

Deloitte Audit s.r.o.
registration no. 079



Statutory auditor:

Václav Loubek
registration no. 2037



INDEPENDENT AUDITOR'S REPORT

To the Shareholders of Pražská energetika, a. s.

Having its registered office at: Na Hroudě 1492/4, 100 05 Praha 10
Identification number: 601 93 913

We have reviewed the factual accuracy of the information included in the accompanying related party transactions report of Pražská energetika, a. s. for the year ended 31 December 2015 which is included in this annual report in the section Report on Relations. This related party transactions report is the responsibility of the Company's Statutory Body. Our responsibility is to express our view on the related party transactions report based on our review.

We conducted our review in accordance with Auditing Standard 56 issued by the Chamber of Auditors of the Czech Republic. This standard requires that we plan and perform the review to obtain moderate assurance as to whether the related party transactions report is free of material factual misstatements. A review is limited primarily to inquiries of Company personnel and analytical procedures and examination, on a test basis, of the factual accuracy of information, and thus provides less assurance than an audit. We have not performed an audit of the related party transactions report and, accordingly, we do not express an audit opinion.

Nothing has come to our attention based on our review that indicates that the information contained in the related party transactions report of Pražská energetika, a. s. for the year ended 31 December 2015 contains material factual misstatements.

The Company has decided not to disclose amounts under related party contracts citing business secrecy restrictions.

In Prague on 20 April 2016

Audit firm:

Deloitte Audit s.r.o.
registration no. 079



Statutory auditor:

Václav Loubek
registration no. 2037



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CONSOLIDATED FINANCIAL STATEMENTS FOR 2015

Consolidated financial statements of Pražská energetika, a.s., for the year ended December 31, 2015
Prepared in compliance with International Financial Reporting Standards (IFRS) as adopted by the EU

Consolidated income statement (CZK Thousands)

	Note	2015	2014
Revenues from electricity produced		318,114	169,238
Revenues from electricity and gas sold		18,454,231	18,540,318
Costs of electricity and gas sold		(12,533,497)	(12,813,862)
Gross profit from the sale of electricity and gas	(4)	6,238,848	5,895,694
Other operating income	(4)	353,204	407,850
Personnel expenses	(5)	(1,178,922)	(1,186,185)
Amortisation and depreciation	(12, 13)	(1,117,622)	(1,043,376)
Costs of purchased services, material and energy	(6)	(1,035,652)	(1,065,337)
Borrowing costs	(7)	(49,782)	(44,552)
Other gains and losses	(8)	(80,056)	41,781
Profit from ordinary activity before tax		3,130,018	3,005,875
Income tax	(9)	(606,631)	(587,815)
Profit from ordinary activity after tax		2,523,387	2,418,060
Earnings per share attributable to ordinary shares (CZK)	(11)	652	625

Consolidated statement of comprehensive income (CZK Thousands)

	2015	2014
Profit from ordinary activity after tax	2,523,387	2,418,060
Revaluation of other financial assets	–	(213)
Cash flow hedging	(27,298)	(116,294)
Total other comprehensive income after tax	(27,298)	(116,507)
Comprehensive income attributable to shareholders of the parent company	2,496,089	2,301,553

Consolidated statement of financial position (balance sheet) (CZK Thousands)

	Note	2015	2014
Assets			
Property, plant and equipment	(12)	21,565,859	20,572,770
Intangible assets	(13)	191,068	297,573
Trade receivables and other receivables	(15)	48,886	37,959
Non-current assets		21,805,813	20,908,302
Inventories	(16)	44,483	51,005
Tax receivables		121,199	155,677
Trade receivables and other receivables	(15)	2,164,338	2,213,062
Cash and cash equivalents	(17)	214,858	206,214
Current assets		2,544,878	2,625,958
Total assets		24,350,691	23,534,260
Liabilities			
Share capital	(22)	3,869,443	3,869,443
Funds from profit	(23)	1,134,737	1,162,035
Retained earnings		10,109,478	9,333,397
Shareholders' equity attributable to the parent company's shareholders		15,113,658	14,364,875
Loans	(18)	3,202,000	2,988,596
Trade payables and other payables	(19)	357,833	335,611
Provisions	(21)	37,775	38,725
Deferred tax liability	(9)	1,922,492	1,784,045
Long-term payables		5,520,100	5,146,977
Loans	(18)	1,061,092	1,050,721
Tax payables		138,364	115,258
Trade payables and other payables	(19)	2,421,705	2,762,715
Provisions	(21)	95,772	93,714
Short-term payables		3,716,933	4,022,408
Total liabilities		24,350,691	23,534,260

Consolidated statement of changes in equity (CZK Thousands)

	Share capital	Funds from profit	Retained earnings	Shareholders' equity attributable to the parent company's shareholders
Balance on 31.12.2013	3,869,443	1,278,542	8,664,289	13,812,274
Dividends and director's fees paid	--	--	(1,748,952)	(1,748,952)
Other comprehensive income	--	(116,507)	--	(116,507)
Net profit for 2014	--	--	2,418,060	2,418,060
Balance on 31.12.2014	3,869,443	1,162,035	9,333,397	14,364,875
Dividends and director's fees paid	--	--	(1,747,306)	(1,747,306)
Other comprehensive income	--	(27,298)	--	(27,298)
Net profit for 2015	--	--	2,523,387	2,523,387
Balance on 31.12.2015	3,869,443	1,134,737	10,109,478	15,113,658

Consolidated cash flow statement (CZK Thousands)

	Note	2015	2014
Opening balance of cash and cash equivalents		206,214	265,546
Operating activity			
Income from the sale of electricity and gas		17,916,665	18,193,733
Expenses related to purchases of electricity and gas		(12,110,185)	(12,551,356)
Net income from the sale of electricity and gas		5,806,480	5,642,377
Other operating income	(4,8)	322,237	391,463
Operating expenses	(6,8)	(1,038,121)	(925,130)
Short-term changes in working capital		47,819	39,276
Personnel expenses	(5)	(1,144,068)	(1,099,835)
Direct tax	(9)	(449,793)	(538,941)
Financial income and expenses		(124,621)	(64,966)
Net cash flow from operating activity		3,419,933	3,444,244
Investment activity			
Income from the sale of fixed assets	(8)	34,545	129,280
Expenses related to the acquisition of fixed assets	(12,13)	(1,681,077)	(1,935,050)
Net cash flow from investment activity		(1,646,532)	(1,805,770)
Financial activity			
External loans repaid	(18)	(3,527,096)	(628,916)
Dividends and director's fees paid	(10)	(1,745,661)	(1,746,649)
External loans received	(18)	3,508,000	677,759
Net cash flow from financial activity		(1,764,757)	(1,697,806)
Change in cash and cash equivalents		8,644	(59,332)
Closing balance of cash and cash equivalents	(17)	214,858	206,214

Content of the notes to the financial statements

1. General information
2. Adoption of new and revised International Financial Reporting Standards
3. Significant accounting policies
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5. Personnel expenses
6. Costs of services, material and energy
7. Borrowing costs
8. Other gains and losses
9. Income tax
10. Dividends
11. Earnings per share
12. Property, plant and equipment
13. Intangible assets
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15. Trade receivables and other receivables
16. Inventories
17. Cash and cash equivalents
18. Loans
19. Trade payables and other payables
20. Finance lease payables
21. Provisions
22. Share capital
23. Funds from profit
24. Contingent liabilities and contingent assets
25. Financial instruments
26. Operating leases
27. Related party transactions
28. Post balance sheet events

(1) General information

Pražská energetika, a.s., (hereinafter “PRE” or the “Company”), was established as a joint-stock company in the Czech Republic and was entered in the Commercial Register held by the District Court of Prague 1 on the 1st of January 1994.

The Company’s registered office is located at Na Hroudě 1492/4, Prague 10, 100 05, corporate ID: 60193913.

The principal activities of PRE and its subsidiaries (hereinafter the “Group”) include the supply of electricity in the Czech Republic and distribution of electricity in the region of the city of Prague and Roztoky, covering an area of approximately 505 km². These activities generate a major part of the Group’s income. The Group also strengthens its activities related to solar energy generation.

In 2012, the Group expanded its principal activities to include gas supplies and started to offer supplies of electricity and gas to households and small businesses under the Yello Energy trademark.

Electricity is distributed in public interest and rights and obligations relating to this activity, as well as trading with, and supplies of, electricity and gas, except for general legal regulations, are stipulated in Energy Act No. 458/2000 Coll., as amended, and the related implementation guidance.

PRE’s principal shareholders	2015	2014
Pražská energetika Holding a.s. (PREH)	58.05%	58.05%
EnBW Energie Baden-Württemberg AG (EnBW)	41.40%	41.40%
Other	0.55%	0.55%
Total	100.00%	100.00%

The Company is under joint control of the Capital City of Prague (with an equity investment of 51%) and EnBW (with an equity investment of 49%).

EnBW owns 41.40% of the Company’s share capital and exercises control over the Company in line with Section 74 (1) and (3) of the Act on Business Corporations. Under Section 79 of the Act on Business Corporations, the Company operates on the Czech energy market as part of the EnBW group. The Company is controlled and managed by EnBW through its representatives on the Board of Directors and the Supervisory Board. Other information is disclosed in the report on related party transactions.

(2) Adoption of new and revised International Financial Reporting Standards

Standards and interpretations effective in the current period

The following standards, interpretations and amendments to the current standards issued by the International Accounting Standards Board (IASB) and adopted by the EU are effective for the current period:

- **Amendments to various standards “Improvements to IFRSs (cycle 2011-2013)”**; and
- **IFRIC 21 “Levies”**, interpretation adopted by the EU on the 13th of June 2014 (effective for annual periods beginning on or after the 17th of June 2014).

The adoption of these amended standards resulted in no significant changes in the accounting policies of the Company.

Standards and interpretations issued by the IASB and adopted by the EU but not yet effective

At the date of authorisation of these financial statements the following standards, revisions and interpretations adopted by the EU were in issue but not yet effective:

- **Amendments to IFRS 11 “Accounting for Acquisitions of Interests in Joint Operations”** (effective in the EU for annual periods beginning on or after the 1st of January 2016);
- **Amendments to IAS 1 “Disclosure Initiative”** (effective in the EU for annual periods beginning on or after the 1st of January 2016);
- **Amendments to IAS 16 and IAS 38 “Clarification of Acceptable Methods of Depreciation and Amortisation”** (effective in the EU for annual periods beginning on or after the 1st of January 2016);
- **Amendments to IAS 16 and IAS 41 “Agriculture: Bearer Plants”** (effective in the EU for annual periods beginning on or after the 1st of January 2016);
- **Amendments to IAS 19 “Defined Benefit Plans: Employee Contributions”** (effective in the EU for annual periods beginning on or after the 1st of February 2015);
- **Amendments to IAS 27 “Equity Method in Separate Financial Statements”** (effective in the EU for annual periods beginning on or after the 1st of January 2016);
- **Amendments to various standards “Improvements to IFRSs (cycle 2010-2012)”** (effective in the EU for annual periods beginning on or after the 1st of February 2015); and
- **Amendments to various standards “Improvements to IFRSs (cycle 2012-2014)”** (effective in the EU for annual periods beginning on or after the 1st of January 2016).

The Company decided not to apply these standards, revisions and interpretations before their effective dates. The Company anticipates that compliance with these standards, revisions and interpretations in the period of their first adoption will have no impact on the Company’s financial statements.

Standards and interpretations issued by the IASB but not yet adopted by the EU

- **IFRS 9 “Financial Instruments”** (effective for annual periods beginning on or after the 1st of January 2018);
- **IFRS 14 “Regulatory Deferral Accounts”** (effective for annual periods beginning on or after the 1st of January 2016; the EU declared it would not adopt this standard);
- **IFRS 15 “Revenue from Contracts with Customers”** (effective for annual periods beginning on or after the 1st of January 2018);
- **IFRS 16 “Leases”** (effective for annual periods beginning on or after the 1st of January 2019);
- **Amendments to IFRS 10 “Consolidated Financial Statements” and IAS 28 “Investments in Associates and Joint Ventures”** – Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (the effective date has not yet been determined);
- **Amendments to IFRS 10 “Consolidated Financial Statements” and IAS 28 “Investments in Associates and Joint Ventures”** – Applying the Consolidation Exception (effective for annual periods beginning on or after the 1st of January 2016);
- **Amendments to IAS 7 “Statement of Cash Flows”** – Disclosure Initiative (effective for annual periods beginning on or after the 1st of January 2017); and
- **Amendments to IAS 12 “Income Taxes”** – Recognition of Deferred Tax Assets for Unrealised Losses (effective for annual periods beginning on or after the 1st of January 2017).

The Company anticipates that the adoption of these new standards, amended standards and interpretations will have no material impact on the financial statements of the Company in the period of their first time adoption. The only exceptions include new standards IFRS 9, IFRS 15 and IFRS 16. The Company has not yet evaluated the impact of their adoption.

Hedge accounting regarding the portfolio of financial assets and liabilities, whose principles have not been adopted by the EU, is still unregulated.

The Company estimates that the application of hedge accounting for the portfolio of financial assets or liabilities pursuant to **IAS 39: "Financial Instruments: Recognition and Measurement"**, would not significantly impact the financial statements, if applied at the balance sheet date.

(3) Significant accounting policies

Statement of compliance

The financial statements are prepared and presented in compliance with International Financial Reporting Standards (IFRS) as adopted by the EU.

Basis of the preparation of financial statements

The financial statements have been prepared on the historical cost basis except for certain financial instruments. The principal accounting policies are set out below.

Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and its subsidiaries. The Company exercises control over its subsidiaries and it is the Company's intention to exercise it in the following year. The results of subsidiaries are included in the consolidated financial statements from the effective date of acquisition.

Where necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with those used by other members of the Group.

All intragroup transactions, balances, income and expenses are eliminated in full on consolidation.

Revenue recognition

Revenue from the sales of goods is measured at the fair value of the consideration received or receivable if significant risks and rewards arising from the ownership of the relevant goods have been transferred to the buyer. Revenues arising from contracts for the provision of services are recognised by reference to the stage of completion.

Revenues from electricity and distribution are recognised in the period when the electricity is consumed by customers. Revenues from other provided services are recognised when the services are rendered.

Revenue from leasing (primarily fibre-optics) are recognised evenly over the lease period.

Interest revenue is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount.

Leases

Leases are classified as finance leases whenever all the substantial risks and rewards of ownership of the relevant assets transfer to the lessee. All other leases are classified as operating leases.

Assets acquired under finance leases are initially recognised as assets of the Group at their fair value at the inception of the lease or, if lower, at the present value of the minimum lease payments. Lease payments are apportioned between finance charges and reduction of the lease obligation so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are charged directly to profit or loss.

Operating lease payments are recognised as an expense on a straight-line basis over the lease term.

Lease payables are included in "Trade payables and other payables" within short-term and long-term payables.

Foreign currency translation

The financial statements of each Group entity are presented in the currency of the primary economic environment in which the entity operates (its functional currency). Czech crowns are the functional currency of all Group entities and the presentation currency for the consolidated financial statements.

During the year, transactions in currencies other than Czech crowns are recorded at the rates of exchange announced by the Czech National Bank and prevailing at the dates of the transactions. At each balance sheet date, monetary items denominated in foreign currencies are retranslated at the rates announced by the Czech National Bank prevailing at the balance sheet date. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing at the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated. Exchange rate gains and losses are recognised in profit or loss in the period in which they arise except for exchange rate differences arising from cash flow hedges where changes in fair value are posted directly to equity.

Borrowing costs

The Company capitalises borrowing costs using the capitalisation rate in line with IAS 23. Other borrowing costs are recognised in profit or loss in the period in which they are incurred.

Income tax

Income tax expense reported in the income statement represents the sum of the tax currently payable and a change in the deferred tax balance.

The tax currently payable is based on taxable profit for the year. Taxable profit differs from profit as reported in the income statement because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The current tax payable also includes tax overpayments or additional tax charges from previous periods. The Group's liability for current tax is calculated using tax rates that have been enacted by the balance sheet date.

Deferred tax is recognised on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit, and is accounted for using the balance sheet liability method. Deferred tax liabilities are generally recognised for all taxable temporary differences, and deferred tax assets are generally recognised for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilised.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Group intends to settle its current tax assets and liabilities on a net basis.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realised and are recognised in profit or loss except when associated with items charged directly to equity in which case it is also dealt with in equity.

Property, plant and equipment

Property, plant and equipment held for use in the production or supply of goods or services, or for administrative purposes, are stated at cost reduced by accumulated depreciation and recognised impairment loss. Cost includes the purchase price and costs associated with acquisition and is presented net of investment contributions (see below). Property, plant and equipment with a cost over CZK 40 thousand are reported on the face of the balance sheet.

Customers pay part of the cost incurred reasonably by the Group upon being connected to the required power supply. The customers' obligation to pay this charge is stipulated in Act No. 458/2000 Coll., and Regulation 51/2006, as subsequently amended. The Group recognises investment contributions as income for the period.

The cost of internally produced tangible and intangible assets includes direct and indirect costs directly related to the production of the asset.

Depreciation on plant and equipment is charged to profit or loss.

Properties in the course of construction for production or administrative purposes, or for purposes not yet determined, are carried at cost, less any recognised impairment loss. The cost includes professional fees. Depreciation of these assets, on the same basis as other property assets, commences when the assets are ready for their intended use.

The estimated useful lives and depreciation methods are reviewed at the end of each reporting period and impacts of any changes in estimates are accounted for prospectively.

Depreciation is charged so as to write off the cost or valuation of assets, other than freehold land and properties under construction, over their estimated useful lives, using the straight-line method:

Asset category	Depreciation in years
Buildings, halls and other construction	6, 7, 15, 20, 25, 30, 40, 50, 70
Cable tunnels, cable and overhead power lines	40
Fibre-optics	30
Power structures	15, 25, 30
Working machinery and equipment	5, 8, 10, 12, 20
Telecommunication equipment	4–33
Machinery and special technology equipment, communication cables	3, 4, 5, 6, 8, 10
Vehicles	4, 8, 10
Electricity meters	12
Furniture and fixtures	4, 5, 6, 8, 10
Hardware	3, 4
Photovoltaic power plants – construction part*	20
Photovoltaic power plants – technology*	20

* The depreciation period is calculated from bringing the photovoltaic power plant into operation.

Assets acquired under finance leases are depreciated in the same manner as the assets owned by the Group over their estimated useful lives or their lease period depending on which of them is shorter.

The gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in profit or loss.

Tangible assets costing between CZK 2 thousand and CZK 40 thousand with an individual useful life exceeding one year are classified as low value tangible assets. The acquisition costs of these assets are charged to expenses and their physical balances are maintained in the off-balance sheet records, the only exception being selected types of minor electricity equipment and electrical machines that are recognised and depreciated as tangible fixed assets.

Intangible assets

Intangible assets acquired separately are reported at cost less accumulated amortisation and accumulated impairment losses. Goodwill arising on business acquisitions is reported at cost as determined at the business acquisition date net of cumulative impairment losses, if any. Amortisation is charged on a straight-line basis over their estimated useful lives. The estimated useful life and amortisation method are reviewed at the end of each annual reporting period, with the effect of any changes in estimates being accounted for on a prospective basis.

Intangible assets are amortised using the straight-line method over the following estimated useful lives:

Asset category	Depreciation period in years
Software	4
Other intangible assets	According to the contract

Intangible assets costing between CZK 2 thousand and CZK 60 thousand with an individual useful life exceeding one year are classified as low value intangible assets. The acquisition costs of these assets are charged to expenses and their physical balances are maintained in the off-balance sheet records.

Impairment of tangible and intangible assets

At each balance sheet date, the Group reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). In circumstances where the relevant asset does not generate cash inflows separately, the Company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

The recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss.

Where an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior years. A reversal of an impairment loss is recognised immediately in profit or loss.

Impairment of goodwill

For the purposes of impairment testing, goodwill is allocated to each of the Group's cash-generating units (or groups of cash-generating units) that is expected to benefit from the synergies of the combination.

A cash-generating unit to which goodwill has been allocated is tested for impairment annually, or more frequently when there is an indication that the unit may be impaired. If the recoverable amount of the cash-generating unit is less than its carrying amount, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit pro rata based on the carrying amount of each asset in the unit. Any impairment loss for goodwill is recognised directly in profit or loss. An impairment loss recognised for goodwill is not reversed in subsequent periods.

Inventories

Inventories are stated at the lower of cost determined using the weighted arithmetic average and net realisable value. The cost includes the purchase price of the material, customs duties and in-transit storage and freight costs incurred to deliver the inventories. The net realisable value represents the estimated selling price for inventories less all estimated costs of marketing, sales and distribution.

Provisions

Provisions are recognised in the balance sheet when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that the Group will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the balance sheet date, taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows.

Financial assets

Financial assets are recognised and derecognised in the Group's balance sheet on the date of transaction where the purchase or sale of an asset is under a contract whose terms require delivery of the investment within the time-frame established by the market concerned, and are initially measured at fair value, plus transaction costs, except for those financial assets classified as at fair value through profit or loss, which are initially measured at fair value.

Financial assets are classified into the following categories: financial assets at fair value through profit or loss (FVTPL), investments held-to-maturity, financial assets available-for-sale (AFS) and trade receivables and other receivables. The classification depends on the nature and purpose of the financial assets and is determined at the time of initial recognition.

Financial assets and fair value through profit or loss

Financial assets are classified as at FVTPL where the financial asset is either held for trading or it is designated as at FVTPL.

Financial assets are classified as held for trading if (i) they were acquired principally for the purpose of selling in the near future; or (ii) are a part of an identified portfolio of financial instruments that the Group manages together and has a recent actual pattern of short-term profit-taking; or (iii) it is a derivative that is not designated and effective as a hedging instrument.

Financial assets at FVTPL are stated at fair value, with any resultant gain or loss recognised in profit or loss. The net gain or loss recognised in profit or loss incorporates any dividend or interest earned on the financial asset.

Investments held to maturity

Bills of exchange and debentures with fixed or determinable payments and fixed maturity dates that the Group has the positive intent and ability to hold to maturity are classified as held-to-maturity investments. Held-to-maturity investments are recorded at amortised cost using the effective interest rate method less any impairment.

Financial assets available for sale

Unlisted shares and listed redeemable notes held by the Group that are traded on an active market are classified as being AFS and are stated at fair value. Gains and losses arising from changes in fair value are recognised directly in equity in the investments revaluation reserve with the exception of impairment losses, interest calculated using the

effective interest rate method and foreign exchange rate gains and losses on monetary assets, which are recognised directly in profit or loss. Where the investment is disposed of or is determined to be impaired, the cumulative gain or loss previously recognised in the investments revaluation reserve is included in profit or loss for the period.

The foreign exchange rate gain or loss, if any, on financial assets available for sale denominated in foreign currencies is reported as part of the fair value change.

Trade receivables and other receivables

Trade receivables are initially measured at fair value and subsequently revalued at amortised cost using the effective interest rate method. Reasonable allowances for estimated irrecoverable losses are recognised in profit or loss if impairment evidence exists. The recognised allowance is determined as the difference between the amortised cost of the relevant asset and the present value of the estimated future cash flows discounted at the effective interest rate calculated upon initial recognition.

Other receivables with determined or determinable payments which are not quoted on an active market are classified as other financial assets and measured at the amortised cost using the effective interest rate method and reflecting any impairment loss. Interest income is reported using the effective interest rate method.

Financial liabilities

Financial liabilities are classified as at FVTPL or as other financial liabilities.

Financial liabilities at FVTPL include derivatives that do not function as effective hedging instruments. Financial liabilities at FVTPL are stated at fair value, with any resulting gain or loss arising from remeasurement recognised in profit or loss.

Other financial liabilities (including borrowings, trade payables and other payables) are initially recognised at fair value, increased by transaction costs and subsequently measured at amortised cost using the effective interest method.

The effective interest rate method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments through the expected life of the financial liability, or, where appropriate, a shorter period.

Derivatives

The Group hedges its future transactions and cash flows using derivative contracts.

Commodity derivatives for the purchase and sale of electricity are predominantly settled by physical supplies of electricity intended for consumption or sale within the Group's common activities. Such contracts therefore do not fall within the scope of IAS 39. The Group also enters into commodity derivatives within its trading portfolio.

Derivatives are initially recognised at fair value at the date a derivative contract is entered into and are subsequently remeasured to their fair value at each balance sheet date. The resulting gain or loss is recognised in profit or loss immediately unless the derivative is designated and effective as a hedging instrument. The Group designates certain derivatives as either hedges of the fair value of recognised assets or liabilities or firm commitments (fair value hedges), hedges of highly probable forecast transactions or hedges of foreign currency risk of firm commitments (cash flow hedges).

The fair value of hedging derivatives is classified as other non-current financial assets and long-term liability if the residual maturity of the hedging relationship exceeds 12 months, or as other non-current financial assets and short-term liability if the residual maturity of the hedging relationship is below 12 months.

The derivatives which are not designated as effective hedge instruments are classified as other non-current financial assets and short-term liabilities, as appropriate.

Hedge accounting

The Group designates certain hedging instruments as either fair value hedges or cash flow hedges. Hedges of foreign exchange risk on firm commitments are accounted for as cash flow hedges.

At the inception of the hedge relationship, the entity documents the relationship between the hedging instrument and the hedged item, along with its risk management objectives and its strategy for undertaking various hedge transactions. Furthermore, at the inception of the hedge and on an ongoing basis, the Group documents whether the hedging instrument that is used in a hedging relationship is highly effective in offsetting changes in fair values or cash flows of the hedged item.

Movements in the hedging reserve in equity are also detailed in the statement of changes in equity.

Cash flow hedge

The effective portion of changes in the fair value of financial derivatives that are designated and qualify as cash flow hedges are recognised in equity. The gain or loss relating to the ineffective portion is recognised immediately in profit or loss.

Amounts reported in equity are recycled in profit or loss in the periods when the hedged item is recognised in profit or loss.

Hedge accounting is discontinued when the Group revokes the hedging relationship, the hedging instrument expires or is sold, terminated, or exercised, or no longer qualifies for hedge accounting. An adjustment of the carrying value of the hedged item arising from the hedged risk is realised into profit or loss from the date of the relevant adjustment.

Employee benefits expense

The Group makes contributions to the health insurance and pension insurance schemes and the state employment policy scheme at the level required by law and effective in the relevant year by reference to the employees' gross salary. The insurance and social security expenses are charged to profit or loss in the same period as the relating payroll costs.

The Group also makes contributions to its employees' retirement benefit plans. These contributions are expensed in the period in which employees are entitled to receive contributions based on the services that they provide to the Group.

The Group provides other bonuses under the Collective Agreement (the defined benefit plan, refer to the note "Trade payables and other payables"). The relevant payables are measured at the present value of anticipated future payments using actuarial estimates.

Cash flow statement

The Company prepares its cash flow statement using the direct method. The statement prepared using the direct method provides more information for the operational management of the Company.

Significant accounting estimates

The presentation of financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the balance sheet date and the reported amounts of revenues and

expenses during the reporting period. Management of the Group has made these estimates and assumptions on the basis of all the relevant information available to it. Nevertheless, pursuant to the nature of estimates, the actual results and outcomes in the future may differ from these estimates. The Group considers the determination of the unbilled electricity amount the key area which is subject to the use of estimates. The increase in unbilled electricity is determined using the balance sheet approach as equal to the difference between the aggregate electricity input and output including losses and actual consumption for the relevant period. The total closing level is additionally reviewed by making a control calculation in the customer system.

Internal audit principles and methods

The PRE Group prepares its financial statements so that these statements are correct, reliable and relevant and give a true and fair view of the Company's financial position and financial performance. The Group has internal regulations in place to determine the binding accounting principles and control mechanisms. These predominantly include the following: Circulation and Signing of Accounting Documents, Valuation of Assets and Liabilities, Stock Count of Assets and Liabilities, and Accounting Treatment for Transactions Related to Electricity Trading and Currency Risk Hedges. These internal regulations define the methods of processing and accounting for all usual transactions, including the rules for the prevention of fraudulent activities. The compliance with internal regulations is overseen by the Group's Internal Audit which follows the following norms of the Company: Internal Audit Statute, Risk Management, Internal Audit Planning and Performance.

(4) Revenues (CZK Thousands)

Income and expenses relating to the sale of electricity and gas	2015	2014
Income from electricity produced	335,414	175,820
Payment for solar energy	(17,300)	(6,582)
Total income from electricity production	318,114	169,238
Sale of electricity B2B	4,259,529	4,313,445
Sale of distribution and system services B2B	4,928,851	4,823,709
Sale of electricity B2C	2,854,558	2,984,172
Sale of distribution and system services B2C	6,041,471	6,064,978
Sale of gas including distribution services	189,990	115,349
Other income*	190,756	225,261
Gross profit from trading	(10,924)	13,404
Total income	18,454,231	18,540,318
Purchases of sold electricity	(6,179,829)	(6,616,850)
Purchases of distribution and system services	(6,192,070)	(6,084,699)
Purchases of gas	(161,598)	(112,313)
Total costs	(12,533,497)	(12,813,862)
Gross profit from the sale and production of electricity	6,238,848	5,895,694

* Includes income from the supplies of electricity to distributors and electricity traders.

Other operating income	2015	2014
Income from provided services*	154,165	148,276
Received investment contributions	167,132	217,696
Compensation for unauthorised consumption	22,403	24,280
Other	9,504	17,598
Total	353,204	407,850

* The income includes revenues from the lease of land, real estate and other operating equipment, freight transport, IT support, reading of heat and gas meters and electrical assembly work.

(5) Personnel expenses (CZK Thousands)

	2015	2014
	Staff including management	Staff including management
Average headcount	1,403	1,401
Payroll costs	695,867	683,798
Salaries paid depending on the fulfilment of the plan	59,219	64,543
Insurance	279,937	274,023
Remuneration to the members of the Group's bodies	39,773	33,659
Other social costs*	104,126	130,162
Total	1,178,922	1,186,185

* Primarily costs of severance pays and employee benefits defined by the Collective Agreement, specifically catering contributions, bonuses paid to employees in relation to work or life anniversaries, retirement, contributions to additional pension insurance and medical care.

(6) Costs of services, material and energy (CZK Thousands)

	2015	2014
Material and own consumed energy	94,940	101,430
Repairs of tangible fixed assets	249,476	244,439
Consulting services	38,291	47,852
Rental charges	187,613	184,847
Postage and telecommunication fees	36,655	38,901
IT support	124,834	144,286
Marketing	98,411	95,014
Training and conferences	6,183	7,047
Other*	199,249	201,521
Total	1,035,652	1,065,337

* Including the costs of the fee to the statutory auditor Deloitte Audit, s.r.o., for performing the audit of CZK 2,735 thousand (2014: CZK 2,815 thousand), the costs of external employees, cleaning services, security guard services, storage fees and other services.

(7) Borrowing costs (CZK Thousands)

	2015	2014
Interest on loan	47,543	41,501
Interest expense on employee benefits	1,498	2,041
Interest on leases	741	1,010
Total	49,782	44,552

(8) Other gains and losses (CZK Thousands)

	2015	2014
Write-offs of doubtful debt and creation of allowances	(64,068)	(39,455)
Taxes and charges	(5,835)	(10,538)
Insurance premium	(6,999)	(7,303)
Foreign exchange rate gains (losses)	(7,512)	6,186
Profit from the sale and disposal of assets	11,308	82,559
Other	(6,950)	10,332
Total	(80,056)	41,781

(9) Income tax (CZK Thousands)

The current income tax payable is calculated at 19 percent of the estimated taxable profit. Deferred tax is calculated using the income tax rates anticipated in future periods, i.e., 19 percent.

	2015	2014
Current tax payable	491,786	453,140
Deferred tax	114,845	134,675
Total income tax	606,631	587,815

Effective tax rate	2015		2014	
Profit before tax	3,130,018		3,005,875	
Income tax using the effective income tax rate	594,703	19.00%	571,116	19.00%
Impact of items that are never tax-deductible	11,928	0.38%	16,699	0.56%
Total income tax / effective tax rate	606,631	19.38%	587,815	19.56%

Deferred tax assets (-) and liabilities (+) recorded in the balance sheet relate to the following items:

	2015	Recorded in profit or loss	Recorded in equity	2014	Recorded in profit or loss	Recorded in equity	2013
Fixed assets	2,030,268	148,847	--	1,881,421	136,704	--	1,744,717
Provisions and allowances against receivables	(42,087)	(6,107)	--	(35,980)	175	--	(36,155)
Inventories	(432)	116	--	(548)	(67)	--	(481)
Obligation under the Collective Agreement	(61,506)	(6,330)	--	(55,176)	(4,033)	--	(51,143)
Cash flow hedge	(3,751)	--	1,921	(5,672)	--	(35,791)	30,119
Total deferred tax liability	1,922,492	136,526	1,921	1,784,045	132,779	(35,791)	1,687,057

(10) Dividends (CZK Thousands)

The following amounts were recognised as distribution of profit to shareholders in the relevant period:

	2015	2014
Final dividend for 2014 of CZK 442 (2013: CZK 442) per share	1,710,294	1,710,294

The proposed final dividend for 2015 must be approved by shareholders at the ordinary General Meeting. It has not been included in liabilities in these financial statements.

(11) Earnings per share (CZK Thousands)

Earnings per share are calculated from the net profit for distribution of CZK 2,523,387 thousand (2014: CZK 2,418,060 thousand) attributable to 3,869,443 shares, i.e., the earnings per share amount to CZK 652 (2014: CZK 625). The Group has issued no instruments that would dilute the basic earnings per share.

(12) Property, plant and equipment (CZK Million)

	Land structures	Power structures	Cables and overhead power lines	Telecom- munication technolo- gies and IT	Admin- istrative buildings	Photo- voltaic power plants*	Elec- tricity meters	Other	Invest- ments in progress	Total
Cost										
Balance on 31.12.2013	777.6	10,614.1	11,738.6	2,209.6	1,700.4	1,113.6	1,818.1	700.7	819.6	31,492.3
Additions	28.0	448.9	572.0	131.1	18.0	384.7	60.7	38.4	239.3	1,920.9
Disposals	(39.8)	(30.2)	(64.4)	(27.1)	(28.0)	–	(136.1)	(33.4)	(0.2)	(359.2)
Reclassification	30.2	237.9	53.2	79.3	50.6	–	25.2	19.8	(496.1)	–
Balance on 31.12.2014	795.9	11,270.6	12,299.4	2,392.9	1,741.0	1,498.3	1,767.8	725.5	562.7	33,054.1
Accumulated depreciation										
Balance on 31.12.2013	(1.2)	(4,271.8)	(3,783.2)	(1,580.3)	(413.1)	(55.6)	(1,365.2)	(365.6)	--	(11,836.0)
Depreciation	–	(289.4)	(270.5)	(139.7)	(37.3)	(91.7)	(78.2)	(53.2)	–	(960.0)
Accumulated depreciation on disposals	–	33.2	64.4	27.1	24.4	–	136.1	29.6	–	314.7
Balance on 31.12.2014	(1.2)	(4,527.9)	(3,989.3)	(1,693.0)	(426.0)	(147.3)	(1,307.3)	(389.3)	--	(12,481.3)
Net book value – 2013	776.4	6,342.3	7,955.4	629.3	1,287.3	1,058.0	452.9	335.1	819.6	19,656.3
Net book value – 2014	794.7	6,742.7	8,310.1	700.0	1,314.9	1,351.0	460.5	336.2	562.7	20,572.8

As of the 31st of December 2014, photovoltaic power plants had the output of 18,922 kWp.

	Land structures	Power structures	Cables and overhead power lines	Telecom- munication technolo- gies and IT	Admin- istrative buildings	Photo- voltaic power plants*	Elec- tricity meters	Other	Invest- ments in progress	Total
Cost										
Balance on 31.12.2014	795.9	11,270.6	12,299.4	2,392.9	1,741.0	1,498.3	1,767.8	725.5	562.7	33,054.1
Additions	3.1	453.1	606.4	123.1	8.8	311.4	73.9	24.4	279.6	1,883.8
Disposals	(1.5)	(100.6)	(94.7)	(43.3)	(27.8)	–	(60.6)	(27.0)	(0.4)	(355.9)
Reclassification*	0.2	71.7	92.2	101.0	23.0	150.6	6.7	3.5	(295.9)	153.0
Change in the consolidation group	–	–	–	–	–	36.3	–	–	–	36.3
Balance on 31.12.2015	797.7	11,694.8	12,903.3	2,573.7	1,745.0	1,996.6	1,787.8	726.4	546.0	34,771.3
Accumulated depreciation										
Balance on 31.12.2014	(1.2)	(4,527.9)	(3,989.3)	(1,693.0)	(426.0)	(147.3)	(1,307.3)	(389.3)	--	(12,481.3)
Depreciation	–	(319.7)	(286.4)	(159.3)	(39.8)	(117.2)	(81.6)	(52.9)	–	(1,056.9)
Provisions	–	0.6	–	–	–	–	–	–	–	0.6
Accumulated depreciation on disposals	–	96.7	90.0	43.4	16.4	–	60.6	25.1	–	332.2
Reclassification	–	–	–	–	–	–	–	–	–	–
Balance on 31.12.2015	(1.2)	(4,750.3)	(4,185.7)	(1,808.9)	(449.4)	(264.5)	(1,328.3)	(417.1)	--	(13,205.4)
Net book value – 2014	794.7	6,742.7	8,310.1	700.0	1,314.9	1,351.0	460.5	336.2	562.7	20,572.8
Net book value – 2015	796.5	6,944.5	8,717.6	764.8	1,295.6	1,732.1	459.5	309.3	546.0	21,565.9

* The amount of CZK 150.6 million relates to the allocation of the purchase price to goodwill (Note 13) at the date of acquisition of PRE FVE Mikulov, s.r.o., PRE FVE Dačice, s.r.o., and PRE FVE Pozořice s.r.o.

Photovoltaic power plants	Installed capacity (kWp)	Licence	Acquisition
PRE Mikulov, s.r.o., photovoltaic power plant*	941	2010	2014
PRE Dačice, s.r.o., photovoltaic power plant*	4,848	2009/2010	2014
PRE Pozořice, s.r.o., photovoltaic power plant*	4,596	2010	2015
Kondrac photovoltaic power plant	1,109	2009	2011
Hořovice photovoltaic power plant	1,087	2010	2011
Pozorka photovoltaic power plant	3,998	2010	2013
Syrovce photovoltaic power plant	6,336	2009	2013
Other photovoltaic power plants**	603	2010	
Total	23,518		

* The equipment of photovoltaic power plants is owned by subsidiaries.

** These are small power plants installed in Prague (own construction).

(13) Intangible assets (CZK Million)

	Software	Goodwill	Other	Investments in progress	Total
Cost					
Balance on 31.12.2013	454.7	--	42.9	70.0	567.6
Additions	9.1	139.0	0.9	63.0	212.0
Disposals	(1.3)	--	(3.7)	--	(5.0)
Reclassification	58.6	--	0.5	(59.1)	--
Balance on 31.12.2014	521.0	139.0	40.6	73.9	774.6
Accumulated amortisation					
Balance on 31.12.2013	(368.5)	--	(30.2)	--	(398.7)
Amortisation	(78.0)	--	(5.4)	--	(83.4)
Accumulated amortisation on disposals	1.3	--	3.8	--	5.1
Balance on 31.12.2014	(445.2)	--	(31.9)	--	(477.0)
Net book value – 2013	86.2	--	12.7	70.0	168.9
Net book value – 2014	75.9	139.0	8.8	73.9	297.6

	Software	Goodwill	Other	Investments in progress	Total
Cost					
Balance on 31.12.2014	521.0	139.0	40.6	73.9	774.5
Additions	0.4	50.9	1.4	54.7	107.4
Disposals	(9.2)	--	(2.5)	--	(11.7)
Reclassification	54.7	(150.6)	0.3	(57.4)	(153.0)
Balance on 31.12.2015	566.9	39.3	39.8	71.2	717.2
Accumulated amortisation					
Balance on 31.12.2014	(445.2)	--	(31.9)	--	(477.0)
Amortisation	(56.1)	--	(4.6)	--	(60.7)
Accumulated amortisation on disposals	9.2	--	2.5	--	11.7
Balance on 31.12.2015	(492.1)	--	(34.0)	--	(526.0)
Net book value – 2014	75.9	139.0	8.8	73.9	297.6
Net book value – 2015	74.8	39.3	5.8	71.2	191.1

The Group has no intangible assets developed internally.

The Group anticipates incurring total capital expenditure of CZK 1.9 billion in 2016. Approximately CZK 1.2 billion of all planned expenditure was contracted as of the balance sheet date.

In accordance with accounting policies (refer to “Significant accounting policies”), low value fixed assets are recognised in expenses upon acquisition.

Acquisition cost of low value fixed assets in use as of the balance sheet date

Low value fixed assets	2015	2014
Low value tangible assets	317,506	307,201
Low value intangible assets	56,035	50,327
Total	373,541	357,528

(14) Subsidiaries (CZK Thousands)

Company	Principal activity	Country of origin	Ownership percentage	Share in voting rights
PREdistribuce, a.s.	Distribution	Czech Republic	100%	100%
eYello CZ, k.s.	Electricity and gas trading	Czech Republic	100%	100%
PREměření, a.s.	Purchase, sale and installation of electricity meters, generation of solar energy	Czech Republic	100%	100%
PRE FVE Mikulov, s.r.o.*	Generation of electricity using solar energy	Czech Republic	100%	100%
PRE FVE Dačice, s.r.o.*	Generation of electricity using solar energy	Czech Republic	100%	100%
PRE FVE Pozořice, s.r.o.*	Generation of electricity using solar energy	Czech Republic	100%	100%

* The sole owner of these entities is PREměření, a.s.

The Company exercises control over its subsidiaries, i.e., it has the power to govern, directly or indirectly, the financial and operating policies of an entity so as to obtain benefits from its activities.

The financial statements of the subsidiaries are included in the consolidated financial statements.

(15) Trade receivables and other receivables (CZK Thousands)

Trade receivables and other long-term receivables	2015	2014
Principal amounts paid	48,589	37,095
Receivables from sold apartments	167	734
Other	130	130
Total	48,886	37,959

Long-term receivables are carried at their amortised cost which corresponds to their fair value.

Trade receivables and other short-term receivables	2015	2014
Receivables from electricity and gas supplies	1,226,554	1,179,072
Receivables related to supplies and distribution services*	318,192	326,444
Margin deposit with power exchanges	32,430	33,270
Receivables from the revaluation of commodity contracts (trading portfolio)	251,497	316,750
Receivables from cash flow hedges	–	14,492
Other assets	335,665	343,034
Total	2,164,338	2,213,062

* Since 2015, the Company has not balanced out unbilled distribution services and unbilled electricity and gas. For the purposes of maintaining comparability, the Company made the same change in the comparative period which increased the balance by CZK 243 million in this period.

Short-term trade receivables past their due date totalled CZK 472,055 thousand on a gross basis (2014: CZK 433,159 thousand). Outstanding portions usually bear no interest. The following allowances were created for doubtful receivables:

Balance on 31.12.2013	277,749
Charge and drawing in the current year	85
Balance on 31.12.2014	277,834
Charge and drawing in the current year	39,882
Balance on 31.12.2015	317,716

In considering the recoverability of receivables, the Group takes into account any changes in the recoverability of trade receivables from the date of their origination through the balance sheet date.

The carrying amount of trade receivables and other receivables corresponds to their fair value.

(16) Inventories (CZK Thousands)

Inventories	2015	2014
Material	26,234	32,723
Goods	18,249	18,282
Total	44,483	51,005

Costs of purchased and consumed material reported in the income statement amounted to CZK 237,702 thousand (2014: CZK 209,837 thousand).

Given the limited use inventories were written down to their net realisable value as follows:

Balance on 31.12.2013	2,800
Charge and drawing in the current year	434
Balance on 31.12.2014	3,234
Charge and drawing in the current year	(751)
Balance on 31.12.2015	2,483

The write-down to the net realisable value is reported in "Other gains and losses" in the income statement.

(17) Cash and cash equivalents (CZK Thousands)

Cash and cash equivalents include cash on hand, deposits repayable on demand and other highly liquid financial assets that can be reliably valued and bear an immaterial risk of change in the value.

	2015	2014
Current bank accounts	209,550	202,361
Cash on hand	3,191	2,252
Stamps and vouchers	2,117	1,601
Total	214,858	206,214

(18) Loans (CZK Thousands)

	2015			2014		
	Amount	Interest rate	Maturity date	Amount	Interest rate	Maturity date
Loan 1	--	PRIBOR+0.88%	22.5.2015	701,029	PRIBOR+0.88%	22.5.2015
Loan 2	--	PRIBOR+0.90%	30.6.2015	600,873	PRIBOR+0.90%	30.6.2015
Loan 3	--	PRIBOR+0.68%	29.6.2015	1,200,109	PRIBOR+0.68%	29.6.2015
Loan 4	--	Fix 0.55%	31.7.2015	95,227	Fix 0.55%	31.7.2015
Loan 5 – part 1	--	Fix 5.93%	31.10.2024	132,960	Fix 5.93%	31.10.2024
Loan 5 – part 2	--	PRIBOR+2.35%	31.10.2024	18,118	PRIBOR+2.35%	31.10.2024
Loan 6 – part 1	--	PRIBOR+2.86%	31.10.2024	67,200	PRIBOR+2.86%	31.10.2024
Loan 6 – part 2	--	PRIBOR+2.35%	31.10.2024	54,009	PRIBOR+2.35%	31.10.2024
Loan 7	--	PRIBOR+2.3%	28.3.2023	51,079	PRIBOR+2.3%	28.3.2023
Loan 8	--	PRIBOR+2.3%	15.12.2024	165,604	PRIBOR+2.3%	15.12.2024
Loan 9	--	PRIBOR+2.3%	30.6.2023	48,444	PRIBOR+2.3%	30.6.2023
Loan 10	1,000,039	Fix 1.4%	1.7.2024			
Loan 11	1,005,614	Fix 1.555%	8.7.2022			
Loan 12	1,100,028	Fix 0.935%	25.6.2020			
Loan 13	114,293	Fix 0.6%	3.8.2018			
Loan 14	289,004	Fix 0.46%	4.1.2016			
Authorised overdraft of current accounts	754,114	PRIBOR+0.35%	--	904,665	PRIBOR+0.35%	--
Total	4,263,092			4,039,317		
Long-term loans	3,202,000			2,988,596		
Short-term loans	1,061,092			1,050,721		
Total	4,263,092			4,039,317		

Loans 5 through 9 were repaid prematurely in line with the conditions of the loan, the fee for the premature repayment amounts to CZK 1,059 thousand.

Loan 13 is the loan from the parent company, Pražská energetika Hoding a.s.

Banks do not require loan collateral with regard to the Group's rating. Undrawn bank loans amounted to CZK 2,007 million as of the 31st of December 2015 (2014: CZK 1,195 million).

Loans are carried at their amortised cost which does not significantly differ from their fair value. The Group has capitalised borrowing costs using the capitalisation rate in accordance with IAS 23.

(19) Trade payables and other payables (CZK Thousands)

Trade payables and other long-term payables	2015	2014
Payables to employees*	311,583	288,806
Other financial payables	46,250	46,805
Total	357,833	335,611

* Includes payables under the Collective Agreement (involving bonuses paid to employees in connection with their retirement, work and life anniversaries).

Trade payables and other short-term payables	2015	2014
Trade payables*	1,928,596	2,160,196
Payables from the revaluation of commodity contracts (trading portfolio)	254,391	289,451
Payables from revaluation of derivatives	4,831	51,188
Payables to employees**	63,748	72,916
Payables from social security and health insurance	25,369	26,948
Other payables	144,770	162,016
Total	2,421,705	2,762,715

* Include received electricity and gas prepayments net of an estimated payable for the supplied but not yet billed electricity and gas of CZK 751,512 thousand (2014: CZK 604,305 thousand). Since 2015, the Company has not balanced out unbilled distribution services and unbilled electricity and supplies. For the purposes of maintaining comparability, the Company made the same change in the comparative period which increased the balance by CZK 243 million in this period.

** Includes unpaid December salaries and payables to employees under the Collective Agreement.

The Group reports overdue trade payables in the amount of CZK 106 thousand (2014: CZK 21 thousand). All overdue payables were settled during January 2016.

The Group's payables are carried at amortised cost which corresponds to their fair value.

(20) Finance lease payables (CZK Thousands)

Lease payables	Minimum lease payables		Present value of minimum lease payments	
	2015	2014	2015	2014
Lease payments due within 1 year	20,665	18,167	20,537	17,984
Lease payments due from 1 to 5 years	39,937	45,890	38,778	43,510
Lease payments due in over 5 years	1,573	1,456	1,472	1,295
Total lease payments	62,175	65,513	60,787	62,789
Future lease payments	(1,388)	(2,724)		
Present value of minimum lease payments	60,787	62,789	60,787	62,789
Long-term trade payables and other payables			40,250	44,805
Short-term trade payables and other payables			20,537	17,984
Total			60,787	62,789
Tangible fixed assets				
Carrying amount of assets held under finance leases			60,787	62,789

The Group holds cars under finance lease contracts. All contracts have a fixed payment schedule and the Group did not enter into any contracts on contingent lease payments.

All lease payables are denominated in Czech crowns. The fair value of lease payables corresponds to their carrying value.

(21) Provisions (CZK Thousands)

	Business risks	Salaries	Other	Total
Balance on 31.12.2013	63,830	92,736	970	157,536
Creation of provisions in the current year	--	93,714	100	93,814
Use of provisions in the current year	(1,284)	(86,369)	--	(87,653)
Release of provisions in the current year	(24,891)	(6,367)	--	(31,258)
Balance on 31.12.2014	37,655	93,714	1,070	132,439
Creation of provisions in the current year	--	95,772	81	95,853
Use of provisions in the current year	(603)	(79,354)	(50)	(80,007)
Release of provisions in the current year	(378)	(14,360)	--	(14,738)
Balance on 31.12.2015	36,674	95,772	1,101	133,547
Long-term payables – provisions	36,674	--	1,101	37,775
Short-term payables – provisions	--	95,772	--	95,772
Total	36,674	95,772	1,101	133,547

The provision for salaries includes salaries paid in dependence on fulfilment of the plan. The provisions for business risks arise from the operation of fixed assets.

(22) Share capital (CZK Thousands)

Share capital

There are 3,869,443 registered shares in the nominal value of CZK 1,000 per share (2014: 3,869,443 shares). These shares are in the book-entry form and carry no right for the regular payment of dividends. The Company's share capital has been paid in full.

(23) Funds from profit (CZK Thousands)

	2015	2014
Reserve fund	773,889	773,889
Other funds from profit	382,711	382,711
Cash flow hedge	(15,992)	12,108
Fund from the revaluation of other current financial assets	(6,673)	(6,673)
Fund from the transformation of companies*	802	--
Total	1,134,737	1,162,035

* The amount of CZK 802 thousand includes the gain from a bargain purchase arising from the allocation of the purchase price of PRE FVE Mikulov, s.r.o.

The Group's reserve fund has been created in the amount of 20 percent (CZK 773,889 thousand) of the share capital and no further increase is to be made. The General Meeting decides on the use of the reserve fund and the fund is used to offset the Group's loss.

Other funds from profit represent part of the capital of the former state enterprise, the legal predecessor of the Company. As a result of the privatisation project, the state enterprise's capital was divided into share capital, reserve fund and capital funds as of the date of incorporation of the joint stock company (1st of January 1994). As of that date, the balance of the capital funds was CZK 390,390 thousand. The Board of Directors decides on the use of these discretionary funds as part of the rules for the fund management approved by the General Meeting. Subject to the approval of the General Meeting, the Company may establish other discretionary funds.

The fund from the revaluation of other financial assets is used to record gains and losses from the revaluation of securities available for sale.

(24) Contingent liabilities and contingent assets (CZK Thousands)

At the request of the Group, banks issued payment bank guarantees of CZK 125 million (CZK 172 million as of the 31st of December 2014) in favour of OTE, a.s., Organizátor krátkodobého trhu s elektřinou, a.s., as well as for public contracts for the supply of electricity and gas in favour of Dopravní podnik hl. m. Prahy, a.s., and the Municipal Part Prague 4.

(25) Financial instruments (CZK Thousands)

Categories of financial instruments

Financial assets	2015	2014
(a) Financial assets at fair value through profit or loss (revaluation of commodity contracts)	251,497	316,750
(b) Financial derivatives under hedge accounting	–	14,492
(c) Loans and receivables (including cash and cash equivalents)	1,682,568	1,595,568
(d) Financial assets available for sale	5,822	5,822

The loans and receivables predominantly include receivables from electricity supplies.

Financial liabilities	2015	2014
(e) Financial liabilities at fair value through profit or loss (revaluation of commodity contracts)	255,388	289,451
(f) Financial liabilities at fair value through profit or loss (revaluation of interest rate swaps)	–	6,846
(g) Financial derivatives under hedge accounting	3,834	44,343
(h) Financial liabilities at amortised cost	5,564,346	5,596,551

Financial liabilities at amortised cost predominantly include bank loans and payables from electricity supplies.

Financial assets and liabilities (a, d, e) were valued at amounts quoted on active markets (level 1). Financial assets and liabilities (b, f, g) were valued by valuation models using market data (level 2).

Gains or losses on financial instruments reported in the period	2015	2014
Gain/loss from revaluation of commodity derivatives in the trading portfolio (included in "Profit/loss from trading")	(a, e) (10,924)	13,404
Gain from securities held	(c, d) –	–
Borrowing costs (except for the interest on employee benefits)	(g) (48,287)	(42,511)
Other	(c, g) (181,131)	(12,357)

Hedge accounting	2015	2014
Creation of the equity fund from the cash flow hedge	(b, g) (3,834)	(29,851)
Reversal of the fund from the cash flow hedge (in "Costs of electricity purchased")	(b, g) 29,851	(164,474)

Capital risk

The Group manages its capital to ensure an optimal financial position from the long-term perspective while maximising the return to shareholders. The Group monitors its debt via the net debt/equity indicator.

	2015	2014
Total assets	24,350,691	23,291,078
Shareholders' equity	15,113,658	14,364,875
Shareholders' equity/total assets	62%	62%

Market risk

In view of its activities, the Group is predominantly exposed to the market risks related to the changing prices of commodities (electricity and gas), currency risk and the risk of changes in interest rates.

For the hedging of financial risks, the Group uses the following financial instruments with derivative characteristics:

- Commodity forwards and futures to hedge the changes in prices of these commodities;
- Currency forwards to hedge the changes in exchange rates; and
- Interest rate swaps to hedge the risk of changing interest rates.

The Group's exposure to market risks is measured using various methods, the most important being the sensitivity analysis which reflects potential impacts of changes in prices defined in individual scenarios on the Group's results. The VaR methodology (Value at Risk) is used to measure short-term business exposure. The Group's exposure to market risks is monitored on a regular basis and its approach to managing these risks has not significantly changed as compared to the prior period.

There is no concentration of market risks in the Group.

Currency risk

The Group purchases a significant part of the electricity and gas supply for its customers in foreign currency (EUR).

The Group hedges a substantial part of its future planned cash flows (in EUR) for the purchase of electricity and gas against the foreign exchange rate risk using currency derivatives and applies hedge accounting (cash flow hedges).

The Company takes a significant foreign currency exposure only in EUR with a view to settling stock exchange or OTC transactions pursued to make transactions associated with procuring electricity or gas for the Group's customers. Under the current circumstances, with the Czech National Bank influencing the foreign exchange market, risks are measured using defined scenarios for foreign exchange rate developments. The open exposure is established based on the annual plan of exchange currency requirements and the amount of agreed hedging.

The position is hedged using forwards. Hedge effectiveness is monitored under hedge accounting by the Group. Hedging has been substantially effective so far, with the ineffective portion of hedges being insignificant.

The carrying value of foreign currency assets and liabilities:

	Assets in CZK (Thousands)*		Liabilities in CZK (Thousands)*	
	2015	2014	2015	2014
Contracts for the purchase of EUR	189	14,492	997	2,753
Other assets and liabilities*	572,643	728,911	807,687	948,369
Total EUR	572,832	743,403	808,684	951,122
Other currencies	170	192	–	–
Total	573,002	743,595	808,684	951,122

* These include cash and cash equivalents, bank loans, margin deposits and price variances connected with trading on power stock exchanges, receivables and payables from foreign currency invoices, and receivables and payables arising from cash flow hedges.

Currency derivatives open at the balance sheet date:

EUR purchased	Average exchange rate CZK/EUR		Value in EUR (Thousands)		Value in CZK (Thousands)		Fair value in CZK (Thousands)	
	2015	2014	2015	2014	2015	2014	2015	2014
Up to 1 month	27.07	27.49	5,000	10,000	135,344	274,895	(196)	2,378
1–3 months	27.20	27.62	30,000	20,000	816,070	552,480	(4,731)	2,230
3–12 months	27.03	27.56	80,391	50,000	2,172,942	1,377,820	3,930	9,884
Total	27.08	27.56	115,391	80,000	3,124,356	2,205,195	(997)	14,492

Currency risk – sensitivity analysis

The Group performed a sensitivity analysis to identify the dependence of the level of profit and equity on a change in the carrying value of these assets and liabilities resulting from an increase in the CZK/EUR exchange rate of 1 percent.

CZK (Thousands)	2015	2014
Profit (+) or loss (-)	(2,311)	(2,194)
Shareholders' equity	25,266	17,958

Interest rate risk

In the year ended December 31, 2015, the Group refinanced a substantial part of its medium- and long-term loans. New loans have maturities of five, seven and nine years. These loans have a fixed interest rate over the entire period until maturity. Changes in market interest rates have no impact on the contracted amount of repayments of these loans which effectively reduces the risk of changes in interest rates. Changes in interest rates may only affect the costs of hedging short-term sources of funding. However, the impact of this risk on the Company, if any, is immaterial.

Interest rate derivatives open at the balance sheet date:

	Average fixed interest rate		Agreed principal in CZK (Thousands)		Fair value in CZK (Thousands)	
	2015	2014	2015	2014	2015	2014
Interest rate swaps	--	1.47%	--	2,760,031	--	(40,083)

The carrying amount of assets and liabilities which is dependent on the interest rate:

	Assets in CZK (Thousands)*		Liabilities in CZK (Thousands)*	
	2015	2014	2015	2014
Interest rate swaps	--	--	--	51,188
Other assets and liabilities	189	17,004	997	279,695
Total	189	17,004	997	330,883

* These involve assets and liabilities relating to hedged future cash flows and loans.

Interest rate risk – sensitivity analysis

The Group performed a sensitivity analysis to identify the dependence of the level of profit and equity on a change in the carrying value of these assets and liabilities resulting from an increase in the CZK/EUR exchange rate of 1 percent.

CZK (Thousands)	2015	2014
Profit (+) or loss (-)	--	489
Shareholders' equity	(841)	(44)

Risk of changing prices of commodities

The Company is exposed to the risk related to the development of electricity and gas prices, the amount of gas is relatively low. Electricity for end customers is purchased in order to achieve the optimisation of purchase prices within the position limited in terms of volume. Exposure management is based on limits for the maximum permissible size of outstanding exposures, the possible financial impact is derived from defined scenarios for price developments.

Price risk related to trading transactions

Transactions which the Company does not primarily conclude in direct relation to providing electricity for final customers and own consumption are monitored as part of the so-called "freely tradable portfolio" where all trading transactions are concentrated. Transactions in the freely tradable portfolio are subject to limits, namely binding limits on the basis of the so-called "stop loss", which represents the maximum permissible loss to be accepted by the Company. The maximum stop loss is adjusted over the entire monitored annual period and partial monitoring limits are adjusted for individual quarters in the amount of 1/4 of the aggregate limit. Potential threats to these limits are monitored by way of timely indicators that are based on the market valuation of executed transactions, the market value of an open position and VaR (Value at Risk) whereby the possible price change in the respective time period is estimated at the defined level of likelihood.

As of the 31st of December 2015, the open position in the freely tradable portfolio amounted to approximately 0.18 TWh. These transactions are arranged as commodity forwards with the underlying asset being standardised instruments the prices of which are quoted on stock exchanges. The transactions are measured using settlement prices which are published by public markets and stock exchanges on a daily basis. These contracts, or the value thereof, fluctuate due to changing market prices; for this reason, the prices of electricity are exposed to the risk of change in electricity prices on the wholesale market.

Open commodity derivatives as of the balance sheet date:

	Contracted price in EUR (Thousands)		Contracted price in CZK (Thousands)		Fair value in CZK (Thousands)	
	2015	2014	2015	2014	2015	2014
Commodity forwards – open position	5,394	--	145,773	--	(14,099)	--

Net book value of assets and liabilities which depends on the commodity price:

	Assets in CZK (Thousands)		Liabilities in CZK (Thousands)	
	2015	2014	2015	2014
Commodity forwards – VOP	--	--	14,099	--
Other assets and liabilities	--	--	--	--
Total	--	--	14,099	--

Commodity risk – sensitivity analysis

The Group performed the sensitivity analysis to identify the potential impact of changing the value of these assets and liabilities due to increasing commodity prices on EEX by 1% on profit/equity:

CZK (Thousands)	2015	2014
Profit (+) or loss (-)	1,317	--
Equity	--	--

Credit risk

The Company is exposed to the credit risk in terms of both relations to end customers in the supplies and distribution of electricity and gas and in the exposure on the wholesale market with commodities and in relation to concluded hedging derivatives for OTC. The standard practice of the Company is not to require collateral for trade receivables.

In electricity and gas supplies and distribution, which is the Group's principal activity, the Group applies the following principles to minimise the failure to collect receivables.

The reading of industrial customers' electricity and gas meters and invoicing takes place on a monthly basis. Customers pay monthly or ten-day advance payments, based on their expected consumption, to cover electricity and gas consumed but not yet invoiced, taking into account previous years' consumption, season and other factors. The method of determining the amount of the advance payments is specified in the contract. Reminders are sent to customers who fail to pay on time. If a customer fails to settle the debt within an additional time period, the electricity and gas supply is suspended. Certain industrial customers cover their future payables by making prepayments in advance or by paying deposits.

The standard reading of small businesses and household electricity and gas meters and invoicing takes place on an annual basis. For supplied but unbilled electricity or gas, advance payments are determined to reflect the volume and nature of the consumption. The determination of the price and the payment method are specified in the contracts with customers. If a customer fails to settle the debt within an additional time period, the electricity supply is suspended.

The solvency of business partners on the wholesale market with commodities is verified; depending on the achieved solvency, the partners are allocated exposure limits. Financial derivatives on the OTC basis are agreed only with partners with a sufficient level of solvency.

There is no concentration of credit risk.

Liquidity risk

The Group manages liquidity risk by maintaining an average amount of cash and cash equivalents, banking facilities and borrowing facilities, by continuously monitoring forecast and actual cash flows and seeking to match the maturity profiles of financial assets and liabilities. Included in the note "Loans" is a listing of additional undrawn loan facilities that the Group has at its disposal to further reduce liquidity risk. The Group is not exposed to any significant liquidity risk and does not suffer from any solvency issues.

There is no concentration of liquidity risk.

Liquidity risk – tables

The following tables represent the residual maturity of the Group's undiscounted non-derivative financial receivables and payables. The table including the financial payables reflects the earliest dates on which the Company may be asked to fulfil its liabilities.

Receivables – 2015	Note	Up to			More than	Total
		1 month	1–3 months	3–12 months	12 months	
Trade balances		1,204,669	179,106	165,929	–	1,549,704
Margin deposits, principals paid		32,430	–	4,023	41,632	78,085
Other receivables		18,697	463	21,228	838	41,226
Total	(15)	1,255,796	179,569	191,180	42,470	1,669,015

Receivables – 2014	Note	Up to 1 month	1–3 months	3–12 months	More than 12 months	Total
Trade balances		1,088,349	144,840	26,356	–	1,259,545
Margin deposits, principals paid		33,270	–	4,153	35,546	72,969
Other receivables		4,497	198	50,479	1,703	56,877
Total	(15)	1,126,116	145,038	80,988	37,249	1,389,391

Payables – 2015	Note	Up to 1 month	1–3 months	3–12 months	More than 12 months	Total
Trade payables	(19)	1,229,749	30,119	29,443	274	1,289,585
Other financial payables	(19)	100,966	3,052	38,314	6,000	148,332
Bank loans	(18)	295,686	2,000	763,407	3,488,492	4,549,585
Provisions	(21)	–	–	–	37,775	37,775
Total		1,626,401	35,171	831,164	3,532,541	6,025,277

Payables – 2014	Note	Up to 1 month	1–3 months	3–12 months	More than 12 months	Total
Trade payables	(19)	1,247,707	22,973	42,397	3	1,313,080
Other financial payables	(19)	80,851	11,155	60,092	2,000	154,098
Bank loans	(18)	–	8,950	3,576,303	554,666	4,139,919
Provisions	(21)	–	–	–	38,725	38,725
Total		1,328,558	43,078	3,678,792	595,394	5,645,822

Payables from leases – refer to the note “Finance lease payables”.

(26) Operating leases (CZK Thousands)

The minimum operating lease payments expensed in the current period:

Rental charges	2015	2014
Non-residential premises	55,165	55,198
Cable conduits	100,812	98,449
Cars	330	358
Other rented assets of all types	12,113	11,977
Total	168,420	165,982

The Group holds cable conduits for ultra-high voltage and high voltage lines and non-residential premises for high- and low-voltage transformers under operating leases. The contracts have been concluded for an indefinite period of time. Management expects the costs of leases to remain at the current level in the future, i.e., in the amount of approximately CZK 111 million per year for contracts concluded as of the 31st of December 2015.

Liabilities arising from irrevocable lease agreements	2015	2014
Less than 1 year	9,267	7,840
From 1 to 5 years	33,204	29,072
5 years and more	68,646	70,612
Total	111,117	107,524

Irrevocable lease agreements are concluded for the lease of land under distribution points. The probability of termination is minimal.

(27) Related party transactions (CZK Thousands)

In line with IAS 24, the below-listed related parties have been identified. Related parties also include subsidiaries and transactions with related parties are eliminated upon consolidation.

Movements in receivables and payables of related parties

	Sales to related parties		Purchases from related parties	
	2015	2014	2015	2014
Pražská energetika Holding a.s.	309	349	–	–
Capital City of Prague	206,164	202,900	18,137	34,689
EnBW Energie Baden-Württemberg AG*	1,382,442	820,344	1,604,567	860,248
Netze BW GmbH**	697	–	–	–
Dopravní podnik hl. m. Prahy, a.s.	783,501	957,100	3,847	2,190
Kolektory Praha, a.s.	6,402	6,978	100,545	98,182
Obecní dům, a.s.	7,702	8,008	–	–
TRADE CENTRE PRAHA, a.s.	7,868	6,803	17,591	3,836
Pražská vodohospodářská společnost, a.s.	10,114	18,972	3,279	2,268
Total	2,405,199	2,021,454	1,747,966	1,001,413

* On the 30th of April 2014, EnBW Trading GmbH and EnBW Systeme Infrastruktur Support GmbH merged with EnBW Energie Baden-Württemberg AG and ceased to exist.

** As of the 1st of February 2014, EnBW Regional AG was transformed into Netze BW GmbH.

Total receivables from and payables to related parties

	Receivables		Payables	
	2015	2014	2015	2014
Pražská energetika Holding a.s.*	51	25	114,293	95,227
Capital City of Prague	42,259	36,749	5,646	4,933
EnBW Energie Baden-Württemberg AG**	300	35	24,474	9,027
Netze BW GmbH***	–	–	–	–
Dopravní podnik hl. m. Prahy, a.s.	41,677	36,639	1,282	1,487
Kolektory Praha, a.s.	1,121	676	1,200	1,224
Obecní dům, a.s.	810	877	–	–
TRADE CENTRE PRAHA, a.s.	161	–	1,643	1,518
Pražská vodohospodářská společnost, a.s.	1,937	2,095	–	250
Total	88,316	77,096	148,538	113,666

* The payable of CZK 114,293 thousand (CZK 95,227 thousand in 2014) is a short-term loan received from the parent company Pražská energetika Holding a.s. – refer to the note “Received loans”.

** On the 30th of April 2014, EnBW Trading GmbH and EnBW Systeme Infrastruktur Support GmbH merged with EnBW Energie Baden-Württemberg AG and ceased to exist.

*** As of the 1st of February 2014, EnBW Regional AG was transformed into Netze BW GmbH.

Business transactions were conducted on an arm’s length basis. Outstanding amounts were not collateralised and were settled at the beginning of the following year.

Dividends paid

	2015	2014
Pražská energetika Holding a.s.	992,754	992,754
EnBW Energie Baden-Württemberg AG	707,989	707,989

Remuneration for executive management

	2015	2014
Number of persons	33	39
Remuneration in CZK (Thousands)	81,635	80,463

Managers include members of the Board of Directors, the Company's directors, members of the Supervisory Board and company council. Members of the company council elected from among the Company's staff also enter into a standard employment contract adequate to their job.

Selected managers can use passenger cars for private purposes.

Receivables from executive management

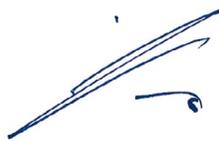
As of the 31st of December 2015, the Group reported receivables from the members of executive management in the total amount of CZK 43 thousand (CZK 47 thousand as of December 31, 2014). These receivables are reported in "Trade receivables and other receivables" and were collected during January 2016.

(28) Post balance sheet events (CZK Thousands)

In 2016, the consolidation group disclosed in Note 14 changed. As of January 1, 2016, PREměření, a.s., as the successor company was involved in a merger by amalgamation with PRE FVE Dačice, s.r.o., PRE FVE Mikulov, s.r.o., and PRE FVE Pozořice, s.r.o., as the dissolving companies. As a result of the merger by amalgamation, the net assets of the dissolving companies PRE FVE Dačice, s.r.o., PRE FVE Mikulov, s.r.o., and PRE FVE Pozořice, s.r.o., were transferred to the successor company PREměření, a.s.

In March 2016, PRE acquired 100% of the shares of KORMAK Praha, a.s., a regional provider of electrical assembly services. As part of this transaction, PRE also acquired a 100% equity investment in KORMAK nemovitosti, s.r.o., which owns and leases several non-residential buildings.

In Prague, 20th of April 2016



Pavel Elis
Chairperson of the Board of Directors



Alexander Sloboda
Vice-chairperson of the Board of Directors

SEPARATE FINANCIAL STATEMENTS FOR 2015

Separate financial statements of Pražská energetika, a.s., for the year ended December 31, 2015
Prepared in compliance with International Financial Reporting Standards (IFRS) as adopted by the EU

Income statement (CZK Thousands)

	Note	2015	2014
Revenues from electricity and gas sold		15,314,897	15,934,326
Costs of electricity and gas sold		(13,813,329)	(14,612,404)
Gross profit from the sale of electricity and gas	(4)	1,501,568	1,321,922
Other operating income	(4)	905,211	940,492
Personnel expenses	(5)	(567,752)	(571,353)
Depreciation	(12,13)	(166,845)	(187,678)
Costs of services, material and energy	(6)	(562,793)	(614,474)
Borrowing costs	(7)	(40,262)	(42,298)
Dividends received		1,080,000	1,160,999
Other gains and losses	(8)	40,902	106,465
Profit from ordinary activity before tax		2,190,029	2,114,075
Income tax	(9)	(219,501)	(189,658)
Profit from ordinary activity after tax		1,970,528	1,924,417
Earnings per share attributable to ordinary shares (CZK)	(11)	509	497

Statement of comprehensive income (CZK Thousands)

	2015	2014
Profit from ordinary activities after tax	1,970,528	1,924,417
Revaluation of other financial assets	–	(212)
Cash flow hedging	(25,912)	(118,482)
Total other comprehensive income after tax	(25,912)	(118,694)
Comprehensive income attributable to the Company's shareholders	1,944,616	1,805,723

Statement of financial position (balance sheet) (CZK Thousands)

	Note	2015	2014
Assets			
Property, plant and equipment	(12)	1,909,724	1,929,760
Intangible assets	(13)	147,964	150,181
Equity investments	(14)	9,835,801	9,835,801
Trade receivables and other receivables	(15)	35,004	32,347
Loans	(16)	3,739,128	3,198,438
Non-current assets		15,667,621	15,146,527
Inventories	(17)	40,327	45,495
Tax receivables		92,998	135,917
Trade receivables and other receivables	(15)	1,816,999	1,846,950
Loans	(16)	470,382	167,020
Cash and cash equivalents	(18)	141,421	180,149
Current assets		2,562,127	2,375,531
Total assets		18,229,748	17,522,058
Liabilities			
Share capital	(23)	3,869,443	3,869,443
Funds from profit	(24)	1,133,935	1,159,848
Retained earnings		5,023,094	4,785,886
Equity attributable to the Company's shareholders		10,026,472	9,815,177
Loans	(19)	3,202,000	2,500,000
Trade payables and other payables	(20)	174,480	169,392
Provisions	(22)	2,251	2,270
Deferred tax liability	(9)	66,065	72,022
Long-term payables		3,444,796	2,743,684
Loans	(19)	1,125,921	1,009,473
Tax payables		24,695	16,794
Trade payables and other payables	(20)	3,560,637	3,891,102
Provisions	(22)	47,227	45,828
Short-term payables		4,758,480	4,963,197
Total liabilities		18,229,748	17,522,058

Statement of changes in equity (CZK Thousands)

	Share capital	Reserve funds	Retained earnings	Equity attributable to the Company's shareholders
Balance on 31.12.2013	3,869,443	1,278,542	4,594,831	9,742,816
Dividends and director's fees paid			(1,733,362)	(1,733,362)
Other comprehensive income		(118,694)		(118,694)
Net profit for 2014			1,924,417	1,924,417
Balance on 31.12.2014	3,869,443	1,159,848	4,785,886	9,815,177
Dividends and director's fees paid			(1,733,320)	(1,733,320)
Other comprehensive income		(25,913)		(25,913)
Net profit for 2015			1,970,528	1,970,528
Balance on 31.12.2015	3,869,443	1,133,935	5,023,094	10,026,472

Cash flow statement (CZK Thousands)

	Note	2015	2014
Opening balance of cash and cash equivalents		180,149	216,570
Operating activity			
Income from the sale of electricity and gas		14,388,254	15,319,006
Expenses related to purchases of electricity and gas		(13,397,836)	(14,498,133)
Net profit from the sale of electricity and gas	(4)	990,418	820,873
Income in the Group	(28)	1,070,258	1,049,580
Other operating income	(4,8)	61,948	63,038
Operating expenses	(6,8)	(737,280)	(676,622)
Changes in short-term working capital		37,737	35,921
Personnel expenses	(5)	(552,926)	(537,066)
Direct tax	(9)	(168,789)	(226,956)
Financial income and expenses	(7)	(39,106)	(49,545)
Net cash flow from operating activity		662,260	479,223
Investment activity			
Income from the sale of fixed assets	(8)	24,167	123,595
Expenses related to the acquisition of fixed assets	(12,13)	(146,398)	(289,819)
Intercompany loans		(632,385)	(905,053)
Interest received in the Group		93,260	57,107
Dividend received and shares in profit		1,080,000	1,160,999
Net cash flow from investment activity		418,644	146,829
Financial activity			
External loans repaid	(19)	(2,753,722)	(533,584)
Dividends and director's fees paid	(10)	(1,731,678)	(1,731,049)
Financial operations in the Group	(28)	(142,232)	924,400
External loans received	(19)	3,508,000	677,760
Net cash flow from financial activity		(1,119,632)	(662,473)
Change in cash and cash equivalents		(38,728)	(36,421)
Closing balance of cash and cash equivalents	(18)	141,421	180,149

Content of the notes to the Financial Statements

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(1) General information

Pražská energetika, a.s., (hereinafter “PRE” or the “Company”), was established as a joint-stock company in the Czech Republic and was entered in the Commercial Register held by the District Court of Prague 1 on the 1st of January 1994.

The Company’s registered office is located at Na Hroudě 1492/4, Prague 10, 100 05, corporate ID: 60193913.

The Company is primarily engaged in supplying electricity to customers in the Czech Republic and this activity accounts for a significant part of the Company’s revenues. In 2012, the Company expanded its activities to include supplies of gas.

PRE’s principal shareholders	2015	2014
Pražská energetika Holding a.s.	58.05%	58.05%
EnBW Energie Baden-Württemberg AG	41.40%	41.40%
Other	0.55%	0.55%
Total	100.00%	100.00%

The Company is under joint control of the Capital City of Prague (with an equity investment of 51%) and EnBW (with an equity investment of 49%).

EnBW owns 41.40% of the Company’s share capital and exercises control over the Company in line with Section 74 (1) and (3) of the Act on Business Corporations. Under Section 79 of the Act on Business Corporations, the Company operates on the Czech energy market as part of the EnBW group. The Company is controlled and managed by EnBW through its representatives on the Board of Directors and the Supervisory Board. Other information is disclosed in the report on related party transactions.

(2) Adoption of new and revised International Financial Reporting Standards

Standards and interpretations effective in the current period

The following standards, interpretations and amendments to the current standards issued by the International Accounting Standards Board (IASB) and adopted by the EU are effective for the current period:

- **Amendments to various standards “Improvements to IFRSs (cycle 2011-2013)”**; and
- **IFRIC 21 “Levies”**, interpretation adopted by the EU on the 13th of June 2014 (effective for annual periods beginning on or after the 17th of June 2014).

The adoption of these amended standards resulted in no significant changes in the accounting policies of the Company.

Standards and interpretations issued by the IASB and adopted by the EU but not yet effective

At the date of authorisation of these financial statements the following standards, revisions and interpretations adopted by the EU were in issue but not yet effective:

- **Amendments to IFRS 11 “Accounting for Acquisitions of Interests in Joint Operations”** (effective in the EU for annual periods beginning on or after the 1st of January 2016);
- **Amendments to IAS 1 “Disclosure Initiative”** (effective in the EU for annual periods beginning on or after the 1st of January 2016);

- **Amendments to IAS 16 and IAS 38 “Clarification of Acceptable Methods of Depreciation and Amortisation”** (effective in the EU for annual periods beginning on or after the 1st of January 2016);
- **Amendments to IAS 16 and IAS 41 “Agriculture: Bearer Plants”** (effective in the EU for annual periods beginning on or after the 1st of January 2016);
- **Amendments to IAS 19 “Defined Benefit Plans: Employee Contributions”** (effective in the EU for annual periods beginning on or after the 1st of February 2015);
- **Amendments to IAS 27 “Equity Method in Separate Financial Statements”** (effective in the EU for annual periods beginning on or after the 1st of January 2016);
- **Amendments to various standards “Improvements to IFRSs (cycle 2010-2012)”** (effective in the EU for annual periods beginning on or after the 1st of February 2015); and
- **Amendments to various standards “Improvements to IFRSs (cycle 2012-2014)”** (effective in the EU for annual periods beginning on or after the 1st of January 2016).

The Company decided not to apply these standards, revisions and interpretations before their effective dates. The Company anticipates that compliance with these standards, revisions and interpretations in the period of their first adoption will have no impact on the Company’s financial statements.

Standards and interpretations issued by the IASB but not yet adopted by the EU

- **IFRS 9 “Financial Instruments”** (effective for annual periods beginning on or after the 1st of January 2018);
- **IFRS 14 “Regulatory Deferral Accounts”** (effective for annual periods beginning on or after the 1st of January 2016; the EU declared it would not adopt this standard);
- **IFRS 15 “Revenue from Contracts with Customers”** (effective for annual periods beginning on or after the 1st of January 2018);
- **IFRS 16 “Leases”** (effective for annual periods beginning on or after the 1st of January 2019);
- **Amendments to IFRS 10 “Consolidated Financial Statements” and IAS 28 “Investments in Associates and Joint Ventures”** – Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (the effective date has not yet been determined);
- **Amendments to IFRS 10 “Consolidated Financial Statements” and IAS 28 “Investments in Associates and Joint Ventures”** – Applying the Consolidation Exception (effective for annual periods beginning on or after the 1st of January 2016);
- **Amendments to IAS 7 “Statement of Cash Flows”** – Disclosure Initiative (effective for annual periods beginning on or after the 1st of January 2017); and
- **Amendments to IAS 12 “Income Taxes”** – Recognition of Deferred Tax Assets for Unrealised Losses (effective for annual periods beginning on or after the 1st of January 2017).

The Company anticipates that the adoption of these new standards, amended standards and interpretations will have no material impact on the financial statements of the Company in the period of their first time adoption. The only exceptions include new standards IFRS 9, IFRS 15 and IFRS 16. The Company has not yet evaluated the impact of their adoption.

Hedge accounting regarding the portfolio of financial assets and liabilities, whose principles have not been adopted by the EU, is still unregulated.

The Company estimates that the application of hedge accounting for the portfolio of financial assets or liabilities pursuant to **IAS 39: "Financial Instruments: Recognition and Measurement"**, would not significantly impact the financial statements, if applied at the balance sheet date.

(3) Significant accounting policies

Statement of compliance

The financial statements are prepared and presented in compliance with International Financial Reporting Standards (IFRS) as adopted by the EU.

Basis of the preparation of financial statements

The financial statements have been prepared on the historical cost basis except for certain financial instruments. The principal accounting policies are set out below.

Information on consolidated financial statements

Apart from the separate financial statements, the Company prepares and publishes consolidated financial statements of the parent company PRE and its subsidiaries (hereinafter the "PRE Group") in compliance with IFRS always as of the 31st of December. The consolidated and separate financial statements are published as of the same date.

Revenue recognition

Revenue from the sales of goods is measured at the fair value of the consideration received or receivable if significant risk and rewards arising from the ownership of the relevant goods have been transferred to the buyer. Revenues arising from contracts for the provision of services are reported including the information regarding the status of the contract completion.

Revenues from electricity and distribution are recognised in the period when the electricity is consumed by customers. Revenues from other provided services are recognised when the services are rendered.

Revenues from leasing (primarily fibre-optics) are recognised evenly over the lease period.

Interest revenue is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount.

Leases

Leases are classified as finance leases whenever all the substantial risks and rewards of ownership of the relevant assets transfer to the lessee. All other leases are classified as operating leases.

Assets held under finance leases are initially recognised as assets of the Company at their fair value at the date of their acquisition or, if lower, at the present value of the minimum lease payments. Lease payments are apportioned between finance charges and reduction of the lease obligation so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are charged directly to profit or loss.

Operating lease payments are recognised as an expense on a straight-line basis over the lease term.

Lease payables are included in "Trade payables and other payables" within short-term and long-term payables.

Foreign currency translation

The financial statements of the Company are presented in the currency of the primary economic environment in which the Company operates (its functional currency). Czech crowns are the functional currency of the Company and the presentation currency for the financial statements.

During the year, transactions in currencies other than Czech crowns are recorded at the rates of exchange announced by the Czech National Bank and prevailing at the dates of the transactions. At each balance sheet date, monetary items denominated in foreign currencies are retranslated at the rates announced by the Czech National Bank prevailing at the balance sheet date.

Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing at the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated. Exchange rate gains and losses are recognised in profit or loss in the period in which they arise except for exchange rate differences arising from cash flow hedges where changes in fair value are posted directly to equity.

Borrowing costs

The Company capitalises borrowing costs using the capitalisation rate in line with IAS 23. Other borrowing costs are recognised in profit or loss in the period in which they are incurred.

Income tax

Income tax expense reported in the income statement represents the sum of the tax currently payable and a change in the deferred tax balance.

The tax currently payable is based on taxable profit for the year. Taxable profit differs from profit as reported in the income statement because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The current tax payable also includes tax overpayments or additional tax charges from previous periods. The Company's liability for current tax is calculated using tax rates that have been enacted by the balance sheet date.

Deferred tax is recognised on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit, and is accounted for using the balance sheet liability method. Deferred tax liabilities are generally recognised for all taxable temporary differences, and deferred tax assets are generally recognised for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilised.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Company intends to settle its current tax assets and liabilities on a net basis.

Deferred tax is determined at the tax rates that are expected to apply in the period in which the liability is settled or the asset realised and are recognised in profit or loss except when associated with items charged directly to equity in which case it is also dealt with in equity.

Property, plant and equipment

Property, plant and equipment held for use in the production or supply of goods or services, or for administrative purposes, are stated at cost reduced by accumulated depreciation and recognised impairment loss. Cost includes the purchase price and costs associated with acquisition. Property, plant and equipment with a cost over CZK 40 thousand are reported on the face of the balance sheet.

The cost of internally produced tangible and intangible assets includes direct and indirect costs directly related to the production of the asset.

Depreciation of plant and equipment is charged to profit or loss.

Properties in the course of construction for production or administrative purposes, or for purposes not yet determined, are carried at cost, less any recognised impairment loss. The cost includes professional services fees. Depreciation of these assets, on the same basis as other property assets, commences when the assets are ready for their intended use.

The estimated useful lives and depreciation methods are reviewed at the end of each reporting period and impacts of any changes in estimates are accounted for prospectively.

Depreciation is charged so as to write off the cost or valuation of assets, other than freehold land and properties under construction, over their estimated useful lives, using the straight-line method:

Asset category	Depreciation period in years
Buildings, halls and other construction	6, 7, 15, 20, 25, 30, 40, 50, 70
Fibre-optics	30
Working machinery and equipment	5, 8, 10, 12, 20
Telecommunication equipment	4–33
Appliances and special technology equipment	4, 10
Vehicles	4, 8, 10
Furniture and fixtures	4, 5, 6, 8, 10
Hardware	3, 4

Assets acquired under finance leases are depreciated in the same manner as the assets owned by the Company over the lower of their estimated useful lives and their lease period.

The gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in profit or loss.

Tangible assets costing between CZK 2 thousand and CZK 40 thousand with an individual useful life exceeding one year are classified as low value tangible assets. The acquisition costs of these assets are charged to expenses and their physical balances are maintained in off-balance sheet records, the only exception being selected types of minor electricity equipment and electrical machines that are recognised and depreciated as tangible fixed assets.

Intangible assets

Intangible assets acquired separately are reported at cost less accumulated amortisation and accumulated impairment losses. Amortisation is charged on a straight-line basis over their estimated useful lives. The estimated useful life and amortisation method are reviewed at the end of each annual reporting period, with the effect of any changes in estimate being accounted for on a prospective basis.

Intangible assets are amortised using the straight-line method over the following estimated useful lives:

Asset category	Depreciation period in years
Software	4
Other intangible assets	6, or according to the contract 1, 2, 4

Intangible assets costing between CZK 2 thousand and CZK 60 thousand with an individual useful life exceeding one year are classified as low value intangible assets. The acquisition costs of these assets are charged to expenses and their physical balances are maintained in off-balance sheet records.

Impairment of tangible and intangible assets

At each balance sheet date, the Company reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). In circumstances where the relevant asset does not generate cash inflows separately, the Company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

The recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss.

Where an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior years. A reversal of an impairment loss is recognised immediately in profit or loss.

Inventories

Inventories are stated at the lower of cost determined using the weighted arithmetic average and the net realisable value. The cost includes the purchase price of the material, customs duties and in-transit storage and freight costs incurred to deliver the inventories. The net realisable value represents the estimated selling price for inventories less all estimated costs of marketing, sale and distribution.

Provisions

Provisions are recognised in the balance sheet when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that the Company will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the balance sheet date, taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is equal to the present value of those cash flows.

Financial assets

Financial assets are recognised and derecognised in the balance sheet on the date of transaction where the purchase or sale of an asset is under a contract whose terms require delivery of the investment within the timeframe established by the market concerned, and are initially measured at fair value, plus transaction costs, except for those financial assets classified as at fair value through profit or loss, which are initially measured at fair value.

Financial assets are classified into the following categories: financial assets at fair value through profit or loss (FVTPL), investments held-to-maturity, financial assets available-for-sale (AFS) and trade receivables and other receivables. The classification depends on the nature and purpose of the financial assets and is determined at the time of initial recognition.

Financial assets at fair value through profit or loss

Financial assets are classified as at FVTPL where the financial asset is either held for trading or it is designated as at FVTPL.

Financial assets are classified as held for trading if (i) they were acquired principally for the purpose of selling in the near future; or (ii) are a part of an identified portfolio of financial instruments that the Company manages together and has a recent actual pattern of short-term profit-taking; or (iii) it is a derivative that is not designated and effective as a hedging instrument.

Financial assets at FVTPL are stated at fair value, with any resultant gain or loss recognised in profit or loss. The net gain or loss recognised in profit or loss incorporates any dividend or interest earned on the financial asset.

Investments held to maturity

Bills of exchange and bonds with fixed or determinable payments and fixed maturity dates that the Company has the positive intent and ability to hold to maturity are classified as held-to-maturity investments. Held-to-maturity investments are recorded at amortised cost using the effective interest method less any impairment.

Equity investments

Equity investments include the Company's share in other companies' share capital. The parent company controls an investee when it is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Proceeds from equity investments flow to the Company in the form of dividends. These equity investments are measured at cost.

Financial assets available for sale

Unlisted shares and listed redeemable notes held by the Company that are traded on an active market are classified as being AFS and are stated at fair value. Gains and losses arising from changes in fair value are recognised directly in equity in the investments revaluation reserve with the exception of impairment losses, interest calculated using the effective interest method and foreign exchange rate gains and losses on monetary assets, which are recognised directly in profit or loss. Where the investment is disposed of or is determined to be impaired, the cumulative gain or loss previously recognised in the investments revaluation reserve is included in profit or loss for the period.

The foreign exchange rate gain or loss, if any, on financial assets available for sale denominated in foreign currencies is reported as part of the fair value change.

Trade receivables and other receivables

Trade receivables are initially measured at fair value and subsequently revalued at amortised cost using the effective interest method. Reasonable allowances for estimated irrecoverable losses are recognised in profit or loss if impairment evidence exists. The recognised allowance is determined as the difference between the amortised cost of the relevant asset and the present value of the estimated future cash flows discounted at the effective interest rate calculated upon initial recognition.

Other receivables with determined or determinable payments which are not quoted on an active market are classified as other financial assets and measured at the amortised cost using the effective interest method and reflecting any impairment loss. Interest income is reported using the effective interest method.

Financial liabilities

Financial liabilities are classified as at FVTPL or as other financial liabilities.

Financial liabilities at FVTPL include derivatives that do not function as effective hedging instruments. Financial liabilities at FVTPL are stated at fair value, with any resulting gain or loss recognised in profit or loss.

Other financial liabilities (including borrowings, trade payables and other payables) are initially recognised at fair value, increased by transaction costs and subsequently measured at amortised cost using the effective interest method.

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments through the expected life of the financial liability, or, where appropriate, a shorter period.

Derivatives

The Company hedges its future transactions and cash flows using derivative contracts. The Company enters into commodity derivative instruments for purchases and sales of electricity on the Prague Power Exchange and OTC markets. The Company assumes that the majority of these derivatives will be settled in the form of a physical supply of electricity to be consumed or sold within the ordinary course of the Company's operation. Such contracts therefore do not fall within the scope of IAS 39. As part of its trading portfolio, the Company also enters into commodity derivatives transactions.

Derivatives are initially recognised at fair value at the date a derivative contract is entered into and are subsequently remeasured at their fair value at each balance sheet date. The resulting gain or loss is recognised in profit or loss immediately unless the derivative is designated as a hedging instrument as part of hedge accounting. The Company designates certain derivatives as either hedges of the fair value of recognised assets or liabilities or firm commitments (fair value hedges), hedges of highly probable forecast transactions or hedges of foreign currency risk of firm commitments (cash flow hedges).

The fair value of hedging derivatives is classified as other non-current financial assets/long-term payable if the residual maturity of the hedging relationship exceeds 12 months, or as other current financial assets and short-term payable if the residual maturity of the hedging relationship is below 12 months.

The derivatives which are not designated as effective hedge instruments are classified as short-term receivables and short-term payables, as appropriate.

Hedge accounting

The Company designates certain hedging instruments as either fair value hedges or cash flow hedges. Hedges of foreign exchange risk on firm commitments are accounted for as cash flow hedges.

At the inception of the hedge relationship, the Company documents the relationship between the hedging instrument and the hedged item, along with its risk management objectives and its strategy for undertaking various hedge transactions. Furthermore, at the inception of the hedge and on an ongoing basis, the Company documents whether the hedging instrument that is used in a hedging relationship is highly effective in offsetting changes in fair values or cash flows of the hedged item.

Movements in the hedging reserve in equity are also detailed in the statement of changes in equity.

Cash flow hedge

The effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedges are recognised in equity. The gain or loss relating to the ineffective portion is recognised immediately in profit or loss.

Amounts reported in equity are recycled in profit or loss in the periods when the hedged item is recognised in profit or loss.

Hedge accounting is discontinued when the Company revokes the hedging relationship, the hedging instrument expires or is sold, terminated, or exercised, or no longer qualifies for hedge accounting. An adjustment of the carrying value of the hedged item arising from the hedged risk is realised into profit or loss from the date of the relevant adjustment.

Employee benefits expense

The Company makes contributions to the health insurance and pension insurance schemes and the state employment policy scheme at the level required by law and effective in the relevant year by reference to the employees' gross salary. The insurance and social security expenses are charged to profit or loss in the same period as the relating payroll costs.

The Company also makes contributions to its employees' retirement benefit plans. These contributions are expensed in the period in which employees are entitled to receive contributions based on the services that they provide to the Company.

The Company provides other bonuses under the Collective Agreement (the defined benefit plan, refer to the note "Trade payables and other payables"). The relevant payables are measured at the present value of anticipated future payments using actuarial estimates.

Cash flow statement

The Company prepares its cash flow statement using the direct method. The statement prepared using the direct method provides more information for the operational management of the Company.

Significant accounting estimates

The presentation of financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the balance sheet date and the reported amounts of revenues and expenses during the reporting period. Management of the Company has made these estimates and assumptions on the basis of all the relevant information available to it. Nevertheless, pursuant to the nature of estimates, the actual results and outcomes in the future may differ from these estimates. The Company considers the determination of the unbilled electricity amount the key area which is subject to the use of estimates. The increase in unbilled electricity is determined using the balance sheet approach as equal to the difference between the aggregate electricity input and output including losses and actual consumption for the relevant period. The total closing level is additionally reviewed by making a control calculation in the customer system.

Internal audit principles and methods

The PRE Group prepares its financial statements so that these statements are correct, reliable and relevant and give a true and fair view of the Company's financial position and financial performance. The Company has internal regulations in place to determine the binding accounting principles and control mechanisms. These predominantly include the following: Circulation and Signing of Accounting Documents, Valuation of Assets and Liabilities, Stock Count of Assets and Liabilities, and Accounting Treatment for Transactions Related to Electricity Trading and Currency Risk Hedges. These internal regulations define the methods of processing and accounting for all usual transactions, including the rules for the prevention of fraudulent activities. The compliance with internal regulations is overseen by the Company's Internal Audit which follows the following norms of the Company: Internal Audit Statute, Risk Management, Internal Audit Planning and Performance.

(4) Revenues (CZK Thousands)

Income and expenses relating to the sale of electricity and gas	2015	2014
Sales of electricity B2B	4,259,529	4,313,445
Sales of distribution and system services B2B	2,767,181	3,056,845
Sales of electricity B2C	2,800,033	2,956,403
Sales of distribution and system services B2C	4,713,580	4,828,044
Sales of gas	105,625	96,409
Other income*	679,873	669,776
Gross gain/loss from trading	(10,924)	13,404
Total income	15,314,897	15,934,326
Costs of purchases of sold electricity	(6,179,829)	(6,616,848)
Costs of purchases of distribution and system services	(7,480,760)	(7,884,889)
Costs of purchases of gas	(152,740)	(110,667)
Total costs	(13,813,329)	(14,612,404)
Gross profit from the sale of electricity and gas	1,501,568	1,321,922

* Including proceeds from the sale of power products to distributors and electricity dealers.

Other operating income	2015	2014
Income from provided services*	900,647	930,280
Other	4,564	10,212
Total	905,211	940,492

* The income includes services rendered to other companies within the PRE Group based on concluded service provision contracts, revenues from the lease of land, real estate and vehicles and IT support.

(5) Personnel expenses (CZK Thousands)

	2015	2014
	Staff including management	Staff including management
Average headcount	641	643
Payroll costs	332,821	330,018
Salaries paid depending on the fulfilment of the plan	28,481	30,894
Insurance	134,087	130,966
Remuneration to the members of the Company's bodies	22,307	18,644
Other social costs*	50,056	60,831
Total	567,752	571,353

* Primarily costs of severance pays and employee benefits defined by the Collective Agreement, specifically catering contributions, bonuses paid to employees in relation to work or life anniversaries, retirement, contributions to additional pension insurance and medical care.

6) Costs of services, material and energy (CZK Thousands)

	2015	2014
Material and own consumed energy	61,397	70,973
Repairs of tangible fixed assets	43,075	44,655
Consulting services	22,109	29,972
Rental charges	47,609	46,721
Postage and telecommunication fees	36,533	38,789
IT support	121,653	141,841
Marketing	80,757	90,691
Other*	149,660	150,832
Total	562,793	614,474

* Including costs of external employees, cleaning services, security guard services, storage fees and other services.

(7) Borrowing costs (CZK Thousands)

	2015	2014
Interest on cash pooling	10	3
Interest on loan	38,770	40,280
Interest expense on employee benefits	741	1,005
Interest on leases	741	1,010
Total	40,262	42,298

(8) Other gains and losses (CZK Thousands)

	2015	2014
Write-offs of doubtful debt and creation of allowances	(60,581)	(31,122)
Gain/(loss) from the sale and disposal of fixed assets and inventories	18,654	88,787
Foreign exchange rate gains (losses)	(7,473)	5,942
Interest received in the Group	108,979	74,121
Share in the profit or loss of eYello CZ, k.s.	(5,664)	(6,458)
Other	(13,013)	(24,805)
Total	40,902	106,465

(9) Income tax (CZK Thousands)

The current income tax payable is calculated at 19% of the estimated taxable profit. Deferred tax is calculated using the income tax rate anticipated in future periods, i.e., 19 percent.

	2015	2014
Current tax payable	219,379	190,180
Deferred tax	122	(522)
Total income tax	219,501	189,658

	2015		2014	
Profit before tax	2,190,028		2,114,075	
Income tax using the effective income tax rate	416,105	19.00%	401,674	19.00%
Impact of tax non-deductible dividends received	(220,590)	(10.07%)	(220,590)	(10.43%)
Impact of other items that are never tax-deductible	23,986	1.10%	8,574	0.41%
Total income tax / effective tax rate	219,501	10.02%	189,658	8.97%

Deferred tax assets (-) and liabilities (+) recorded in the balance sheet relate to the following items:

	On December 31, 2015	Recorded in profit or loss	Recorded in equity	On December 31, 2014	Recorded in profit or loss	Recorded in equity	On December 31, 2013
Fixed assets	121,142	7,823	--	113,319	3,204	--	110,115
Provisions	(9,401)	(263)	--	(9,138)	(22)	--	(9,116)
Receivables	(15,153)	(6,102)	--	(9,051)	272	--	(9,323)
Inventories	(348)	117	--	(465)	(41)	--	(424)
Obligation under the Collective agreement	(26,423)	(1,453)	--	(24,970)	(3,935)	--	(21,035)
Cash flow hedge	(3,752)	--	(6,078)	2,327	--	(27,792)	30,119
Total deferred tax liability	66,065	122	(6,078)	72,022	(522)	(27,792)	100,336

(10) Dividends (CZK Thousands)

The following amounts were recognised as distribution of profit to shareholders in the relevant period:

	2015	2014
Final dividend for 2014 of CZK 442 (2013: CZK 442) per share	1,710,294	1,710,294

The final amount of the proposed dividend for 2015 must be approved by the General Meeting. It has not been included in liabilities in these financial statements.

(11) Earnings per share (CZK Thousands)

Earnings per share are calculated from the net profit for distribution of CZK 1,970,528 thousand (2014: CZK 1,924,417 thousand) attributable to 3,869,443 shares, i.e., the earnings per share amount to CZK 509 (2014: CZK 497). The Company has no issued instruments diluting the basic earnings per share.

(12) Property, plant and equipment (CZK Millions)

	Land	Telecom- munication technolo- gies and IT	Admin- istrative buildings	Other	Invest- ments in progress	Total
Cost						
Balance on 31.12.2013	169.6	795.1	1,700.2	421.6	114.7	3,201.2
Additions	4.4	4.3	18.0	30.0	66.1	122.8
Disposals	(35.8)	(14.4)	(28.0)	(31.2)	–	(109.5)
Reclassification	–	32.1	50.6	13.9	(96.6)	0.0
Balance on 31.12.2014	138.2	817.1	1,740.8	434.3	84.2	3,214.5
Accumulated depreciation						
Balance on 31.12.2013	(1.2)	(634.5)	(413.1)	(194.4)	--	(1,243.2)
Depreciation	–	(39.1)	(37.3)	(31.2)	–	(107.7)
Accumulated depreciation on disposals	–	14.4	24.4	27.4	–	66.2
Reclassification	–	–	–	–	–	–
Balance on 31.12.2014	(1.2)	(659.2)	(426.0)	(198.3)	--	(1,284.7)
Net book value – 2013	168.4	160.6	1,287.1	227.2	114.7	1,958.0
Net book value – 2014	137.0	157.9	1,314.8	236.0	84.2	1,929.8

	Land	Telecom- munication technolo- gies and IT	Admin- istrative buildings	Other	Invest- ments in progress	Total
Cost						
Balance on 31.12.2014	138.2	817.1	1,740.8	434.3	84.2	3,214.5
Additions	0.0	7.9	8.8	17.6	69.2	104.5
Disposals	(1.0)	(22.5)	(27.8)	(17.4)	0.0	(68.7)
Reclassification	0.0	47.2	23.0	2.7	(72.8)	0.1
Balance on 31.12.2015	137.2	849.7	1,744.8	437.2	80.6	3,249.4
Accumulated depreciation						
Balance on 31.12.2014	(1.2)	(659.2)	(426.0)	(198.3)	--	(1,284.7)
Depreciation	–	(38.3)	(39.8)	(31.4)	–	(109.5)
Accumulated depreciation on disposals	–	22.4	16.4	15.7	–	54.5
Reclassification	–	–	–	–	–	–
Balance on 31.12.2015	(1.2)	(675.1)	(449.4)	(214.0)	0.0	(1,339.7)
Net book value – 2014	137.0	157.9	1,314.8	236.0	84.2	1,929.8
Net book value – 2015	136.0	174.6	1,295.4	223.2	80.6	1,909.7

(13) Intangible assets (CZK Millions)

	Software	Other	Investments in progress	Total
Cost				
Balance on 31.12.2013	451.1	18.2	67.7	537.0
Additions	9.1	0.6	62.2	71.9
Disposals	(1.2)	(3.7)	–	(4.9)
Reclassification	58.6	0.2	(58.8)	0.0
Balance on 31.12.2014	517.6	15.3	71.1	604.0
Accumulated amortisation				
Balance on 31.12.2013	(364.7)	(14.0)	--	(378.7)
Amortisation	(78.0)	(2.0)	--	(80.0)
Accumulated amortisation on disposals	1.2	3.7	--	4.9
Reclassification	--	--	--	--
Balance on 31.12.2014	(441.5)	(12.3)	--	(453.8)
Net book value – 2013	86.4	4.2	67.7	158.3
Net book value – 2014	76.1	3.0	71.1	150.2

	Software	Other	Investments in progress	Total
Cost				
Balance on 31.12.2014	517.6	15.3	71.1	604.0
Additions	0.4	0.2	54.5	55.1
Disposals	(9.2)	(2.5)	–	(11.7)
Reclassification	54.8	0.1	(54.8)	--
Balance on 31.12.2015	563.5	13.1	70.8	647.5
Accumulated amortisation				
Balance on 31.12.2014	(441.5)	(12.3)	--	(453.8)
Amortisation	(56.1)	(1.3)	--	(57.4)
Accumulated amortisation on disposals	9.2	2.5	--	11.7
Reclassification	--	--	--	--
Balance on 31.12.2015	(488.4)	(11.1)	--	(499.5)
Net book value – 2014	76.1	3.0	71.1	150.2
Net book value – 2015	75.2	2.1	70.8	148.0

The Company has no intangible assets developed internally.

None of the Company's assets are pledged or used as collateral.

The Company anticipates incurring total capital expenditure of CZK 221 million in 2016. Approximately 16% of all planned expenditure was contracted as of the balance sheet date.

Low value fixed assets are charged to expenses in compliance with the accounting policies (see "Significant accounting policies"). The below table shows the purchase price of those assets that have been put into use as of the balance sheet date:

Low value fixed assets	2015	2014
Low value tangible assets	228.6	220.4
Low value intangible assets	55.7	49.9
Total	284.2	270.3

(14) Equity investments (CZK Thousands)

	Note	2015		2014	
		Investment	Equity investment	Investment	Equity investment
PREdistribuce, a.s.	Non-marketable	100%	9,513,537	100%	9,513,537
PREměření, a.s.	Non-marketable	100%	313,264	100%	313,264
eYello CZ, k.s.	Non-marketable	90%	9,000	90%	9,000
Total			9,835,801		9,835,801

PREměření, a.s., holds a 10% equity investment in eYello CZ, k.s., and wholly owns PRE FVE Mikulov, s.r.o., PRE FVE Dačice, s.r.o., and PRE FVE Pozořice, s.r.o.

As of the 1st of January 2016, PREměření, a.s., as the successor company was involved in the merger by amalgamation with PRE FVE Dačice, s.r.o., PRE FVE Mikulov, s.r.o., and PRE FVE Pozořice, s.r.o., as the dissolving companies. As a result of the merger by amalgamation, the net assets of the dissolving companies PRE FVE Dačice, s.r.o., PRE FVE Mikulov, s.r.o., and PRE FVE Pozořice, s.r.o., were transferred to the successor company PREměření, a.s.

The parent company controls all its subsidiaries.

Information on the subsidiaries was derived from individual statutory financial statements of these companies prepared in compliance with Czech Accounting Standards.

Business entity: PREdistribuce, a.s.

The company distributes electricity.

	2015	2014
Registered office: Prague 5, Svornosti 3199/19a		
Corporate ID: 27376516		
Average headcount:	513	514
Economic data in CZK (Thousands)		
Share capital	17,707,934	17,707,934
Shareholders' equity	19,290,879	19,330,653
Profit after tax	1,052,026	1,092,564
Sales of goods and services	9,384,238	9,568,423

Business entity: PREměření, a.s.

The company provides the reading, purchases and sale, review and assembly of meters and, to a lesser extent, sales of a selected product mix of electric appliances. Other principal activities include the generation of electricity using solar energy. Since 2013, the Company has offered services in turnkey assemblies of photovoltaic power plants.

	2015	2014
Registered office: Prague 10, Na Hroudě 2149/19		
Corporate ID: 25677063		
Average headcount:	244	239
Economic data in CZK (Thousands)		
Share capital	35,000	35,000
Shareholders' equity	512,223	425,982
Profit after tax	88,424	36,778
Sales of goods, services and solar energy generation	594,965	534,022

Business entity: eYello CZ, k.s.

eYello CZ, k.s., was established in 1996 with the original name PREleas, a.s. The company renders electricity and gas supplies under the Yello Energy brand. It additionally provides finance leases of technology and technology equipment for PREdistribuce, a.s., as part of the Pražská energetika Group. On the 1st of May 2014 the company's legal status was changed from a joint stock company to a limited partnership. The change was recorded in the Commercial Register on the 1st of May 2014.

	2015	2014
Registered office: Prague 10, Kubánské náměstí 1391/11		
Corporate ID: 25054040		
Average headcount:	5	5
Economic data in CZK (Thousands)		
Shareholders' equity	6,849	6,855
Profit after tax	(6)	(5,145)
Sales of electricity, gas and services	167,926	77,577

(15) Trade receivables and other receivables (CZK Thousands)

Trade receivables and other long-term receivables	2015	2014
Principal amounts paid	34,821	31,597
Receivables from sold flats	167	734
Other	16	16
Total	35,004	32,347

Long-term receivables are carried at their amortised cost which corresponds to their fair value.

Trade receivables and other short-term receivables	2015	2014
Receivables from electricity and gas supplies	1,210,995	1,173,565
Margin deposits with the power exchanges	32,430	33,270
Receivables from the revaluation of commodity contracts (trading portfolio)	251,497	316,750
Receivables from cash flow hedges	–	14,492
Other assets	322,077	308,873
Total	1,816,999	1,846,950

Of the above stated short-term trade receivables, gross receivables past their due date totalled CZK 391,044 thousand (2014: CZK 388,670 thousand). Outstanding portions usually bear no interest. The following allowances were created for doubtful receivables:

Balance on 31.12.2013	254,462
Charge and drawing in the current year	(6,661)
Balance on 31.12.2014	247,801
Charge and drawing in the current year	37,944
Balance on 31.12.2015	285,745

In considering the recoverability of receivables, the Company takes into account any changes in the recoverability of trade receivables from the date of their origination through the balance sheet date.

The carrying amount of trade receivables and other receivables corresponds to their fair value.

(16) Loans granted (CZK Thousands)

	On December 31, 2015			On December 31, 2014		
	Amount	Interest rate p.a.	Maturity date	Amount	Interest rate p.a.	Maturity date
Loan granted in Group 1	–	PRIBOR+1.30%	29.6.2015	1,514,183	PRIBOR+1.30%	29.6.2015
Loan granted in Group 2	43,672	Fix 4.38%	29.2.2022	49,621	Fix 4.38%	29.2.2022
Loan granted in Group 3	179,609	Fix 4.625%	29.2.2023	200,010	Fix 4.625%	29.2.2023
Loan granted in Group 4	36,388	Fix 4.93%	29.2.2024	39,882	Fix 4.93%	29.2.2024
Loan granted in Group 5	62,687	Fix 4.93%	29.2.2024	68,705	Fix 4.93%	29.2.2024
Loan granted in Group 6	611,984	CZK IRS 3Y+3.1%	18.6.2026	611,984	CZK IRS 3Y+3.1%	18.6.2026
Loan granted in Group 7	702,271	CZK IRS 3Y+3.0%	28.11.2026	702,271	CZK IRS 3Y+3.0%	28.11.2026
Loan granted in Group 8	41,459	Fix 3.02%	31.12.2021	48,366	Fix 3.02%	31.12.2021
Loan granted in Group 9	36,049	Fix 3.48%	18.12.2024	40,054	Fix 3.48%	18.12.2024
Loan granted in Group 10	1,421,953	CZK IRS 3Y+2.5%	29.6.2027			
Loan granted in Group 11	244,413	Fix 3.27%	29.10.2024			
Loan granted in Group 12	54,314	Fix 3.27%	29.10.2024			
Loan granted in Group 13	140,789	Fix 3.17%	29.10.2023			
Loan granted in Group 14	108,609	Fix 3.17%	29.10.2023			
Loan granted in Group 15	235,360	Fix 3.48%	29.10.2024			
Receivables arising from cash pooling from PREdistribuce, a.s.	130,489	PRIBOR+0.75%		171	PRIBOR+0.75%	
Receivables arising from cash pooling from PREměření, a.s.	159,464	PRIBOR+0.75%		85,450	PRIBOR+0.75%	
Receivables arising from cash pooling from eYello CZ, k.s.	–			4,761		
Total	4,209,510			3,365,458		
Of which:						
Long-term	3,739,128			3,198,438		
Short-term	470,382			167,020		

Loans provided by Pražská energetika, a.s., to PREdistribuce, a.s., will be refinanced as of their maturity dates through long-term loans in line with the internal company guideline entitled “Financial Management of Entities Included in the PRE Group”.

Loans are carried at their amortised cost which does not significantly differ from their fair value.

(17) Inventories (CZK Thousands)

	2015	2014
Material	25,660	32,162
Goods	14,667	13,333
Total	40,327	45,495

“Purchased material, services and energy” and “Other gains and losses” in the income statement include costs of sold and consumed inventories of CZK 231,828 thousand (2014: CZK 239,003 thousand).

Given the limited use, inventories were written down to their net realisable value as follows:

Balance on 31.12.2013	2,498
Charge and drawing in the current year	297
Balance on 31.12.2014	2,795
Charge and drawing in the current year	(755)
Balance on 31.12.2015	2,040

The write-down to the net realisable value is reported in “Other gains and losses” in the income statement.

(18) Cash and cash equivalents (CZK Thousands)

Cash and cash equivalents include cash at hand, deposits payable upon request and other highly liquid financial assets that are readily convertible to a known amount of cash and subject to an insignificant risk of changes in value.

	2015	2014
Current bank accounts	139,949	179,289
Cash on hand	832	361
Stamps and vouchers	640	499
Total	141,421	180,149

(19) Loans received (CZK Thousands)

This note summarises the information about the contractual conditions of interest bearing loans and borrowings. For more information about the Company's exposure to interest rate risks refer to the note "Financial instruments".

	On December 31, 2015			On December 31, 2014		
	Principal	Interest rate	Maturity date	Principal	Interest rate	Maturity date
Loan 1	–	PRIBOR+0.88%	22.5.2015	701,029	PRIBOR+0.88%	22.5.2015
Loan 2	–	PRIBOR+0.90%	30.6.2015	600,873	PRIBOR+0.90%	30.6.2015
Loan 3	–	PRIBOR+0.68%	29.6.2015	1,200,109	PRIBOR+0.68%	29.6.2015
Loan 4	–	Fix 0.55%	31.7.2015	95,227	Fix 0.55%	31.7.2015
Loan 5	1,000,039	Fix 1.4%	1.7.2024			
Loan 6	1,005,614	Fix 1.155%	8.7.2022			
Loan 7	1,100,028	Fix 0.935%	25.6.2020			
Loan 8	114,293	Fix 0.6%	3.8.2018	536,459	PRIBOR+0.35%	
Loan 9	289,004	Fix 0.46%	4.1.2016	536,459	PRIBOR+0.35%	
Authorised overdraft of current accounts – ING	202,332	PRIBOR+0.35%		368,206	PRIBOR+0.35%	
Authorised overdraft of current accounts – ČSOB	455,344	PRIBOR+0.35%		7,570	PRIBID-0.25% at least 0.01%	
Authorised overdraft of current accounts – ČS	96,438	PRIBOR+0.35%		3,509,473		
Payables from the cash pooling of PREdistribuce, a.s.	–	PRIBOR-0.35%. at least 0.01%				
Payables from the cash pooling of eYello CZ, k.s.	1,643	PRIBOR-0.75%. at least 0.01%		2,500,000		
Payables from the cash pooling of PRE FVE Dačice, s.r.o., and PRE FVE Mikulov, s.r.o., and PRE FVE Pozořice, s.r.o.	63,186	PRIBOR-0.75%. at least 0.01%		1,009,473		
Total	4,327,921			3,509,473		
Of which:						
Long-term loans	3,202,000			2,500,000		
Short-term loans	1,125,921			1,009,473		

Loan 8 is a loan from the parent company Pražská energetika Holding a.s.

The banks do not require loan collateral with regard to the Company's rating. Undrawn loan facilities amounted to CZK 2,007 million as of the 31st of December 2015 (2014: CZK 1,195 million).

Loans are carried at their amortised cost which does not significantly differ from their fair value. Currently, the Company does not capitalise any borrowing costs in accordance with the applied accounting policy.

(20) Trade payables and other payables (CZK Thousands)

Trade payables and other long-term payables	2015	2014
Payables to employees*	134,230	124,587
Other financial liabilities	40,250	44,805
Total	174,480	169,392

* Includes payables under the Collective Agreement (involving bonuses paid to employees in connection with their retirement, work and life anniversaries).

Trade payables and other short-term payables	2015	2014
Trade payables*	1,505,941	1,732,115
Payables from revaluation of commodity contracts (trading portfolio)	254,391	289,451
Payables from revaluation of interest rate derivatives	4,831	9,090
Payables to employees**	29,314	33,719
Payables from social security and health insurance	11,946	12,789
Intercompany payables***	1,637,186	1,693,554
Other payables	117,028	120,384
Total	3,560,637	3,891,102

* Includes a prepayment for electricity and gas reduced by an estimated payable for the supplied but not yet billed electricity and gas in the total amount of CZK 679,704 thousand (2014: CZK 808,947 thousand).

** Includes outstanding December salaries and payables to employees under the Collective Agreement in the amount of CZK 9,290 thousand (2014: CZK 11,332 thousand).

*** Includes an estimated payable for the provision of distribution services from PREdistribuce, a.s., in the amount of CZK 1,627,923 thousand (2014: CZK 1,685,668 thousand), payables to PREměření, a.s., in the amount of CZK 1,149 thousand (2014: CZK 1,427 thousand) and payables to eYello CZ, k.s., amounting to CZK 5,664 thousand.

The Company reports overdue trade payables in the amount of CZK 21 thousand (2014: CZK 21 thousand). All overdue payables were settled during January 2016.

The Company's payables are carried at amortised cost which corresponds to their fair value.

(21) Finance lease payables (CZK Thousands)

	Minimum lease payables		Present value of minimum lease payments	
	2015	2014	2015	2014
Lease payments due within 1 year	20,665	18,166	20,537	17,984
Lease payments due from 1 to 5 years	39,937	45,890	38,778	43,510
Lease payments due in over 5 years	1,573	1,456	1,472	1,295
Total lease payments	62,175	65,512	60,787	62,789
Future lease payments	(1,388)	(2,723)		
Present value of minimum lease payments	60,787	62,789	60,787	62,789
Trade payables and other payables				
Long-term			40,250	44,805
Short-term			20,537	17,984
Total			60,787	62,789
Tangible fixed assets				
Carrying amount of assets held under finance leases			60,787	62,789

The Company holds cars under finance lease contracts. All contracts have a fixed payment schedule and the Company did not enter into any contracts on contingent lease payments.

All lease payables are denominated in Czech crowns. The fair value of lease payables corresponds to their carrying value.

(22) Provisions (CZK Thousands)

	Business			Total
	risks	Salaries	Other	
Balance on 31.12.2013	1,241	45,766	970	47,977
Creation of provisions in the current year	--	45,828	100	45,928
Use of provisions in the current year	--	(41,398)	--	(41,398)
Release of provisions in the current year	(41)	(4,368)	--	(4,409)
Balance on 31.12.2014	1,200	45,828	1,070	48,098
Creation of provisions in the current year	--	47,227	31	47,258
Use of provisions in the current year	--	(38,165)	--	(45,828)
Release of provisions in the current year	(50)	(7,663)	--	(50)
Balance on 31.12.2015	1,150	47,227	1,101	49,478
Long-term	1,150	--	1,101	2,251
Short-term	--	47,227	--	47,227
Total	1,150	47,227	1,101	49,478

The provision for salaries includes salaries paid in dependence on fulfilment of the plan.

(23) Share capital (CZK Thousands)

Share capital

There are 3,869,443 registered shares in the nominal value of CZK 1,000 per share (2014: 3,869,443 shares). These shares are in the book-entry form and carry no right for the regular payment of dividends.

The Company's share capital has been paid in full.

(24) Funds from profit (CZK Thousands)

	2015	2014
Reserve fund	773,889	773,889
Other funds from profit	382,711	382,711
Cash flow hedge	(15,992)	9,921
Fund from the revaluation of other current financial assets	(6,673)	(6,673)
Total	1,133,935	1,159,848

The Company's reserve fund has been created in the amount of 20 percent (CZK 773,889 thousand) of the share capital and no further increase is to be made. The General Meeting decides on the use of the reserve fund and the fund is used to offset the Company's loss.

Other funds from profit represent part of the capital of the former state enterprise, the legal predecessor of the Company. As a result of the privatisation project, the state enterprise's capital was divided into share capital, reserve fund and capital funds as of the date of incorporation of the joint stock company (1st of January 1994). As of that date, the balance of the capital funds was CZK 390,390 thousand. The Board of Directors decides on the use of these discretionary funds as part of the rules for the fund management approved by the General Meeting. Subject to the approval of the General Meeting, the Company may establish other discretionary funds.

The fund from the revaluation of other financial assets is used to record gains and losses from the revaluation of securities available for sale.

(25) Contingent liabilities and contingent assets

At the request of the Group, banks issued payment bank guarantees of CZK 125 million (CZK 172 million as of December 31, 2014) in favour of OTE, a.s., Organizátor krátkodobého trhu s elektřinou, a.s., as well as for public contracts for the supply of electricity and gas in favour of Dopravní podnik hl. m. Prahy, a.s., and the Municipal Part of Prague 4.

(26) Financial instruments (CZK Thousands)

Categories of financial instruments

Financial assets	2015	2014
(a) Financial assets at fair value through profit or loss (revaluation of commodity contracts)	251,497	316,750
(b) Financial derivatives under hedge accounting	–	14,492
(c) Loans and receivables (including cash and cash equivalents)	5,744,696	4,875,273
(d) Financial assets available for sale	5,822	5,822

The loans and receivables predominantly include receivables from intercompany borrowings and receivables from electricity supplies.

Financial liabilities	2015	2014
(e) Financial liabilities at fair value through profit or loss (revaluation of commodity contracts)	255,388	289,451
(f) Financial liabilities at fair value through profit or loss (revaluation of interest rate swaps)	–	6,846
(g) Financial derivatives under hedge accounting	3,834	2,245
(h) Financial liabilities at amortised cost	6,950,636	6,293,082

Financial liabilities at amortised cost predominantly include bank loans and payables from electricity supplies.

Financial assets and liabilities (a, d, e) are carried at values quoted on active markets (level 1). Financial assets and liabilities (b, f, g) are valued using the valuation models and by reference to the market data (level 2).

Gains and losses of financial instruments reported in the current period	2015	2014
Gain/loss from revaluation of commodity derivatives in the trading portfolio (included in "Profit/loss from trading")	(a, e) (10,924)	13,404
Gain from securities held and received interest in the Group	(c, d) 108,979	74,121
Borrowing costs (except for the interest on employee benefits)	(f, h) (39,521)	(41,293)
Other	(c, h) (60,502)	(30,160)

Hedge accounting	2015	2014
Creation of the equity fund from the cash flow hedge	(b, g) (3,834)	12,247
Reversal of the fund from the cash flow hedge (in "Costs of electricity purchased")	(b, g) (12,247)	(164,474)

Capital risk

The Company manages its capital to ensure an optimal financial position from the long-term perspective while maximising the long-term return to shareholders.

	2015	2014
Total assets	18,229,748	17,522,058
Equity	10,026,472	9,815,177
Equity/total assets	55%	56%

Market risk

In view of its activities, the Company is predominantly exposed to the market risk related to the changing prices of commodities (electricity and gas), currency risk and the risk of changes in interest rates.

For the hedging of market risks, the Company uses financial instruments with derivative characteristics:

- Commodity forwards and futures to hedge the changes in prices of these commodities;
- Currency forwards to hedge the changes in exchange rates; and
- Interest rate swaps to hedge the risk of changing interest rates.

The Company's exposure to market risks is measured using various methods, the most important being the sensitivity analysis which reflects potential impacts of changes in prices defined in individual scenarios on the Company's results. The VaR methodology (Value at Risk) is used to measure short-term business exposure. The Company's exposure to market risks is monitored on a regular basis and its approach to managing these risks has not significantly changed as compared to the prior period.

There is no concentration of market risks in the Company.

Currency risk

The major portion of the Company's electricity and gas supplies to customers are denominated in EUR.

The Company hedges a substantial part of its future planned cash flows (in EUR) for the purchase of electricity and gas against the foreign exchange rate risk using currency derivatives and applies hedge accounting (cash flow hedges).

The Company takes a significant foreign currency exposure only in EUR with a view to settling stock exchange or OTC transactions pursued to make transactions associated with procuring electricity or gas for the Group's customers. Under the current circumstances, with the Czech National Bank influencing the foreign exchange market, risks are measured using defined scenarios for foreign exchange rate developments. The open exposure is established based on the annual plan of exchange currency requirements and the amount of agreed hedging.

The position is hedged using forwards. Hedge effectiveness is monitored under hedge accounting by the PRE Group. Hedging has been substantially effective so far, with the ineffective portion of hedges being insignificant.

The carrying value of foreign currency assets and liabilities:

	Assets in CZK (Thousands)*		Liabilities in CZK (Thousands)*	
	2015	2014	2015	2014
Derivative contracts for purchase of EUR	189	14,492	997	2,753
Other assets and liabilities in EUR	572,192	728,365	807,613	948,369
Total in EUR	572,381	742,857	808,610	951,122
Other currencies	61	75	–	–
Total	572,442	742,932	808,610	951,122

* These include cash and cash equivalents, bank loans, margin deposits and price variances connected with trading on power stock exchanges, receivables and payables from foreign currency invoices and receivables and payables arising from cash flow hedges.

Currency derivatives open at the balance sheet date:

EUR purchased	Average exchange rate CZK/EUR		Value in EUR (Thousands)		Value in CZK (Thousands)		Fair value in CZK (Thousands)	
	2015	2014	2015	2014	2015	2014	2015	2014
Up to 1 month	27.07	27.49	5,000	10,000	135,344	274,895	(196)	2,378
1–3 months	27.20	27.62	30,000	20,000	816,070	552,480	(4,731)	2,230
3–12 months	27.03	27.56	80,391	50,000	2,172,942	1,377,820	3,930	9,884
Total	27.08	27.56	115,391	80,000	3,124,356	2,205,195	(997)	14,492

Currency risk – sensitivity analysis

The Company performed a sensitivity analysis to identify the dependence of the level of profit and equity on a change in the carrying value of the financial assets and liabilities resulting from a decrease in the CZK/EUR exchange rate of 1 percent.

	2015	2014
Profit (+) or loss (-)	(2,315)	(2,199)
Shareholders' equity	25,266	17,958

Interest rate risk

In the year ended December 31, 2015, the Company refinanced a substantial part of its medium- and long-term loans. New loans have maturities of five, seven and nine years. These loans have a fixed interest rate over the entire period until maturity. Changes in market interest rates have no impact on the contracted amount of repayments of these loans which effectively reduces the risk of changes in interest rates. Changes in interest rates may only affect the costs of hedging short-term sources of funding. However, the impact of this risk on the Company, if any, is immaterial.

Interest rate derivatives open at the balance sheet date:

	Average fixed interest rate		Agreed principal in CZK (Thousands)		Fair value in CZK (Thousands)	
	2015	2014	2015	2014	2015	2014
Interest rate swaps	--	1.21%	--	2,500,000	--	(9,090)

The carrying amount of assets and liabilities which is dependent on the interest rate:

	Assets in CZK (Thousands)*		Liabilities in CZK (Thousands)*	
	2015	2014	2015	2014
Interest rate swaps	--	--	--	9,090
Other assets and liabilities	189	17,004	997	2,753
Total	189	17,004	997	11,843

* These involve assets and liabilities relating to hedged future cash flows, and loans.

Interest rate risk – sensitivity analysis

The Company performed a sensitivity analysis to identify the dependence of the level of profit and equity on a change in the carrying value of these assets and liabilities resulting from an increase in the CZK/EUR exchange rate of 1 percent.

CZK (Thousands)	2015	2014
Profit (+) or loss (-)	--	(64)
Shareholders' equity	(841)	(44)

Risk of changing prices of commodities

The Company is exposed to the risk related to the development of electricity and gas prices, the amount of gas is relatively low. Electricity for end customers is purchased in order to achieve the optimisation of purchase prices within the position limited in terms of volume. Exposure management is based on limits for the maximum permissible size of outstanding exposures, the possible financial impact is derived from defined scenarios for price developments.

Price risk related to trading transactions

Transactions which the Company does not primarily conclude in direct relation to providing electricity for final customers and own consumption are monitored as part of the so-called "freely tradable portfolio" where all trading transactions are concentrated. Transactions in the freely tradable portfolio are subject to limits, namely binding limits on the basis of the so-called "stop loss", which represents the maximum permissible loss to be accepted by the Company. The maximum stop loss is adjusted over the entire monitored annual period and partial monitoring limits are adjusted for individual quarters in the amount of 1/4 of the aggregate limit. Potential threats to these limits are monitored by way of timely indicators that are based on the market valuation of executed transactions, the market value of an open position and VaR (Value at Risk) whereby the possible price change in the respective time period is estimated at the defined level of likelihood.

As of the 31st of December 2015, the open position in the freely tradable portfolio amounted to 0.18 TWh. These transactions are arranged as commodity forwards with the underlying assets being standardised instruments the prices of which are quoted on stock exchanges. The transactions are measured using settlement prices which are published by public markets and stock exchanges on a daily basis. These contracts, or the value thereof, fluctuate due to changing market prices; for this reason, the prices of electricity are exposed to the risk of change in electricity prices on the wholesale market.

Open commodity derivatives as of the balance sheet date

	Arranged price in EUR (Thousands)		Arranged price in CZK (Thousands)		Fair value in CZK (Thousands)	
	2015	2014	2015	2014	2015	2014
Commodity forwards – open position	5,394	--	145,773	--	(14,099)	--

Net book value of assets and liabilities which depends on the commodity price:

	Assets in CZK (Thousands)		Liabilities in CZK (Thousands)	
	2015	2014	2015	2014
Commodity forwards – VOP	--	--	14,099	--
Other assets and liabilities	--	--	--	--
Total	--	--	14,099	--

Commodity risk – sensitivity analysis

The Group performed the sensitivity analysis to identify the potential impact of changing the value of these assets and liabilities due to increasing commodity prices on EEX by 1% on profit/equity:

	In CZK (Thousands)	
	2015	2014
Profit (+) or loss (-)	1,317	--
Equity	--	--

Credit risk

The Company is exposed to the credit risk in terms of both relations to end customers and customers in the supplies and distribution of electricity and gas and in the exposure on the wholesale market with commodities and in relation to concluded hedging derivatives for OTC. The standard practice of the Company is not to require collateral for trade receivables.

In electricity and gas supplies and distribution which is the Company's principal activity, the Company applies the following principles to minimise the failure to collect receivables.

The reading of industrial customers' electricity and gas meters and invoicing takes place on a monthly basis. Customers pay monthly or ten-day advance payments, based on their expected consumption, to cover electricity or gas consumed but not yet invoiced, taking into account previous years' consumption, season and other factors. The method of determining the amount of the advance payments is specified in the contract. Reminders are sent to customers who fail to pay on time. If a customer fails to settle the debt within an additional time period, the electricity or gas supply is suspended. Certain industrial customers cover their future payables by making prepayments in advance or by paying deposits.

The standard reading of small businesses and household electricity and gas meters and invoicing takes place on an annual basis. For supplied but unbilled electricity or gas, advance payments are determined to reflect the volume and nature of the consumption. The determination of the price and the payment method are specified in the contracts with customers. If a customer fails to settle the debt within an additional time period, the electricity supply is suspended.

The solvency of business partners on the wholesale market with commodities is verified; depending on the achieved solvency, the partners are allocated exposure limits. Financial derivatives on the OTC basis are agreed only with partners with a sufficient level of solvency.

There is no concentration of credit risk.

Liquidity risk

The Company manages liquidity risk by maintaining an average amount of cash and cash equivalents, banking facilities and borrowing facilities, by continuously monitoring forecast and actual cash flows and seeking to match the maturity profiles of financial assets and liabilities. Included in the note "Loans" is a listing of additional undrawn loan facilities that the Company has at its disposal to further reduce liquidity risk. These loan facilities have not been drawn yet. The Company is not exposed to any significant liquidity risk and does not suffer from any solvency issues. Entities from the PRE Group use cash pooling in order to optimise financing costs.

There is no concentration of liquidity risk.

Liquidity risk – tables

The following tables represent the residual maturity of the Company's undiscounted non-derivative financial receivables and payables. The table including the financial payables reflects the earliest dates on which the Company may be asked to fulfil its liabilities. The analysis excludes intercompany receivables and payables which carry no liquidity risk.

Receivables – 2015	Note	Up to 1 month	1–3 months	3–12 months	More than 12 months	Total
Trade balances		1,053,977	129,695	27,322	–	1,210,994
Margin deposits, principals paid		32,430	–	4,023	34,821	71,274
Other receivables including receivables for sold apartments		84	440	494	838	1,856
Total	(15)	1,086,491	130,135	31,839	35,659	1,284,124

Receivables – 2014	Note	Up to 1 month	1–3 months	3–12 months	More than 12 months	Total
Trade balances		1,005,459	136,506	26,356	–	1,168,321
Margin deposits, principals paid		33,270	–	4,153	31,597	69,020
Other receivables including receivables for sold apartments		711	166	1,526	1,703	4,106
Total	(15)	1,039,440	136,672	32,035	33,300	1,241,447

Payables – 2015	Note	Up to 1 month	1–3 months	3–12 months	More than 12 months	Total
Trade payables	(19)	778,977	17,817	29,443	–	826,237
Other financial payables	(19)	93,427	2,828	–	–	96,255
Bank loans*	(18)	295,686	2,000	763,407	3,488,492	4,549,585
Provisions	(21)	–	–	–	2,251	2,251
Total		1,168,090	22,645	792,850	3,490,743	5,474,328

* Management of the Company decided to refinance the loans at their maturity dates during 2015 through newly received long-term loans with maturities of 3 to 10 years. These loans are disclosed in Note (19). The above table includes loan maturities according to the currently valid contracts.

Payables – 2014	Note	Up to 1 month	1–3 months	3–12 months	More than 12 months	Total
Trade payables	(19)	864,192	19,080	39,897	–	923,169
Other financial payables	(19)	98,626	2,203	10,092	–	110,921
Bank loans	(18)	–	–	3,516,908	–	3,516,908
Provisions	(21)	–	–	–	2,270	2,270
Total		962,818	21,283	3,566,897	2,270	4,553,268

Payables from leases – refer to the note “Finance lease payables”.

(27) Operating leases (CZK Thousands)

Operating lease payments expensed in the current period:

	2015	2014
Non-residential premises	20,384	18,883
Cars	331	358
Other rented assets of all types	7,701	8,616
Total	28,416	27,857

The Company predominantly holds cars and non-residential premises for an indefinite period of time under operating leases. Management expects the costs of leases to remain at the current level in the future, i.e., in the amount of approximately CZK 28 million per year for contracts concluded as of the 31st of December 2015.

(28) Related party transactions (CZK Thousands)

In line with IAS 24, the below-listed related parties have been identified. Related parties also include subsidiaries.

Expenses incurred with and income generated from related parties

	Sales to related parties		Purchases from related parties	
	2015	2014	2015	2014
Pražská energetika Holding a.s.	309	349	–	–
Capital City of Prague	188,358	202,661	201	9,352
EnBW Energie Baden-Württemberg AG*	1,382,442	820,344	1,604,568	860,248
Netze, BW GmbH**	697	–	–	–
Dopravní podnik hl. m. Prahy, a.s.	395,945	901,439	1,581	861
Kolektory Praha, a.s.	6,402	6,978	–	–
Obecní dům, a.s.	7,702	8,008	–	–
TRADE CENTRE PRAHA, a.s.	6,009	6,803	17,583	3,827
Total	1,987,864	1,946,582	1,623,933	874,288

* On the 30th of April 2014, EnBW Trading GmbH and EnBW Systeme Infrastruktur Support GmbH merged with EnBW Energie Baden-Württemberg AG and ceased to exist.

** As of the 1st of December 2014, EnBW Regional AG was transformed into Netze BW GmbH.

Receivables from and payables to related parties

	Receivables		Payables	
	2015	2014	2015	2014
Pražská energetika Holding a.s.*	51	25	114,293	95,227
Capital City of Prague	42,074	36,736	5,322	4,933
EnBW Energie Baden-Württemberg AG**	301	35	24,474	9,027
Netze, BW GmbH***	–	–	–	–
Dopravní podnik hl. m. Prahy, a.s.	23,445	36,639	1,264	1,469
Kolektory Praha, a.s.	1,121	676	1,200	1,200
Obecní dům, a.s.	810	877	–	–
TRADE CENTRE PRAHA, a.s.	–	–	1,642	1,518
Total	67,802	74,988	148,195	113,374

* The payable of CZK 114,293 thousand (CZK 95,227 thousand in 2014) is a short-term loan received from the parent company Pražská energetika Holding a.s. – refer to the note “Received loans”.

** On the 30th of April 2014, EnBW Trading GmbH and EnBW Systeme Infrastruktur Support GmbH merged with EnBW Energie Baden-Württemberg AG and ceased to exist.

*** As of the 1st of December 2014, EnBW Regional AG was transformed into Netze BW GmbH.

Business transactions were conducted on an arm’s length basis. Outstanding amounts were not collateralised and were settled at the beginning of the following year.

Dividends paid

	2015	2014
Pražská energetika Holding a.s.	992,754	992,754
Energie Baden-Württemberg AG	707,989	707,989

Remuneration to the statutory bodies, Supervisory Board, company council, and top management

	2015	2014
Number	17	21
Remuneration in CZK (Thousands)	47,175	45,841

Managers include members of the Board of Directors, the Company's directors, members of the Supervisory Board and company council. Members of the company council elected from among the Company's staff also enter into a standard employment contract adequate to their job.

Selected managers can use company cars for private purposes.

Receivables from executive management

As of the 31st of December 2015, the Company reported receivables from the members of executive management in the total amount of CZK 22 thousand (CZK 12 thousand as of December 31, 2014). The receivables are disclosed in "Trade receivables and other receivables" and were collected during January 2016.

Receivables from and payables to subsidiaries

	PRE's trade and other receivables as of 31.12.		PRE's trade and other payables PRE as of 31.12.	
	2015	2014	2015	2014
PREdistribuce, a.s.	82,665	63,395	1,630,349	1,685,668
PREměření, a.s.	11,525	15,639	1,149	1,427
eYello CZ, k.s.	15,450	9,222	5,688	6,458
Total	109,640	88,256	1,637,186	1,693,553

	PRE's receivables from cash pooling as of 31.12.		PRE's payables from cash pooling as of 31.12.	
	2015	2014	2015	2014
PREdistribuce, a.s.	2,866,697	2,828,608	--	7,570
PREměření, a.s.	772,678	492,035	--	--
eYello CZ, k.s.	--	4,761	1,643	--
PRE FVE Dačice, s.r.o	271,409	40,054	53,785	--
PRE FVE Mikulov, s.r.o	54,314	--	9,401	--
PRE FVE Pozořice, s.r.o	244,413	--	--	--
Total	4,209,511	3,365,458	64,829	7,570

Expenses incurred with and income generated from the subsidiaries

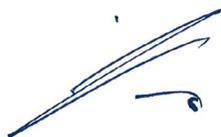
	Income of PRE		Expenses of PRE	
	2015	2014	2015	2014
PREdistribuce, a.s.	2,316,974	2,417,101	5,935,643	6,511,198
Of which: Electricity and distribution services	421,159	444,529	5,916,547	6,491,462
Services	723,158	749,250	19,088	19,736
Inventories	8,140	6,958	--	--
Dividends	1,080,000	1,158,000	--	--
Interest on loans	84,517	58,364	8	--
PREměření, a.s.	133,130	133,573	13,274	14,749
Of which: Services	113,165	117,745	5,570	7,831
Sale of electricity	--	--	7,704	6,916
Inventories	--	160	--	--
Dividends	--	--	--	--
Interest on loans	19,965	15,668	--	2
eYello CZ, k.s.	76,139	46,012	5,664	6,458
Of which: Electricity and gas and distribution services	66,960	31,300	--	--
Services	9,123	11,678	--	--
Dividends	--	2,999	--	--
Interest on loans	56	34	--	--
Transfer of the share in profit or loss	--	1	5,664	6,458
PRE FVE Dačice, s.r.o.	2,713	54	2	--
Of which: Interest on loans	2,713	54	2	--
PRE FVE Mikulov, s.r.o.	314	--	--	--
Of which: Interest on loans	314	--	--	--
PRE FVE Pozoříce, s.r.o.	1,413	--	--	--
Of which: Interest on loans	1,413	--	--	--
Total	2,530,683	2,596,740	5,954,583	6,532,405

All transactions with subsidiaries were undertaken on an arm's length basis. The Company incurred no loss arising from related-party transactions.

(29) Post balance sheet events

In March 2016, PRE acquired 100% of the shares of KORMAK Praha, a.s., a regional provider of electrical assembly services. As part of this transaction, PRE also acquired a 100% equity investment in KORMAK nemovitosti, s.r.o., which owns and leases several non-residential buildings.

In Prague, 20th of April 2016



Pavel Elis
Chairperson of the Board of Directors



Alexander Sloboda
Vice-chairperson of the Board of Directors

AFFIDAVIT

To the best of our knowledge, the Annual Report, in exercising all reasonable due diligence, presents a true and honest picture of the financial situation, business activities and economic results of Pražská energetika, a.s., and the PRE Group in 2015, and of the prospects for their future development. No facts have been deliberately omitted from or distorted in the Annual Report which could have altered its meaning.

In Prague, 20th of April 2016



Pavel Elis
Chairperson of the Board of Directors



Alexander Sloboda
Vice-chairperson of the Board of Directors

LIST OF ABBREVIATIONS

AMM	Automatic metering management
B2B	Big customers
B2C	Small customers
CES	PRE Service Centre (Centrum služeb PRE)
CEP	Energy Advisory Centre (Centrum energetického poradenství)
ČSRES	Czech Association of Regulated Power Supply Companies (České sdružení regulovaných energetických společností)
ERÚ	Energy Regulatory Office (Energetický regulační úřad)
EU	European Union
FVE Dačice	PRE FVE Dačice, s.r.o., 100% subsidiary of PRE
FVE Mikulov	PRE FVE Mikulov, s.r.o., 100% subsidiary of PRE
FVE Pozořice	PRE FVE Pozořice, s.r.o., 100% subsidiary of PRE
eYello	eYello CZ, k.s., subsidiary of PRE
GIS	Geographical information system
GWh	Gigawatt-hour
HV	High voltage
Hz	Hertz
kV	Kilovolt
LV	Low voltage
MO	Retail
MV	Medium voltage
MWh	Megawatt-hour
MW	Megawatt
OHS	Occupational health and safety
OTC	Over the counter
OTE	OTE, a.s. – Electricity and gas market operator in the Czech Republic
PP	Pražská plynárenská, a.s.
PRE	Pražská energetika, a.s.
PREdi	PREdistribuce, a.s., 100% subsidiary of PRE
PREH	Pražská energetika Holding a.s.
PREm	PREměření, a.s., 100% subsidiary of PRE
PXE	Prague Energy Exchange
TR	Transformer station
TWh	Terawatt hour
ÚOHS	Office for the Protection of Competition (Úřad pro ochranu hospodářské soutěže)

ADDRESSES AND CONTACT INFORMATION OF THE PRE GROUP

	Address	Postal code	Telephone
Pražská energetika, a.s.	Prague 10, Na Hroudě 1492/4	100 05	267 055 555, 840 550 055

The Company is registered in the Commercial Register maintained at the Municipal Court in Prague, File ref. B 2405.

Web:	www.pre.cz
E-mail:	pre@pre.cz
ID No.:	60193913
Tax ID:	CZ60193913
Bank information:	Československá obchodní banka, a.s.
Account number:	4001-0900109423/0300

	Address	Postal code	Telephone
Pražská energetika, a.s.			
PRE Customer Centre	Prague 1, Jungmannova 36/31	110 00	267 055 555, 840 550 055
	Prague 4, Vladimírova 64/18	140 00	267 055 555, 840 550 055
PRE Call Centre	Prague 10, Kubánské náměstí 1391/11	100 00	267 055 555, 840 550 055
PRE Press Relations	Prague 10, Na Hroudě 1492/4	100 05	267 051 102
PREdistribuce, a.s.	Prague 5, Svornosti 3199/19a	150 00	267 055 555, 840 550 055
	www.predistribuce.cz		
	E-mail: distribuce@pre.cz		
Emergency Service	Prague 2, Kateřinská 1528/9	120 00	Emergency Line: 1236
	E-mail: poruchy@pre.cz		
PREměření, a.s.	Prague 10, Na Hroudě 2149/19	100 05	267 055 555, 840 550 055
	www.premereni.cz		
	E-mail: mereni@pre.cz		
PRE Service Centre (CES)	Prague 1, Jungmannova 747/28	110 00	840 550 055, 733 143 143
	E-mail: centrum.sluzeb@pre.cz		
	Ordering services: servis.prem@pre.cz		
	premobilita@pre.cz		734 234 832
eYello CZ, k.s.	Prague 10, Kubánské náměstí 1391/11	100 00	267 056 704, 840 555 777
	www.yello.cz,		
	E-mail: yello@yello.cz		
PRE FVE Dačice, s.r.o.	Prague 10, Na Hroudě 2149/19	100 00	267 055 555, 840 550 055
PRE FVE Mikulov, s.r.o.	Prague 10, Na Hroudě 2149/19	100 00	267 055 555, 840 550 055
PRE FVE Pozořice, s.r.o.	Prague 10, Na Hroudě 2149/19	100 00	267 055 555, 840 550 055



Pražská energetika, a.s.

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